AURA MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2009

Dated as of August 14, 2009

TABLE OF CONTENTS

1. DATE OF MD&A AND OTHER INFORMATION 3
2. COMPANY HIGHLIGHTS AND OVERALL PERFORMANCE 3
3. FINANCING AND PROPOSED ACQUISITIONS 5
4. REVIEW OF OPERATIONS AND PROJECTS 7
5. RESULTS OF OPERATIONS 10
6. SUMMARY OF QUARTERLY RESULTS 14
7. LIQUIDITY AND CAPITAL RESOURCES 15
8. CONTRACTUAL OBLIGATIONS 15
9. OFF-BALANCE SHEET ARRANGEMENTS 17
10. TRANSACTIONS WITH RELATED PARTIES 17
11. CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION 17
12. CRITICAL ACCOUNTING ESTIMATES 18
13. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS 19
14. CORPORATE GOVERNANCE 20
15. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING 20
16. INTERNATIONAL FINANCIAL REPORTING STANDARDS 21
17. ENVIRONMENTAL RISK MANAGEMENT 21
18. RISK FACTORS 22
19. DISCLOSURE OF SHARE DATA AS AT AUGUST 14, 2009 24
20. FORWARD-LOOKING STATEMENTS 25
21. ADDITIONAL INFORMATION 26

1. DATE OF MD&A AND OTHER INFORMATION

This management's discussion and analysis ("MD&A") should be read in conjunction with Aura Minerals Inc.'s (the "Company" or "Aura Minerals") unaudited interim consolidated financial statements for the three and six months ended June 30, 2009 and related notes thereto (the "Financial Statements") which have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). In addition, this MD&A should be read in conjunction with the 2008 audited annual consolidated financial statements, the related management discussion and analysis and the 2008 Annual Information Form ("AIF") dated March 23, 2009 as well as other information relating to Aura Minerals as filed on SEDAR at www.sedar.com. All figures are in Canadian dollars unless otherwise noted.

This MD&A has been prepared as at August 14, 2009 and provides information that management believes is relevant to assessing and understanding the financial condition of the Company and the results of operations and cash flows for the three and six months ended June 30, 2009.

The Audit Committee of the Board of Directors of the Company (the "Board"), consisting of three independent directors, has reviewed this MD&A pursuant to its charter and the Board has approved the disclosure contained herein. A copy of this MD&A will be provided to anyone who requests it.

2. COMPANY HIGHLIGHTS AND OVERALL PERFORMANCE

Aura Minerals is a Canadian-based company focused on the acquisition, exploration, development, and operation of mining properties in the Americas. The Company owns the Aranzazu copper-gold-silver mine in Zacatecas, Mexico (the "Aranzazu Project") and is also developing its advanced stage Serrote de Laje copper-gold-iron ore deposit (the "Serrote Deposit") and secondary "Coboclo Deposit" at its wholly-owned Arapiraca project (the "Arapiraca Project") in the State of Alagoas, Brazil. Aura Minerals also has extensive exploration land holdings in Brazil, including iron ore and nickel targets in the Carajas region, State of Para.

The Company is listed on the Toronto Stock Exchange (Symbol: ORA).

Company Highlights

Share Consolidation

- Effective July 23, 2009, the Company consolidated 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 references to common share and per common share information included in this MD&A and in the Financial Statements are set out on a post-Consolidation basis.

Private Placement Financing

- On July 15, 2009, the Company closed the private placement offering (the "Offering") of 227,500,000 subscription receipts (the "Subscription Receipts"), at a price of $0.55 per Subscription Receipt. The aggregate gross proceeds of $125,125,000 have been deposited in escrow and will be released to the Company, net of expenses, upon satisfaction of the Escrow Release Conditions (defined below); and

- As a result of the Consolidation, each Subscription Receipt will automatically convert into 0.20 of one common shares of the Company (each an "Underlying Share"), subject to further adjustment, upon the satisfaction of certain conditions, the details of which are discussed in this MD&A under the heading *"Financing and Proposed Acquisitions – Private Placement Financing".*

Proposed Acquisitions

- On July 17, 2009, the Company entered into definitive agreements to acquire (the "Acquisitions") from Yamana Gold Inc. ("Yamana") the San Andrés gold mine in Honduras (the "San Andrés Mine") and the São Francisco and São Vicente gold mines (the "São Francisco Mine" and the "São Vicente Mine", respectively); and

- The Acquisitions will close in two stages in order to accommodate jurisdiction-related regulatory requirements. The first stage, being the acquisition of the San Andrés Mine (referred in certain instances herein as the "First Stage Property"), is expected to close in August, 2009. The second stage, being the acquisition of the São Francisco Mine and São Vicente Mine (referred to in certain instances herein as, collectively, the "Second Stage Properties"), is expected to close in approximately six to nine months.

- Upon completion of the Acquisitions, the Company will become a mid-tier gold producer with approximately 220,000 ounces of gold production annually.

Arapiraca Project

- Mobilized a drill rig to site to commence further in-fill drilling at the Serrote Deposit, step-out drilling at Caboclo Deposit and to drill test several copper and iron targets on the Arapiraca Project; and
- Continued work on the Preliminary Economic Assessment ("PEA") of the Serrote Deposit to incorporate most recent metallurgical testwork results and cost data.

Aranzazu Project

- Commenced work on an updated resource estimate which is expected to be released during the third quarter of 2009;
- Mobilized two drill rigs to site to continue drilling the high-grade resources within the Calcocita, Arroyos Azules and BW zones for conversion of resources into proven and probable reserves as part of the planned re-start of operations in the second quarter of 2010; and
- Commenced engineering design and mine planning for the planned re-start of operations.

Overall Performance

The Company recorded a net loss for the three months ended June 30, 2009 of $5,216,000, which included exploration expenditures of $2,125,000, non-cash stock-based compensation expense of $1,754,000, and a future income tax recovery of $226,000. For the six months ended June 30, 2009 the Company recorded a net loss of $16,808,000, which included exploration expenditures of $4,998,000, an impairment charge to resource properties of $8,744,000, non-cash stock-based compensation expense of $2,832,000, and a future income tax recovery of $3,073,000. See *"Results of Operations*.

In the fourth quarter of 2008 the Company suspended mining operations at the Aranzazu Project as a result of the sharp downturn in commodity prices, which were brought about by a weakening worldwide economic outlook. Concurrently, the Company deferred all capital projects at the Aranzazu Project, including underground development work, and developed a cash preservation plan in light of the economic uncertainties going forward. During the first half of 2009, general economic conditions saw some improvement, and copper prices recovered throughout the period and closed at US$2.61 per pound on July 31, 2009. This compares to a closing price of US$1.31 on December 31, 2008. Although operations at the Aranzazu Project remain on care and maintenance, the Company is actively carrying out an exploration drilling program and is updating its mine planning, process testwork and infrastructure towards a planned re-start of mining operations at 3,000 tonnes-per-day ("tpd") in the second quarter of 2010.

As at June 30, 2009, the Company had cash and cash equivalents of $35,342,000, no debt and had no significant financial commitments, other than the Acquisitions described in the *"Company Highlights"* section. During the six months ended June 30, 2009, the Company incurred $824,000 in deferred transaction costs related to the proposed acquisitions. In March 2009, the Company received US$3,000,000 ($3,775,000) pursuant to the Inaja Option Agreement, as described under the heading "*Review of Operations and Projects – Para Properties"*. The amount has been applied as a reduction of the carrying value of the Inaja Project in accordance with Canadian GAAP.

3. FINANCING AND PROPOSED ACQUISITIONS

Private Placement Financing

On July 15, 2009, the Company closed the Offering of the Subscription Receipts, at a price of $0.55 per Subscription Receipt for aggregate gross proceeds to the Company of $125,125,000 (the "Escrowed Funds").

Each Subscription Receipt entitles the holder thereof to receive, without the payment of additional consideration and without any further action on the part of the holder, 0.20 of an Underlying Share, subject to further adjustment. The Subscription Receipts will automatically convert into the Underlying Shares on the date which is the earlier to occur of: (A) the Escrow Release Time (defined below); and (B) November 16, 2009.

In connection with the Offering, the Company issued to the underwriters a special warrant which will convert into non-transferable common share purchase warrants (the "Broker Warrants") upon the release from escrow of the Escrowed Funds. The Broker Warrants will entitle the holder thereof to purchase 2,275,000 common shares of the Company (each a "Broker Share") at a price of $2.75 per Broker Share until January 15, 2011.

On closing of the Offering, the Escrow Funds were deposited into escrow to be released to the Company, net of expenses (including applicable underwriters' commission), immediately prior to the closing of the acquisition of the First Stage Property (the "Escrow Release Time"), provided that the following conditions (the "Escrow Release Conditions") have been satisfied before the Escrow Release Time:

(a) all conditions precedent to the closing of the acquisition of the First Stage Property, other than the payment of the cash portion of the purchase price for the acquisition of the First Stage Property, shall have been satisfied and there exists no inquiry, investigation or other proceeding of a regulatory nature that would prevent the closing of the Acquisitions (other than any investigation or review by authorities in Brazil in respect of the Second Stage Properties which is not in the ordinary course, it being acknowledged that the acquisition of the Second Stage Properties is subject to review and approval by Brazilian regulatory authorities and such approval is not expected to be obtained prior to the completion of the acquisition of the First Stage Property), or would prevent or restrict the trading in or the distribution of the common shares, the Underlying Shares or the common shares issuable in connection with the Acquisitions; and

(b) the Acquisitions and the issue and listing of the common shares to be issued and listed in connection, therewith, shall have been approved by the TSX and certain shareholder approvals that have been obtained by Aura Minerals through written resolutions shall not have been rescinded.

The Company intends to use the net proceeds of the Offering primarily to fund the cash portion of the purchase price of the San Andrés Mine, the São Francisco Mine, and the São Vicente Mine. The cash portion of the purchase price for the First Stage Property and the Second Stage Properties is an aggregate of US$90,000,000. The remaining net proceeds from the Offering will be used to fund the remaining capital expenditures at the San Andrés Mine (estimated to be US$5.5 million) and towards capital expenditures associated with the restart of the Aranzazu Project (estimated to be US$20 million).

In the event that either: (i) the Escrow Release Conditions are not satisfied by the Escrow Release Time or, prior to such time, the Company informs the underwriters that it does not it does not intend to complete the acquisition of the First Stage Property; or (ii) the closing of the acquisition of the First Stage Property does not occur on or before November 7, 2009, the Escrowed Funds, plus any accrued interest earned thereon, shall be returned *pro rata* to each holder of the Subscription Receipts in exchange for that number of Subscription Receipts held by such holder, which will thereafter be cancelled.

On August 13, 2009, Aura Minerals filed a final short form prospectus qualifying the distribution of the Underlying Shares and the Broker Warrants, and obtained a final receipt, issued by the British Columbia Securities Commission under Multilateral Instrument 11-102 *Passport System* on August 14, 2009.

Proposed Acquisitions

Pursuant to the terms and conditions of an agreement dated July 17, 2009 between the Company, its subsidiary, San Andrés (BVI) Inc., and Yamana (the "First Stage Purchase Agreement"), the Company intends to acquire the

San Andrés Mine located in Honduras. The acquisition of the First Stage Property is expected to close in August, 2009.

The Company also intends to complete the acquisition of the São Francisco Mine and São Vicente Mine, each located in Brazil, concurrently and in accordance with the terms and conditions of an agreement, dated July 17, 2009, between the Company, its subsidiary, Mineração Apoena S.A., Yamana, and its subsidiary, Serra da Borda Mineração e Metalurgia S.A. (the "Second Stage Purchase Agreement"). The acquisition of the Second Stage Properties is expected to be completed in approximately six to nine months.

With respect to the acquisition of the First Stage Property, consideration payable by the Company is comprised of:

(a) US$33,134,000 in cash;

(b) 8,084,728 common shares of the Company;

(c) a promissory note in the principal amount of US$25,800,000 bearing interest at the prevailing six month London Inter-bank Offered Rate ("LIBOR") plus 3%, US$10,000,000 of which would be payable 18 months after closing and the balance payable on the third anniversary of closing, provided that the Company can repay the note at any time prior to the third anniversary of closing without penalty;

(d) a deferred purchase price consideration payment to a maximum amount of US$14,750,000 payable as to 50% of all net free cash flow from the San Andrés Mine from and after the closing of the First Stage Property acquisition that exceeds the threshold level of a cumulative net free cash flow amounting to US$79,000,000 (subject to adjustment in certain circumstances); and

(e) an additional cash payment of US$2,750,000 in respect of a working capital adjustment.

With respect to the acquisition of the Second Stage Properties, consideration payable by the Company is comprised of:

(a) US$56,866,000 in cash;

(b) 13,859,533 common shares of the Company;

(c) a promissory note in the principal amount of US$44,200,000 bearing interest at the prevailing six month LIBOR plus 3%, US$15,000,000 of which would be payable 18 months after closing and the balance payable on the third anniversary of closing, provided that the Company can repay the note at any time prior to the third anniversary of closing without penalty; and

(d) a deferred purchase price consideration payment to a maximum amount of US$25,250,000 payable as to 50% of all net free cash flow from the São Francisco Mine and the São Vicente Mine from and after the closing of the acquisition of the First Stage Property that exceeds the threshold level of a cumulative net free cash flow amounting to US$135,000,000 (subject to adjustment in certain circumstances).

Aura Minerals has two common directors with Yamana, both of whom recused themselves from participating in the decisions and voting matters with respect to the Acquisitions. Subsequent to close of the Acquisitions, Yamana will hold approximately 12% of the outstanding common shares of the Company.

The Acquisitions will transform Aura Minerals into an intermediate gold producer with immediate gold production and cash flow based on an estimated average annual production of 220,000 gold ounces at an approximate life-of-mine average cash cost of US$555 per gold ounce. The Acquisitions provide immediate cash flow from three operations, provide the potential to fund internal capital projects with cash flows generated from the acquired mines, and fits ideally with the Company's strategy of growth in the Americas. On a pro forma basis, the net proceeds of the Private Offering of Subscription Receipts, net of the total cash consideration paid to Yamana pursuant to the First Stage Purchase Agreement and the Second Stage Purchase Agreement and other expenses associated with these transactions, when added to the Company's current cash and cash equivalents, is would leave the Company with a treasury in excess of $45,000,000. Additionally, the Company expects that its working capital will be further increased by approximately $48,000,000, being the estimated non-cash working capital acquired as part of the Acquisitions.

Upon conversion of the Subscription Receipts into the Underlying Shares and the completion of the Acquisitions (assuming no exercise of Aura Minerals' outstanding stock options or warrants, including the Broker Warrants), Aura Minerals will have 186,327,447 common shares outstanding.

4. REVIEW OF OPERATIONS AND PROJECTS

Arapiraca Project

The property is located in the central-southern part of the State of Alagoas approximately 15 kilometres northwest of the city of Arapiraca and currently consists of 99 exploration licences totalling 177,455 hectares, one application for an exploration licence of 7.5 hectares and one application for a mining concession of 392 hectares.

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

A one metre gauge railroad (5 kilometre distance from the Arapiraca Project) passes through the city of Arapiraca and connects with the Atlantic ports of Suape, Aracaju and Salvador. The Arapiraca Project is approximately 586 kilometres by rail to Camacari in the State of Bahia, the site of Brazil's only copper smelter (Caraiba Metais). The town of Arapiraca and the region are served by several high tension power lines (280kV and 500 kV). It was recently announced that a new 230 kV power line will be installed to the town of Arapiraca and will have sufficient capacity for the needs of the Arapiraca Project. Also, a new water supply pipeline for the Arapiraca region is in the planning stages and will further benefit the development of the Arapiraca Project.

The first stage exploration program, which commenced during the second quarter of 2007 and completed in the last quarter of 2008, focused on the two main areas on the Arapiraca Project, being the advanced Serrote Deposit and the secondary "Caboclo Deposit", with the objective of confirming currently known mineralization and defining additional mineralization. This was successful and a current second stage exploration program has now commenced to complete further in-fill and exploration drilling at both the Serrote and Caboclo deposits and test several copper and iron targets at Arapiraca. Further particulars are discussed below.

The Serrote Deposit

Since the acquisition of the Arapiraca Project in July 2007, the Company completed 17,572 metres of in-fill and step-out drilling at the Serrote Deposit during 2007, 37,584 metres during 2008 and 1,750 metres during 2009.

The Company has completed an updated resource estimate (the "2009 Resource") based on the in-fill and step-out drilling at the Serrote Deposit in 2007 and 2008, which (at a 0.30% Cu equivalent cut-off) includes a Measured and Indicated category of 195.9 million tonnes grading 0.49% Cu, 15.48% Fe and 0.09 g/t Au, and an additional Inferred category of 31.2 million tonnes grading 0.49% Cu, 14.01% Fe and 0.09 g/t Au.

The 2009 Resource was included in the NI 43-101 compliant technical report, dated April 9, 2009 and entitled "Mineral Resource Update Serrote Da Laje and Caboclo Deposits of the Arapiraca Copper-Gold-Iron Ore Project, State of Alagoas, Brazil" (the "2009 Technical Report"), prepared by Geosim Services Inc. ("Geosim"). Mr. Simpson, P.Geo of Geosim was the Qualified Person for this report. The 2009 Technical Report was filed on SEDAR on April 9, 2009.

Drilling is in progress at the Caboclo Deposit, which remains open to the east and west of the high grade holes drilled late in 2008 near the centre of the deposit. Current drilling is focussed on testing the continuity of this zone as well as in-fill drilling zones that are currently classified as "Inferred" to determine whether these zones can be upgraded to the 'Measured" or "Indicated" category.

Other Developments on the Serrote Deposit

The Company finalized all work on the environmental baseline studies for the Serrote Deposit and no environmental issues were identified. In January 2009, the Company submitted the Installation Licence ("LI") application to the Alagoas State Environmental Agency. The LI is the final licence required to allow the Serrote Deposit to proceed to construction. The local state authorities have been kept fully appraised of all work leading up

to the LI submittal and the formal review process by the state environmental agency has been completed. The Company is now awaiting formal state approval and receipt of the LI which is expected in the third quarter of 2009.

The PEA is well advanced, as discussed further below, and is expected to be issued in the third quarter of 2009. The PEA is based on the Serrote Deposit and will review mine development options, infrastructure, site layout, metallurgy, development timelines, as well as capital and operating costs.

Site geotechnical work, including diamond drilling and rock strength analysis, has been completed for the pit walls, waste dump stability, and all major equipment foundation locations. The Company has also completed significant metallurgical testwork at laboratories in Brazil during 2008 and the first quarter of 2009 to determine copper, gold and magnetite recovery. These results have shown that good recovery can be expected for all three products in two separate saleable concentrates. During the second quarter of 2009, the Company completed a second stage of metallurgical testwork at the SGS Lakefield Resource Limited laboratory in Lakefield, Ontario to follow-up on the first phase of copper recovery testwork. The focus of this second stage was to improve copper recovery and concentrate grades. The results of the second stage of testwork, when complete, will be incorporated in the PEA and economic analysis.

Process plant facilities and layouts are complete. The major equipment has been sized and budget costs have been obtained. The tailings dam preliminary design is also complete. Upgrade work is almost complete on an existing nearby rail line and discussions are ongoing with the rail company and port authorities for transport of iron ore and copper concentrates.

The Caboclo Deposit

To date, the Company has completed drilling 56 holes totaling 8,070 metres at the Caboclo Deposit, located approximately 15 kilometres north of the Serrote Deposit.

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

The Company has completed a preliminary resource estimate on the Caboclo Deposit, which is also included in the 2009 Technical Report. The highlights, at a 0.30% Cu equivalent cut-off, include a Measured and Indicated category of 7.6 million tonnes grading 0.57% Cu, 19.34% Fe and 0.16 g/t Au, and an additional Inferred category of 4.6 million tonnes grading 0.57% Cu, 14.24% Fe and 0.11 g/t Au.

Drilling is also in progress at the Caboclo Deposit to follow-up on the high-grade holes drilled during the program completed in the first quarter of 2009.

Arapiraca Regional Exploration

Regional exploration continued throughout the quarter with the emphasis on refining and prioritising previously identified copper, iron and gold targets. The Company now plans to drill up to nine of these targets over the next 12-18 months.

Aranzazu Project

The Company acquired a 100% interest in all of the mining concessions, plant, surface and water rights and other assets relating to the Aranzazu Project (formerly known as the El Cobre Project) in Zacatecas, Mexico on June 5, 2008. The Aranzazu Project consists of approximately 12,960 hectares of land centred on the Arroyos Azules underground mine, an 1,800-tpd mill and all equipment. The operation produces a copper-gold-silver concentrate via flotation.

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

To preserve cash resources in light of weakening metal prices in the second half of 2008, all mining activities at the Aranzazu Project were temporarily suspended on December 10, 2008 and all capital projects, including underground development work, were deferred.

Operations

Process plant throughput (including down time for upgrades and repairs) from the time Aura Minerals acquired the Aranzazu Project on June 5, 2008 to the December 10, 2008 suspension of operations, was approximately 150,000 tonnes, averaging 790 tpd at a head grade of 0.69% Cu, 0.25 g/t Au and 7.92 g/t Ag. Concentrate production from acquisition through suspension of operations was approximately 3,130 dry metric tonnes ("DMT"), averaging 25.91% Cu, 5.00 g/t Au and 246.70 g/t Ag. There has been no processing of ore or production of copper concentrates since the suspension date and the mine remains on care and maintenance.

For the six months ended June 30, 2009, the Company shipped 41 DMT of copper concentrate, representing the remaining copper concentrate inventory held at December 31, 2008. The average price of copper realized on this shipment was US$1.51 per pound. Average realized prices for gold and silver were US$897.50/oz and US$11.91/oz, respectively. In aggregate, by-product credits amounted to US$7,800 or US$0.33/lb of copper. Treatment and refining charges on these shipments amounted to US$9,600 or US$0.41/lb of copper.

The Company completed the rebuild of the third 600-tpd mill during the fourth quarter of 2008, which will facilitate an increase in throughput rate to approximately 1,800 tpd.

Presently, the Company has commenced engineering design and development planning in connection with the planned re-start of operations at 3,000 tpd in the second quarter of 2010. Over the next several months, the Company plans to complete detailed design of mine layouts, access development and stope layouts for a sustainable production rate of 3,000 tpd. Concurrent with this, the Company will complete additional metallurgical testwork to optimize process recoveries and concentrate grades and finalize the necessary process plant modification and expansion to 3,000 tpd. Total capital expenditures associated with the restart of the Aranzazu Project are estimated to be US$20 million. The capital includes new ramp development, stope development, mine infrastructure including additional mine ventilation and some additional mine equipment. Also included are the upgrades to the process plant to expand the capacity to 3,000 tpd and additional surface infrastructure such as offices and warehouse expansion. It is expected that ramp development will commence late in the third quarter or early in the fourth quarter of 2009.

Exploration

Prior to the acquisition of the Aranzazu Project in mid- 2008, the previous operator completed a 42,797 metre drill program during 2007 and 2008 (the "2007/08 Program"). The Company's current exploration program commenced immediately after acquiring the Aranzazu Project, with the objective of upgrading resources in the Arroyos Azules zone for ongoing mine planning purposes and defining reserves in several high-grade zones, as discussed further below.

During the second half of 2008, the Company released four batches of drill hole results from the 161 drill holes completed during the 2007/08 Program. The results confirmed the continuity of the mineralized system at the Aranzazu Project, the presence of high-grade continuous chutes within these mineralized systems and the down-dip continuity of these high-grade chutes. In addition, the results identified two new zones on either end of the known extent of the current resource, being the BW Extension which is proximal to the high-grade BW zone (less than 100 metres) and the Catarroyo zone on the eastern extension of the ore body.

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

Drilling by Aura Minerals targeted the high-grade ore chutes which will become part of the new mine plan for re-start of operations. This drilling intercepted a new splay chute, the "Calcocita Zone", off the main skarn mineralization (Hole UAZ-009 returned 21.00 metres of 7.57 % Cu, 1.47 g/t Au and 38.70 g/t Ag).

Based on the results of follow-up drilling at the Calcocita Zone, the high-grade mineralization and general continuity of the zone has been confirmed. Any resources defined in the Calcocita Zone could be mined in the near term, as it is close to the existing mine adit. As a result, the Company mobilized two drill rigs to site early in the second quarter of 2009 to advance the high-grade resources within the Calcocita, Arroyos Azules and BW zones into

proven and probable reserves. Samples from recent drilling have been submitted for assay and results are pending.

Para Properties

The Company's other exploration projects in Brazil include the Cumaru project, the Inaja Greenstone Belt (the "Inaja Project") and the North Carajas Belt claims, which together total approximately 200,588 hectares in the State of Para (collectively, the "Para Properties"). The Para Properties were held by the Company prior to the reverse take-over transaction through which the Company acquired the Arapiraca Project. Based on the change of focus of the Company from exploration to mine development and production and in light of the early exploration stage of the Para Properties, the Company granted an option to earn up to a 70% interest in the Inaja Project (discussed below) and is reviewing options to realize value from the other Para Properties. Such options may include joint venture agreements or outright sale. Minimal exploration is planned on the Para Properties during 2009. While the Company is considering its options on these properties, areas of low potential may be dropped by the Company to reduce holding costs.

Aura Gold Mineracao Ltda. ("AGM"), the Company's subsidiary holding a 100% interest in the Inaja Project, and Vale entered into an option agreement dated March 13, 2009 (the "Inaja Option Agreement"), wherein AGM granted Vale the option to earn a 51% interest in the Inaja Project by making a cash payment of US$3,000,000 and then expending US$6,000,000 in exploration work within four years from the execution of the Inaja Option Agreement. Vale may then earn an additional 19% interest by funding and delivering a bankable feasibility study within 36 months of electing to earn such additional interest. Once a joint venture is formed, should either party's interest in the Inaja Project be diluted below 10%, its interest will be converted into a 2% net smelter return royalty. The payment of US$3,000,000 ($3,775,000) was received on March 25, 2009, and has been applied as a reduction to the carrying value of the Inaja Project.

5. RESULTS OF OPERATIONS

Comparing the three months ended June 30, 2009 to the three months ended June 30, 2008

Revenues

Due to the temporary suspension of operations at the Aranzazu Project, the Company did not record any sales of copper concentrate for the three months ended June 30, 2009. Sales for the three months ended June 30, 2008 consisted of 221.6 DMT of copper concentrate shipped from the Aranzazu Project from the date of acquisition, June 5, 2008, to the end of the period. Revenue related to these shipments is comprised as follows:

(In thousands, except per tonne amounts)	**$ CAD**	**$ USD**
Copper revenue, net of treatment and refining charges	$ 411	$ 405
Gold by-product revenue	24	23
Silver by-product revenue	23	22
Total sales	**$ 458**	**$ 450**
Average net sales price per tonne of concentrate recorded	$ 2,065	$ 2,033
Average foreign exchange rate (USD $1 = CAD $)	1.0178	

Costs of Mining Operation

For the three months ended June 30, 2009, costs of mining operation totalled $320,000 and consisted of salaries and wages, professional fees, and general maintenance and administration costs related to the care and maintenance of the Aranzazu Project. Non-cash depletion and amortization relate to the property, plant and equipment at the Aranzazu Project. Depletion is calculated on a unit of production basis, and as such the results for the three months ended June 30, 2009 do not include any depletion due to the temporary suspension of operations. Various pieces of equipment are being charged on a declining balance method, and amortization

expense for the period relates only to those pieces of equipment which were in use in the period. Total depletion, amortization and accretion charges for the three months ended June 30, 2009 were $101,000.

Other Income (Expenses) and Net Loss

Other expense items for the three months ended June 30, 2009 include stock-based compensation of $1,754,000, exploration expenditures of $2,125,000, a foreign exchange gain of $175,000, and other general and administrative expenses of $1,358,000, offset by interest income of $41,000.

Other expense items for the three months ended June 30, 2008 include stock-based compensation of $4,782,000, exploration expenditures of $7,191,000, a foreign exchange gain of $640,000, and other general and administrative expenses of $1,675,000, offset by interest income of $441,000.

The stock-based compensation expense relates to the vesting in the period of previously granted options and of any new options granted during the three months ended June 30, 2009 and 2008. Included in stock-based compensation for the three months ended June 30, 2009 is $1,069,000 relating to the fair value of the common shares (the "Signing Shares") issued to the President and CEO during the first quarter of 2008, as described in note 11(d) of the Financial Statements. During the three months ended June 30, 2009, the final 513,072 of the 700,000 Signing Shares became eligible for release from escrow, and as such the fair value was expensed. Upon the release of the shares from escrow, the fair value of the shares was transferred to capital stock from contributed surplus. For the three months ended June 30, 2008, the stock-based compensation included $111,000 of amortization of the fair value of the Signing Shares, all of which were held in escrow at that time.

Included in other general and administrative expenses for the three months ended June 30, 2009 of $1,358,000 are: salaries and benefits of $663,000, which reflect amounts related to corporate office staff; professional fees of $107,000 which consist of legal, consulting and quarterly review fees; and amortization of $109,000. The remaining other general and administrative expenses of $479,000 include: investor relations and corporate development costs; costs associated with ongoing travel to the Company's projects in Brazil and Mexico; occupancy costs; filing, listing and transfer agent costs; directors' fees and expenses; and shareholder communications costs. These reflect normal course expenditures for a public company involved in mineral exploration, development and operations outside of Canada.

Other general and administrative expenses for the three months ended June 30, 2008 were $1,675,000 and included: salaries and benefits of $736,000 reflecting amounts related to corporate office staff; professional fees of $83,000 consisting of legal and quarterly review related fees, and amortization of $112,000. The remaining general and administrative expenses of $744,000 reflect costs related to operating the Company's corporate offices in Vancouver.

For the three months ended June 30, 2009, the Company incurred $2,125,000 in exploration costs, representing the exploration and development work conducted on the Company's non-producing properties for which economically recoverable reserves have not yet been established. Of these expenditures, $1,345,000 related to the Arapiraca Project, and included consulting costs of $337,000, primarily related to the PEA. Arapiraca Project costs also included geological and assay related costs of $45,000, salaries and benefits of $425,000, and other costs of $538,000. During the period the Company also incurred $28,000 in exploration expenditures on Cumaru, $22,000 on Cumaru-Gradaus, $6,000 on Inaja and $4,000 on North Carajas. These expenditures reflect property maintenance costs and limited exploration programs on the properties. A further $720,000 in exploration expenditures were incurred on the Aranzazu Project during the period, primarily related to the Company's ongoing drilling program.

For the three months ended June 30, 2008, the Company incurred $7,191,000 in exploration expenditures, of which $5,405,000 related to the Arapiraca Project. The largest single expense item for the Arapiraca Project was drilling costs of $2,791,000. Exploration expenditures on the Company's other projects totalled $1,786,000, of which $1,130,000 was incurred on Inaja.

Interest income generated on invested funds amounted to $41,000 for the three months ended June 30, 2009. The Company holds its cash and cash equivalents in interest bearing chequing accounts and bankers' acceptance notes ("BAs"), all with maturities of three months or less. Interest income for the three months ended June 30, 2008 amounted to $441,000 as a result of a higher average cash balance and higher interest rates during that period.

The foreign exchange gain of $175,000 recorded during the three months ended June 30, 2009, reflects the holding of Brazilian reais and Mexican pesos, and the fluctuation of those currencies against the Canadian dollar during the period. This compares to a net foreign exchange gain of $640,000 for the three months ended June 30, 2008.

For the three months ended June 30, 2009, the Company recorded a future income tax recovery of $226,000, reflecting the reversal of a portion of the future income tax liability set up on acquisition of the Aranzazu Project and the impact of foreign currency fluctuations on the future income tax liabilities. For the three months ended June 30, 2008, the Company recorded a future income tax recovery of $67,000, reflecting the reversal of a portion of the future income tax liability set up on acquisition of the Aranzazu Project.

Comparing the six months ended June 30, 2009 to the six months ended June 30, 2008

Revenues

The Company's revenues for the six months ended June 30, 2009 are from the sale of copper concentrate from the Aranzazu Project, which are recorded in the statement of loss net of treatment and refining costs paid to counterparties under the terms of the off-take arrangements and are recognized based on quoted market prices in periods subsequent to the date of sale. In accordance with industry practice, the estimated revenue is recorded based on forward metal prices for the expected date of final settlement.

Due to the temporary suspension of operations at the Aranzazu Project, sales for the six months ended June 30, 2009 consisted of only 41 DMT of copper concentrate, which were held in inventory at December 31, 2008. The price was fixed at the time of shipment and as such there were no price adjustments required for this shipment. Further, as the Company fixed the price of copper for all unsettled shipments made to December 31, 2008, there were no price adjustments during the first two quarters of 2009 related to shipments made in 2008.

Revenue related to the 2009 shipments, all of which occurred in the first quarter of 2009, is comprised as follows:

(In thousands, except per tonne amounts)	**$ CAD**	**$ USD**
Copper revenue, net of treatment and refining charges	$ 31	$ 25
Gold by-product revenue	5	4
Silver by-product revenue	5	4
Total sales	**$ 41**	**$ 33**
Average net sales price per tonne of concentrate recorded	$ 995	$ 800
Average foreign exchange rate (USD $1 = CAD $)	1.2443	

The Company's sales for the six months ended June 30, 2008 include all shipments from the Aranzazu Project from the date of acquisition, being June 5, 2008, to the end of the period. Sales during this period consisted of 221.6 DMT of copper concentrate. Further details on these shipments are available above in the results for the three months ended June 30, 2008.

Costs of Mining Operation

Costs of mining operation for the six months ended June 30, 2009 include costs and expenses associated with the ongoing operation of the Aranzazu Project while under care and maintenance. Such costs include salaries and wages for key personnel, supervisory, administrative and security staff, professional fees and other services, and ongoing maintenance costs for the mine site. For the six months ended June 30, 2009, costs of mining operation totalled $1,011,000.

Non-cash depletion and amortization relate to the property, plant and equipment at the Aranzazu Project. Depletion is calculated on a unit of production basis, and as such the results for the six months ended June 30, 2009 do not include any depletion due to the temporary suspension of operations. Various pieces of equipment are being charged on a declining balance method, and amortization expense for the period relates only to those pieces of equipment which were in use in the period. The accretion costs represent charges incurred on the asset retirement obligation. Total depletion, amortization and accretion charges for the six months ended June 30, 2009 were $199,000.

For the period from the date of acquisition to June 30, 2008, costs of mining operation related to costs associated with the production of concentrate inventory, as well as salaries and wages for personnel, professional fees and

other maintenance and general administrative costs. Costs of mining operation for the period were $412,000. Non-cash depletion, amortization and accretion for the period to June 30, 2008 were $178,000.

Other Income (Expenses) and Net Loss

Other expense items for the six months ended June 30, 2009 include stock-based compensation of $2,832,000, exploration expenditures of $4,998,000, an impairment charge to resource properties of $8,744,000, a foreign exchange gain of $484,000, and other general and administrative expenses of $2,754,000, offset by interest income of $132,000. Other expense items for the six months ended June 30, 2008 include stock-based compensation of $10,241,000, exploration expenditures of $11,391,000, a foreign exchange gain of $655,000, and other general and administrative expenses of $4,851,000, offset by interest income of $1,375,000.

The stock-based compensation expense relates to the vesting in the period of previously granted options and of any new options granted during the six months ended June 30, 2009 and 2008. Included in stock-based compensation for the six months ended June 30, 2009 is $1,150,000 (2008 - $222,000), relating to the amortization of the fair value of the 513,072 Signing Shares which were held in escrow during the period, as described above. The Signing Shares were held in escrow until certain release conditions were met during the six months ended June 30, 2009, at which point the shares were released. All 700,000 shares were released from escrow in the six months ended June 30, 2009, and upon release, the total fair value of these shares of $1,695,000 was reversed out of contributed surplus and credited to capital stock.

Included in other general and administrative expenses for the six months ended June 30, 2009 of $2,754,000 are: salaries and benefits of $1,384,000, which reflect amounts related to corporate office staff; professional fees of $140,000 which consist of legal, consulting and quarterly review fees; and amortization of $214,000. The remaining other general and administrative expenses of $1,016,000 include: investor relations and corporate development costs; costs associated with ongoing travel to the Company's projects in Brazil and Mexico; occupancy costs; filing, listing and transfer agent costs; directors' fees and expenses; and shareholder communications costs. These reflect normal course expenditures for a public company involved in mineral exploration, development and operations outside of Canada.

Other general and administrative expenses for the six months ended June 30, 2008 of $4,851,000 included: salaries and benefits of $2,793,000 reflecting amounts related to corporate office staff; professional fees of $423,000 consisting of legal and quarterly review related fees, as well costs relating to an independent advisor engaged by the Company to undertake a valuation assessment of the Para Properties in connection with assessing the impairment on the properties for the Company's December 31, 2007 accounts; and amortization of $225,000. Included in salaries and benefits for this period is an amount of $1,614,000 paid as compensation to the President and CEO for income tax payable on account of receipt of the Signing Shares as described above. The remaining general and administrative expenses of $1,410,000 reflect costs related to operating the Company's corporate offices in Vancouver.

For the six months ended June 30, 2009, the Company incurred $4,998,000 in exploration costs, representing the exploration and development work conducted on the Company's non-producing properties for which economically recoverable reserves have not yet been established. Of these expenditures, $2,855,000 related to the Arapiraca Project, including consulting costs of $842,000 which primarily related to the PEA. Arapiraca Project costs also included $207,000 in drilling costs, 178,000 in geological and assay costs, salaries and benefits of $836,000 and other costs of $792,000. The Company also incurred $58,000 in exploration expenditures on Cumaru, $183,000 on Cumaru-Gradaus, $746,000 on Inaja and $30,000 on North Carajas. These expenditures reflect final property option payments, property maintenance costs and limited exploration programs on the properties. A further $1,126,000 in exploration expenditures were incurred on the Aranzazu Project during the period, of which $520,000 related to drilling costs.

For the six months ended June 30, 2008, the Company incurred $11,391,000 in exploration expenditures, of which $8,445,000 related to the Arapiraca Project. The largest single expense item for the Arapiraca Project was drilling costs of $4,068,000. Exploration expenditures on the Company's other projects totalled $2,946,000, of which $1,796,000 was incurred on Inaja.

Interest income generated on invested funds amounted to $132,000 for the six months ended June 30, 2009. The Company holds its cash and cash equivalents in interest bearing chequing accounts and BAs, all with maturities of

three months or less. Interest income for the six months ended June 30, 2008 amounted to $1,375,000 as a result of a higher average cash balance and higher interest rates during that period.

The foreign exchange gain of $484,000 recorded during the six months ended June 30, 2009, reflects the holding of Brazilian reais and Mexican pesos, and the strengthening of those currencies against the Canadian dollar during the period. This compares to a foreign exchange gain of $655,000 for the six months ended June 30, 2008.

For the six months ended June 30, 2009, the Company recorded a future income tax recovery of $3,073,000, reflecting the tax effect on the resource property impairment charge, a reversal of a portion of the future income tax liability set up on acquisition of the Aranzazu Project, and the impact of foreign currency fluctuations on the future income tax liabilities. For the six months ended June 30, 2008 the Company recorded a future income tax recovery of $67,000, reflecting a reversal of a portion of the future income tax liability set up on acquisition of the Aranzazu Project.

Capital Expenditures

During the three and six months ended June 30, 2009, total additions to property, plant and equipment were $3,000 and $154,000, respectively, relating primarily to capital projects in process at the Aranzazu Project. During the three and six months ended June 30, 2009, the Company disposed of property, plant and equipment with a historical cost of $110,000 for nil proceeds.

For the three months ended June 30, 2008, total additions to property, plant and equipment included $99,021,000 related to the purchase of property, plant and equipment and mineral property as part of the Aranzazu Acquisition. Of the remaining $4,285,000 in additions for the three months ended June 30, 2008, $3,888,000 related to additional purchases of property, plant and equipment for the Aranzazu Project, and $397,000 related to equipment purchased at the Company's Brazil and corporate office locations. Of the remaining $4,712,000 in additions for the six months ended June 30, 2008, $3,894,000 related to additional purchases of property, plant and equipment for the Aranzazu Project, and $818,000 related to equipment purchased at the Company's Brazil and corporate office locations.

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.

6. SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited interim consolidated financial information for the Company for each of the eight most recently completed quarters.

For the Quarters Ended: (In thousands of Canadian dollars, except per share information)	Jun 30, 2009 (unaudited)	Mar 31, 2009 (unaudited)	Dec 31, 2008 (unaudited)	Sept 30, 2008 (unaudited) (restated)	Jun 30, 2008 (unaudited) (restated)	Mar 31, 2008 (unaudited) (restated)	Dec 31, 2007 (unaudited) (restated)	Sept 30, 2007 (unaudited) (restated)
Sales Revenue	Nil	41	1,182	1,641	458	Nil	Nil	Nil
Working Capital	36,431	39,905	40,620	58,301	76,942	90,115	96,047	96,324
Resource Properties[(1)]	14,408	14,408	26,927	31,872	26,402	26,402	26,402	56,706
Net Loss[(2)]	5,216	11,592	16,974	14,112	12,637	11,886	27,127	11,573
Net Loss per Share (basic and fully diluted)[(3)]	$ 0.04	$ 0.10	$ 0.14	$ 0.12	$ 0.12	$ 0.11	$ 0.32	$ 0.13

(1) Net of impairment charges of $8,744,000, $5,065,000 and $30,304,000 taken in the quarters ended March 31, 2009, December 31, 2008 and December 31, 2007, respectively. Balance of resource properties as at March 31, 2009 is also net of the Inaja property option payment received of $3,775,000.

(2) For the quarter ended March 31, 2009, net of an impairment charge of $8,744,000 and a related future income tax recovery of $2,973,000. For the quarter ended December 31, 2007, net of an impairment charge of $30,304,000 and a related future tax recovery of $10,303,000. For the quarter ended December 31, 2008, net of an impairment charge of $5,065,000 and a future income tax recovery of $1,722,000.

(3) 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. Net loss per share is stated after taking into effect the Consolidation, as described under the heading *"Company Highlights and Overall Performance".*

Commencing with the quarter ended June 30, 2008, quarterly results include revenues and operating expenses of the Aranzazu Project, acquired on June 5, 2008. All results shown in the above table for the quarter ended September 30, 2008 and for prior quarters are restated to reflect the change in accounting policy regarding the expensing of previously deferred exploration costs. For further explanation of period to period variations, see *"Review of Operations and Projects" and "Results of Operations".*

7. LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents used in operating activities during the three and six months ended June 30, 2009 were $2,083,000 and $8,110,000, respectively. Cash and cash equivalents used in investing activities during the three months ended June 30, 2009 was $3,000. Cash and cash equivalents generated from investing activities during the six months ended June 30, 2009 was $3,621,000, which was comprised of $3,775,000 received from Vale in relation to the Inaja property option agreement, offset by additions to property, plant and equipment of $154,000. There were no financing activities during the periods. As a result, the decrease in cash and cash equivalents during the three and six months ended June 30, 2009 was $2,086,000 and $4,489,000, respectively.

As at June 30, 2009, the Company had cash and cash equivalents of $35,342,000 and working capital of $36,431,000. Cash and cash equivalents at June 30, 2009 include BAs issued by a Canadian chartered bank and interest-bearing cash deposit accounts held with a Canadian chartered bank, all with maturities of three months or less. The Company believes that it is not exposed to significant credit risk on financial instruments issued by the Canadian chartered banks.

Included in cash and cash equivalents at June 30, 2009 are $3,295,000 denominated in United States dollars, $4,104,000 denominated in Brazilian reais and $2,192,000 denominated in Mexican pesos which are subject to foreign currency rate fluctuations. In conducting its operations, the Company makes payments as appropriate from time to time in United States dollars, Brazilian reais and Mexican pesos, and all proceeds of concentrate sales are received in United States dollars. Accordingly, depending upon the planned spending levels on its Brazilian properties, and depending upon the timing of expenditures and receipts at its Aranzazu Project operations, the Company will be subject to foreign currency rate fluctuations between these currencies and its functional currency.

The Company has implemented a rigorous planning and budgeting process to help determine the funding requirements to support the Company's current operations and expansion and development plans. The Company's objective is to ensure that there are sufficient committed financial resources to meet its short-term requirements for a minimum of twelve months.

In view of the commodity price environment in late-2008, the Company commenced a review of all work programs and expenditures, including 2009 mine plans and capital and operating budgets with a view to preserving cash resources during the forecast economic downturn. As a result, the Company temporarily suspended all mining activities at the Aranzazu Project in mid-December 2008, and deferred all capital projects, including underground development work. In light of the improvement in the economic situation and commodity prices during the second quarter of 2009, the Company has re-commenced drilling programs at the Aranzazu Project. Concurrent with this drilling, mine planning and costing continue towards a planned re-start of operations at 3,000 tpd in 2010. The Company estimates that this program will cost approximately US$6 - 8 million over the remaining months in 2009. The total capital expenditures associated with the restart of the Aranzazu Project are estimated to be US$20 million, as described under the heading *"Review of Operations and Projects – Aranzazu Project".*

As described under the heading "*Review of Operations and Projects – Other Developments on the Serrote Deposit*", the Company has significantly advanced the Serrote Deposit and, in early 2009, submitted the LI application to the Alagoas State Environmental Agency. The Company is currently completing a PEA based on all work completed to date and will then complete the detailed feasibility study and subsequent engineering work based on additional planned metallurgical testwork. The Company estimates that, for the balance of 2009, such activities in Brazil will cost approximately $4 – 6 million.

The aforementioned expenditures will be funded by the Company's current treasury and the balance of the net proceeds from the Offering of Subscription Receipts, after funding the cash consideration required as part of the Acquisitions (see "*Financing and Proposed Acquisitions*"). The Company expects that, on a pro forma basis, following the payment of the total cash consideration to Yamana, the remaining net proceeds, when added to the Company's current cash resources, would increase its treasury to in excess of $45,000,000. Additionally, the Company expects that its working capital will be further increased by approximately $48,000,000, being the estimated non-cash working capital acquired as part of the Acquisitions.

The Acquisitions will transform the Company into an intermediate gold producer with immediate gold production and cash flow based on an estimated average annual production of 220,000 gold ounces. The Company expects these cash flows will enable it to fund internal capital projects. The level of future cash flows generated from the sale of gold from the San Andrés Mine, the São Francisco Mine and São Vicente Mine and from the sale of copper concentrate at the Aranzazu Project following resumption of operations in 2010, will depend on the demand for gold and copper, metal pricing, exchange rates, taxes, and a number of other factors often outside of the Company's control, as well as the level of production achieved, the production costs which result from such levels of production and capital expenditure programs required to achieve such levels of production.

The profitability of the Company's operations is highly correlated to the market prices of these metals, as is the ability of the Company to develop its other properties. If metal prices were to decline for a prolonged period below the cost of production of the Company's mines, it may not be feasible to continue operations. The events in the global financial markets since mid-2008 have had a profound impact on the global economy. Virtually all industries, including mining for precious and base metals, are impacted by these market conditions, which have included: a sharp contraction in the credit markets, devaluations and high volatility in global equity, commodity, foreign exchange and precious metals markets and a corresponding lack of market liquidity; and a slowdown in economic activity that has affecting major global economies. Additionally, the Company is exposed to liquidity risks in the event its cash positions decline or become inaccessible, for any reason, or additional financing is required and is unavailable. Any of these factors may impact the ability of the Company to obtain further equity of debt financing in the future, or if obtained, on terms favourable to the Company. Although there have been indications of economic recovery in recent months, if these increased levels of volatility and market turmoil were to continue, the Company's results of operations and planned growth could be adversely impacted. These events could have a significant impact on the Company and are discussed further in "*Risk Factors – Current Global Financial Conditions*".

8. CONTRACTUAL OBLIGATIONS

For the six months ended June 30, 2009 and as of August 14, 2009, the Company has not entered into any contractual obligations that are outside of the ordinary course of business.

In addition to commitments otherwise reported in this MD&A, the Company's contractual obligations included the following as at June 30, 2009:

(In thousands of Canadian dollars)	**Total**	**2009**	**2010-2011**	**2012-2013**	**After 2013**
Operating leases (premises and other)	$ 752	$ 115	$ 409	$ 228	$ Nil
Capital lease obligations	18	4	14	Nil	Nil
Reclamation obligations	3,226	Nil	Nil	Nil	3,226
TOTAL Contractual Obligations	$ 3,996	$ 119	$ 423	$ 228	$ 3,226

The above table represents the Company's estimated obligation to reclaim the Aranzazu Project properties after the minerals have been mined from the site. The Company engaged a specialist environmental consultant familiar with the Aranzazu Project to provide an estimate of the costs necessary to comply with existing reclamation standards in Mexico and to estimate the Company's asset retirement obligation. Based on the external consultant's conclusions, the undiscounted amounts of the estimated obligations for restoration and closure of the Aranzazu Project, adjusted by an estimated annual inflation of 3.5% and by a market risk premium of 3%, are approximately $3,226,000, and are estimated to be incurred over a 4 year period beginning after ten years. While Canadian GAAP requires the Company to recognize the fair value for the asset retirement obligation using a credit adjusted

risk-free discount rate, the amount reflected in the above table represents the undiscounted amounts estimated at the time of payment. Ongoing reclamation costs incurred as part of normal mining operations are expensed as incurred.

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 times their then current annual salary upon the occurrence of such event and subject to certain conditions.

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

9. OFF-BALANCE SHEET ARRANGEMENTS

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

10. TRANSACTIONS WITH RELATED PARTIES

During the three and six months ended June 30, 2009 and June 30, 2008, the Company was not party to any transactions with related parties as defined by the CICA Handbook, except as described under the heading *"Financing and Proposed Acquisitions – Proposed Acquisitions".*

11. CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company has adopted the following accounting standards and policies:

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 period ended June 30, 2008 was increased by $11,700,000 and $7,088,000, respectively, as a result of the retroactive application of the change in accounting policy.

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 retrospective application. The adoption of this EIC did not have a significant effect on the Company's unaudited interim consolidated financial statements.

Mining Exploration Costs

In March 2009, the CICA issued EIC-174, "Mining Exploration Costs." The EIC provides guidance on accounting for capitalization and impairment of exploration costs. This standard is effective for our fiscal year beginning January 1, 2009. The adoption of this EIC did not have an effect on the Company's unaudited interim consolidated financial statements.

The Company will be required to adopt the following newly issued accounting standards and policies:

Business Combinations and Related Sections

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination.

The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests," which replace Section 1600 "Consolidated Financial Statements." Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations."

12. CRITICAL ACCOUNTING ESTIMATES

The preparation of the Financial Statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities as well as the reported revenues and expenses during the reporting period. Based on historical experience, current conditions and expert advice, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. Different assumptions would result in different estimates, and actual results may differ from results based on these estimates. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that affect the unaudited interim consolidated financial statements materially and involve a significant level of judgment by management. The Company's accounting policies are described in note 2 to the Company's annual audited consolidated financial statements for the year ended December 31, 2008. Management's critical accounting estimates are applied in the accounting for asset retirement obligations, allocation of the purchase price for the Aranzazu Acquisition, the impairment of long-lived assets, the determination of stock-based compensation and accounting for income taxes.

Asset Retirement Obligations

The amounts recorded for asset retirement obligations are based on estimates prepared by third party environmental specialists in the jurisdictions in which the Company operates. These estimates are based on remediation activities that are required by environmental laws, the expected timing of cash flows, and the credit-adjusted risk-free interest rate on which the estimated cash flows have been discounted. These estimates also include an assumption on the rate at which costs may inflate in future periods. Actual results could differ from these estimates. The estimates on which these fair values are calculated require extensive judgment about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws, and regulations and remediation practices.

Allocation of the purchase price of the Aranzazu Acquisition

Canadian GAAP requires the Company to record the identifiable assets and liabilities acquired as part of a business combination at their fair values. In the Financial Statements, the Company has recorded the final allocation of the purchase price of the Aranzazu Project. The determination of these fair values requires extensive judgment, and was prepared based on information which was available at the reporting date. The Company made

these determinations with the assistance of independent third party valuators, who provided fair values by property class as well as for the mineral interests and intangible assets.

Impairment of long-lived assets

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 measured and assets are written down to fair value which is normally 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 in accordance with the CICA Handbook Section 3063 "Impairment of Long-Lived Assets".

Management tested the Aranzazu Project at December 31, 2008 based on third party consensus forecasts of metal prices and exchange rates, on current resources, ore grades and mine plans, on expected throughput capacities and processing yields, on operating and capital cost estimates, expected reclamation costs, and on applicable tax rates in Mexico. It was determined that the potential future cash flows from the Aranzazu Project on an undiscounted basis were in excess of its carrying amount, and that no impairment was required as of December 31, 2008. There have been no changes in circumstances or events during the six months ended June 30, 2009 that would indicate any need for the Company to update this evaluation. With the exception of the Cumaru (Gradaus) claims which were abandoned and written-off during the three months ended March 31, 2009, management reviewed the status of the Company's other projects and expects that their carrying values are recoverable.

Management's estimates of mineral prices, mineral resources, and operating, capital and reclamation costs are subject to certain risks and uncertainties that may affect the recoverability of deferred mineral property costs. Although management has made its best estimate of these factors, it is possible that material changes could occur which may adversely affect management's estimate of the net cash flows expected to be generated from its properties.

Stock-based compensation and warrants

Management is required to make significant estimates about future volatility and the period in which stock options and warrants will be exercised. The selection of the volatility factor, and the estimate of the period in which a stock option or a warrant will be exercised will have a significant impact on the cost recognized for stock-based compensation or share issue costs, respectively. The estimates concerning volatility are based on various factors, including reference to historical volatility and a review of volatilities used by peer companies. The Company does not solely depend on its past share price history as an indicator of volatility due to the limited period that the Company's common shares have been publicly traded. This estimate is not necessarily an accurate indicator of volatility which will be experienced in the future. Management assumes that stock options and warrants will remain unexercised until immediately prior to their expiry date, which may not be the case.

Future income tax assets and liabilities

The determination of the Company's tax expense for the year and its future tax liabilities and assets involves significant estimation and judgment by management involving a number of assumptions. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and makes estimates of the expected timing of the reversal of future tax assets and liabilities. Management also makes estimates of the future earnings which affect the extent to which potential future tax benefits may be used. The Company is subject to assessments by various taxation authorities which may interpret tax legislation differently. These differences may affect the final amount or the timing of the payment of taxes. The Company provides for such differences where known based on management's best estimate of the probable outcome of these matters.

13. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable. In order to manage this risk, the Company deposits cash and cash equivalents with high credit quality financial institutions or in government-issued T-Bills. Further, as the Company's capital structure is

comprised of equity attributable to common shareholders, the Company has no externally imposed debt requirements. In management's opinion, the Company is not exposed to significant interest rate or credit risk arising from these financial instruments.

The Company is subject to concentrations of credit risk related to trade receivable as all of its sales revenues are made to a single customer. However, due to the suspension of operations in mid-December 2008, the company has no trade receivable balances at June 30, 2009. As a result, the Company's credit risk at June 30, 2009 is primarily related to the recovery of value added taxes. Of the $751,000 in value added taxes receivable at June 30, 2009, $731,000 relates to Mexico and was collected subsequent to quarter end.

As the Company's primary operating activities are in Mexico and Brazil, foreign exchange risk exposures arise from transactions denominated in foreign currencies. Financial instruments that impact the Company's net loss or other comprehensive loss due to currency fluctuations include: cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities denominated in US dollars, Brazilian reais or Mexican pesos. The Company's net revenues from its Mexican operations are exposed to foreign exchange risk as commodity sales, treatment charges and royalties are substantially denominated in US dollars, whereas the majority of all other operating expenses are in Mexican pesos. As at June 30, 2009, the Company had not entered into any financial instruments to hedge currency risks, such as foreign exchange forward sales contracts or the use of puts and calls.

The Company is subject to price risk from fluctuations in market prices of copper and other metals. In addition, there is a time lag between the time of initial payment on shipment and final settlement pricing, and changes in the price of copper and other metals during this period impact the Company's revenues and working capital position. As the Company fixed metal prices at the time of shipment for the sole concentrate shipment in January 2009, the Company will not recognize any price adjustments on unsettled shipments as a result of continued fluctuations in commodity prices subsequent to June 30, 2009. During the period and as at June 30, 2009, the Company had not entered into any derivative contracts for the sale of any future concentrate or metal production.

The profitability of the Company's operations is highly correlated to the market prices of these metals, as is the ability of the Company to develop its other properties. If metal prices were to decline for a prolonged period below the cost of production of the Company's mines, it may not be feasible to recommence production.

14. CORPORATE GOVERNANCE

The Company's Board and its committees substantially follow the recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders.

Effective May 7, 2009, Mr. Philip Martin resigned as a director. Accordingly, the current Board is comprised of five individuals, four of whom are neither executive officers nor employees of the Company and are unrelated in that they are independent of management. The Audit Committee is currently comprised of three directors who are independent of management.

The Audit Committee fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited annual consolidated financial statements prior to their submission to the Board for approval. The Audit Committee meets with management quarterly to review the consolidated financial statements including the MD&A and to discuss other financial, operating and internal control matters. The Company also retains its external auditors to perform quarterly reviews of its interim consolidated financial statements and review its annual consolidated financial statements.

15. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"). Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There have been no changes in internal control over financial reporting during the quarter ended June 30, 2009 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

In preparing their certifications of interim filings, as required under *National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), the Company's certifying officers have limited the

scope of their design of DC&P and ICFR to exclude controls, policies and procedures of Aranzazu Holding, SA de CV, which acquired the Aranzazu Project on June 5, 2008. Management considers this acquisition material to the Company's overall results of operations, financial position and cash flows and believes that the internal controls and procedures at the Aranzazu Project have a material effect on overall internal control over financial reporting. Management's review of the internal controls and procedures at the Aranzazu Project is ongoing. The Aranzazu Project operations comprise 100% of the Company's consolidated revenues of $41,000 and 70% of the total consolidated assets of $168,584,000 as at June 30, 2009.

16. INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company will be required to adopt IFRS for its interim and annual consolidated financial statements beginning on January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. Management has drafted a transition plan to IFRS and, based on the work performed to date, has identified several potential impacts to the Company's consolidated financial statements as a result of adopting IFRS, with the major differences being:

i. The overall presentation of the consolidated financial statements will change significantly, as the Company complies with increased disclosure requirements under IFRS and differing presentations of the balance sheet and statements of loss and cash flows.

ii. Currently, IFRS rules surrounding mineral property costs and exploration costs are undergoing changes by the standard setters, and the results of changes to IFRS 6 "*Resource Properties*" could have a significant impact to the Company on transition.

iii. The adoption of IFRS 21 "*Foreign Currency Transactions*" could result in significant changes to the Company's consolidation procedures. In addition, the identification of functional currencies for each of the Company's subsidiaries could result in changes to foreign currency translation procedures as well as the Company's reporting currency.

Management is also in the process of assessing the impact of IFRS adoption on the Company's internal controls over financial reporting, disclosure controls, information systems, financial reporting expertise and other business activities, such as foreign currency and hedging activities. The technical implementation team is currently focusing their efforts on the higher impact areas and has continued with ongoing training sessions provided by external advisors. Currently, there are no matters that would be influenced by Canadian GAAP measures, such as debt covenants, capital requirements and compensation arrangements that would be impacted by the transition to IFRS.

17. ENVIRONMENTAL RISK MANAGEMENT

With the acquisition of the Aranzazu Project during the second quarter of 2008, the Company transitioned from an exploration and development company to an operating company.

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

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

Notwithstanding the temporary suspension of operations, the Company is continuing with certain upgrades to transition to the current environmental rules and regulations.

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

The policies and systems have been reviewed and approved by the Company's Environmental, Health, Safety and Social Responsibility Committee and Board and adopted by the Company.

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

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

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

18. RISK FACTORS

The operations of the Company are speculative due to the high-risk nature of its business which is the acquisition, financing, exploration, development and operation of mineral properties. The risk factors set forth below and in the Company's annual AIF dated March 23, 2009, a copy of which is filed on SEDAR at www.sedar.com, could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Current Global Financial Conditions

Current global financial conditions have been subject to increased volatility. Numerous financial institutions have declared bankruptcy and others have received capital bail-outs or other relief from government authorities. Access to financing has been negatively impacted by both sub-prime mortgages in the United States and elsewhere and the liquidity crisis resulting from the asset-backed commercial paper market. As a result of these global conditions, the Company is subject to increased counterparty risk and liquidity risk. The Company is exposed to various counterparty risks including, but not limited to: (i) financial institutions that hold the Company's cash; and (ii) the Company's insurance providers. The Company has not entered into forward sales agreements for gold and copper at prices at this time, but may enter into such contracts in the future. As a result, the Company may become exposed to credit related losses in the event of non-performance by counterparties to these financial instruments. In the event that a counterparty fails to complete its obligations, the Company would bear the risk of loss of the amount expected to be received under these financial instruments in the event of the default or bankruptcy of a counterparty.

The Company is also exposed to liquidity risk in the event its cash positions decline or become inaccessible for any reason, or additional financing is required to advance its projects or growth strategy and appropriate financing is unavailable, or demand for gold or copper falls (see "Liquidity and Capital Resources"). Any of these factors may impact the ability of the Company to obtain further equity based funding, loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. Although there have been indications of economic recovery, if these increased levels of volatility and market turmoil were to continue, the Company's results of operations and planned growth could be adversely impacted.

Foreign Operations Risks

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

Presently, all of the Company's mineral properties are located in Brazil and Mexico. While the Company believes that Brazil and Mexico provide a favourable environment for mining companies to operate in, there can be no assurance that changes in the government or laws of Brazil or Mexico or changes in the regulatory environment for mining companies generally or for non-domiciled companies in Brazil or Mexico will not be made that would

adversely affect the Company. It is also possible that future social unrest in Brazil or Mexico may adversely affect the Company's operations.

Operations in Honduras

The Company intends to acquire the San Andrés Mine in Honduras. Honduras is one of the poorest nations in the western hemisphere and has often been dependent on aid from the United States although this dependence has been decreasing as co-operation from other European countries increases. Exploitation of mineral resources in Honduras may be hampered by inadequate road and rail systems as the country remains relatively underdeveloped. In addition, the Honduran government is in the process of reviewing the mining laws in Honduras with a view to increasing royalties and possibly taxation in connection with mining activities in Honduras, as well as making changes in connection with the mine permitting process in Honduras. In the event that such proposed changes to the mining laws are implemented, this could have a material adverse effect on Company's operations in Honduras following the closing of the acquisition of the First Stage Property.

As reported extensively in the media, there has been recent political and civil tension in Honduras relating to the expulsion of President Manuel Zelaya from Honduras on June 28, 2009 and replacing him with the president of congress Roberto Micheletti. There are operational risks relating to the uncertain and unpredictable political and civil environment in Honduras, which may elevate to levels of violence, roadblocks and disruptions should: (i) Zelaya attempt to re-enter Honduras; or (ii) the current political uncertainty not be resolved in a manner satisfactory to certain political factions within Honduras. The country has come under criticism from other countries and international organizations for its actions which have led to the suspension of foreign aid by the European Union and warnings of economic sanctions by the United States. There can be no assurance that current or future political developments or further changes in leadership will not adversely affect the operations.

Government Regulations, Consents and Approvals

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

The closing of the First Stage Property acquisition is subject to clearance by the Honduran Antitrust Commission. The necessary information has been filed and is currently under review. The acquisition of the Second Stage Properties is conditional upon, among other things, obtaining all government or regulatory approvals, consents and clearances necessary or deemed advisable by counsel including, without limitation, those under applicable border laws and antitrust or other similar laws. The timing of receipt of such approvals, consents or clearances could take a minimum of six months to obtain. A substantial delay in obtaining satisfactory approvals or the imposition of unfavourable terms or conditions in the approvals could prevent the Company from completing the acquisition of the First Stage Property, one or both of the Second Stage Properties or all three such properties.

Risks Inherent in Acquisitions

The Company may actively pursue the acquisition of exploration, development and production assets consistent with its acquisition and growth strategy. From time to time, the Company may also acquire securities of or other

interests in companies with respect to which it may enter into acquisitions or other transactions. Acquisition transactions involve inherent risks, including but not limited to:

- accurately assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquisition candidates;
- ability to achieve identified and anticipated operating and financial synergies;
- unanticipated costs;
- diversion of management attention from existing business;
- potential loss of the Company's key employees or key employees of any business acquired;
- unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition; and
- decline in the value of acquired properties, companies or securities.

Any one or more of these factors or other risks could cause the Company not to realize the anticipated benefits of an acquisition of properties or companies, and could have a material adverse effect on the Company's financial condition.

Acquisition Identification and Integration Risks

While the Company may seek acquisition opportunities consistent with its growth strategy, there is no assurance that the Company will be able to identify projects or companies that are suitable or that are available for sale at reasonable prices or that it will be able to consummate any acquisition, or integrate any acquired business into its operations successfully. Acquisitions may involve a number of special risks, circumstances or legal liabilities. These and other risks related to acquiring and operating acquired properties and companies could have a material adverse effect on the Company's results of operations and financial condition.

To acquire properties and companies, the Company may be required to use available cash, incur debt, issue additional common shares or other securities, or a combination of any one or more of these. This could affect the Company's future flexibility and ability to raise capital, to operate, explore and develop its properties and could dilute existing shareholders and decrease the trading price of the common shares. There is no assurance that when evaluating a possible acquisition, the Company will correctly identify and manage the risks and costs inherent in the business to be acquired.

19. DISCLOSURE OF SHARE DATA AS AT AUGUST 14, 2009

(a) shares authorized: an unlimited number of common shares without par value

(b) shares issued and outstanding: 118,883,186 common shares

(c) stock options outstanding as at August 14, 2009:

	Number	Exercise Price	Date of Expiry
	59,420	$2.50	March 30, 2010
	330,000	$2.50	July 25, 2011
	30,000	$3.15	March 30, 2010
	90,000	$3.75	March 30, 2010
	60,000	$2.50	May 7, 2010
	60,000	$4.95	May 7, 2010
	200,000	$3.75	May 7, 2010
	954,000	$3.75	March 30, 2012
	26,000	$3.75	December 17, 2009
	360,000	$3.85	March 30, 2012
	400,000	$5.90	May 17, 2012
	500,000	$7.10	June 26, 2012
	50,000	$6.90	July 13, 2012
	800,000	$7.85	July 19, 2012
	8,000	$7.85	December 19, 2009
	30,000	$5.90	August 23, 2012
	30,000	$6.60	September 25, 2012
	86,560	$5.80	December 6, 2012
	940,000	$4.95	January 28, 2013
	250,000	$4.95	January 29, 2013
	140,000	$5.30	February 8, 2013
	920,000	$7.50	May 13, 2013
	30,000	$8.40	January 20, 2010
	22,500	$8.40	October 31, 2009
	187,000	$5.35	August 14, 2013
	100,000	$1.45	October 29, 2013
	60,000	$0.80	November 12, 2013
	3,723,331	$0.775	December 30, 2013
	80,000	$1.15	January 12, 2014
Total	**10,526,811**		

(d) warrants outstanding as at August 14, 2009:

Expiry date	Number outstanding	Exercise price
November 29, 2009	444,450	$ 7.43

(e) In connection with the Offering of Subscription Receipts, the details of which are discussed under the heading "Financing and Proposed Acquisitions – Private Placement Financing", the Company has 227,500,000 Subscription Receipts outstanding, which upon satisfaction of certain conditions, will each automatically convert into 0.20 of one common shares of the Company, subject to adjustment. In connection with the Offering, the Company has also issued the underwriters a special warrant which will convert into Broker Warrants entitling the holders to purchase 2,275,000 Broker Shares at $2.75 per Broker Share until January 15, 2011.

(f) Upon closing of the proposed acquisitions of the First Stage Property and the Second Stage Properties, the Company is required to issue 8,084,728 common shares and 13,859,533 common shares, respectively, as partial consideration (see "Financing and Proposed Acquisitions – Proposed Acquisitions").

20. FORWARD-LOOKING STATEMENTS

Except for statements of historical fact relating to the Company, certain statements contained herein constitute forward-looking statements. Forward-looking statements include, but are not limited to, statements with respect to the future price of copper, gold, silver, nickel and iron ore, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to the integration of acquisitions; risks related to international operations; actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of copper, gold, silver, nickel and iron ore; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the AIF dated March 23, 2009 under the heading *"Item 4.3 - Risk Factors"*. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

21. ADDITIONAL INFORMATION

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