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## **Aura Minerals Announces First Quarter 2010 Financial and Operating Results**

**Vancouver, British Columbia, May 12, 2010 - Aura Minerals Inc. (“Aura Minerals” or the “Company”) (TSX: ORA)** today announced financial and operating results for the first quarter 2010. All dollar amounts are expressed in US dollars unless otherwise specified.

### *First Quarter 2010 Financial and Operating Highlights:*

- Gold production totalled 19,299 ounces for the three months ended March 31, 2010, with on-site cash costs<sup>1</sup> of \$493 per ounce of gold produced;
- Gold sales totalled 18,034 ounces for the quarter for net sales of \$19,791,000;
- Mine operating profit of \$8,733,000;
- Net loss for the quarter of \$1,270,000 or \$0.01 per share;
- Adjusted net earnings for the quarter, after adjusting for unrealized foreign exchange losses and other non-recurring revenue and expense items, of \$3,023,000 or \$0.02 per share;
- Completed a joint treasury and secondary bought equity financing (“2010 Offering”) on February 4, 2010 for gross proceeds of C\$100,800,000 of which C\$75,600,000 was attributable to the Company; and
- Ended the quarter with \$102.2 million in cash and cash equivalents, excluding restricted cash.

### *First Quarter 2010 Development and Corporate Achievements Highlights:*

- Continued to advance the engineering and mine development at the Aranzazu Project in Mexico toward a planned restart of operations in the third quarter of 2010;
- Released results from 35 new and six historic drill holes and continued exploration drilling at the Aranzazu Project with the emphasis on increasing the overall resource base along strike and at depth;
- Provided exploration update on the Inaja Project, Para State, Brazil;
- Appointed new Vice President, Safety, Health and Environment, Mr. Gonzalo Rios; and
- Closed the acquisition of the Sao Francisco and Sao Vicente gold mines in Brazil subsequent to quarter end on April 30, 2010 and reduced the cash and promissory note consideration by a combined \$10.7 million, as a result of the net free cash flow generated by the two mines from the date of the acquisition agreement.

“Gold production from the San Andres Mine in the first quarter 2010 of 19,299 ounces showed a 32% increase in gold production over the same period of 2009, and a 5% increase over fourth quarter 2009 production” commented Patrick Downey, President and Chief Executive Officer of Aura Minerals Inc. “This performance demonstrates the capability of the San Andres operation to achieve the projected annualized production rate target of 100,000 ounces by end of 2010. On site cash costs of \$493 per ounce of gold produced are an improvement of approximately 10% over the preceding quarter, and these costs do not yet reflect the benefits from the recently commissioned new primary crusher-conveyor system which will reduce ore haulage costs, or the new stacking system which will be completed in the

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<sup>1</sup> See cautionary note regarding non-GAAP measures.

third quarter 2010. Mine improvement initiatives at the San Andres Mine and the recently acquired Sao Francisco and Sao Vicente gold mines are currently ongoing and are expected to result in quarter-over-quarter production improvements and cost reductions during 2010.”

## Financial Review

The following financial information does not constitute management's discussion and analysis ("MD&A") as contemplated by relevant securities rules and should be read in conjunction with the Company's interim unaudited financial statements for the quarter ended March 31, 2010 and audited financial statements for the year ended December 31, 2009 and MD&A's for each of the two periods, which are available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's profile or on the Company's website.

The following table presents a summary of financial information for the three months ended March 31, 2010 and 2009:

<i>(Unaudited, in thousands of dollars, except per share amounts)</i>	<b>Three months ended March 31, 2010</b>	<b>Three months ended March 31, 2009</b>
Sales	\$ 19,791	\$ 35
Cost of goods sold	11,058	23
Mine operating profit	8,733	12
Expenses		
Stock-based compensation	1,921	866
Cost of operations in care and maintenance	-	624
Exploration expenses	5,092	2,288
General and administrative expenses	3,051	1,152
Transaction costs	1,297	-
Interest expense (income), net	117	(72)
Foreign exchange gain	(3,481)	(1,541)
Impairment charge	-	8,167
(Profit) loss before income taxes	(736)	11,472
Income tax expense (recovery), net	2,006	(2,775)
<b>Net Loss for the Period</b>	<b>\$ 1,270</b>	<b>\$ 8,697</b>
Adjustments:		
Unrealized foreign exchange losses	1,075	-
Stock-based compensation	1,921	866
Non-recurring transaction costs	1,297	-
Impairment charge, net of related future income tax recovery	-	5,390
<b>Adjusted Earnings (Loss)<sup>1</sup> for the Period</b>	<b>\$ 3,023</b>	<b>\$ (2,441)</b>
<b>Basic and diluted earnings (loss) per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.07)</b>
<b>Adjusted earnings (loss)<sup>1</sup> per share</b>	<b>\$ 0.02</b>	<b>\$ (0.02)</b>

<sup>1</sup> See cautionary note regarding non-GAAP measures.

Sales revenues for the quarter ended March 31, 2010 were comprised of gold sales of 18,034 ounces from the San Andres Mine at an average realized gold price of \$1,112 per gold ounce, which compares to an average price for the same period of \$1,109 per ounce (London PM Fix). As a result, total sales for the quarter ended March 31, 2010 were \$19,791,000, inclusive of local sales taxes paid of \$256,000.

The cash cost of gold sold at the San Andres Mine totalled \$9,470,000 or \$525 per ounce in the first quarter 2010, which included a net smelter return royalty of \$101,000 or \$6 per ounce. Together with the

non-cash depletion, amortization and accretion charges for the first quarter of \$1,588,000 or \$88 per ounce, total cost of goods sold related to the San Andres Mine is \$11,058,000 or \$613 per ounce.

Other expenses for the three months ended March 31, 2010 include exploration expenses of \$5,092,000, stock-based compensation of \$1,921,000, general and administrative expenses of \$3,051,000, and transaction costs related to the Brazilian mine acquisitions of \$1,297,000. Of the \$1,297,000 transaction costs expensed during the quarter, \$1,000,000 were capitalized as deferred transaction costs as of December 31, 2009 and were expensed effective January 1, 2010 in connection with the Company's adoption of new accounting standards related to business combinations. For the three months ended March 31, 2009, other expenses included exploration expense of \$2,288,000, stock-based compensation of \$866,000, general and administrative expenses of \$1,152,000, costs of operations in care and maintenance (Aranzazu Project) of \$624,000, and an impairment charge on resource properties of \$8,167,000. As a result, for the three months ended March 31, 2010 and 2009, the Company recorded an operating loss of \$2,628,000 and \$13,085,000, respectively.

For the quarter ended March 31, 2010, the Company recorded interest expense of \$221,000 (2009 – Nil) on the promissory notes issued in connection with the San Andres Mine, and interest income of \$104,000 (2009 – \$72,000). For the quarter ended March 31, 2010, the Company also recorded a net foreign exchange gain of \$3,481,000 (2009 - \$1,541,000) reflecting the effects on the Company's assets and liabilities held in foreign currencies, and the fluctuation of those currencies against the United States dollar during the period. Before income taxes, the Company reported a profit of \$736,000 for the quarter ended March 31, 2010, as compared to a loss of \$11,472,000 for the same quarter in 2009.

For the three months ended March 31, 2010, the Company recorded a current income tax expense of \$2,386,000 relating to income taxes payable on earnings at the San Andres Mine. In the same quarter, the Company recorded a future income tax recovery of \$380,000, which primarily reflects the reversal of a portion of the future income tax liabilities set up on the acquisitions of the San Andres Mine and the Aranzazu Project. For the three months ended March 31, 2009, the future income tax recovery of \$2,775,000 reflects the reversal of a portion of the future income tax liability set up on acquisition of the Aranzazu Project and the future income tax recovery on the impairment charge to resource properties. During the first quarter of 2009, the Company had no current tax expense.

For the three months ended March 31, 2010, the Company recorded a net loss of \$1,270,000 or \$0.01 per share, compared to a loss of \$8,697,000 or \$0.07 per share recorded for the three months ended March 31, 2009.

Adjusted earnings<sup>1</sup> for the quarter ended March 31, 2010, after adjusting for unrealized foreign exchange gains and losses, impairment losses and other non-recurring revenue and expense items, was \$3,023,000 or \$0.02 per share. This compares to an adjusted loss<sup>1</sup> for the quarter ended March 31, 2009 of \$2,441,000 or \$0.02 per share.

#### *Liquidity and Capital Resources*

Cash and cash equivalents generated from operating activities during the three months ended March 31, 2010 were \$3,615,000. Cash and cash equivalents used in investing activities during the three months ended March 31, 2010 were \$7,064,000 and included \$6,250,000 of property, plant and equipment acquired for cash, and \$681,000 of resource properties acquired related to the copper-gold-iron ore Arapiraca Project in Brazil.

Cash and cash equivalents generated from financing activities during the three months ended March 31, 2010 were \$68,692,000, of which \$66,470,000 were the net proceeds from the 2010 Offering. Cash generated from financing activities also includes \$2,222,000 from the exercise of options and warrants during the quarter. As a result, the increase in cash and cash equivalents for the three months ended March 31, 2010 was \$65,243,000.

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<sup>1</sup> See cautionary note regarding non-GAAP measures.

As at March 31, 2010, the Company had working capital of \$153,249,000, which included cash and cash equivalents of \$102,221,000 and restricted cash of \$56,866,000. Subsequent to quarter-end, the Company paid cash of \$50,858,000 to the vendors of the Sao Francisco and Sao Vicente gold mines from the restricted cash amount. The balance of the restricted cash of \$6,008,000 was returned to the Company. As at May 12, 2010, the Company's strong cash position in excess of \$100,000,000 is expected to fund operational and development growth objectives in 2010 and beyond.

## **Operational and Project Review**

### *Sao Francisco and Sao Vicente Mines Acquisition Completed*

On April 30, 2010, Aura Minerals closed the acquisition of the Sao Francisco and Sao Vicente gold mines in Mato Grosso State, Brazil. As described in further detail in the Company's interim consolidated financial statements and MD&A for the three months ended March 31, 2010, consideration for the acquisition included net cash of \$50,858,000 (original agreed cash consideration of \$56,866,000, less the net free cash flow adjustment described below), 13,859,533 common shares of the Company, a promissory note of \$39,531,000 (original agreed principal amount of \$44,200,000, less the net free cash flow adjustment described below), and deferred consideration of \$25,927,000 (original agreed amount of \$25,250,000, plus the net free cash flow adjustment described below) payable upon cumulative net free cash flows from these operations exceeding \$135,000,000. As a result of the net free cash flow generated from the Sao Francisco and Sao Vicente gold mines from the date of the acquisition agreement to March 31, 2010, of \$10,677,000, the aforementioned consideration is net of the following adjustments: reductions to the cash and promissory note consideration of \$6,008,000 and \$4,669,000, respectively; and an increase in the deferred consideration payable of \$677,000. These will be further adjusted by any additional net free cash flow for the period from April 1 to closing on April 30, 2010.

The Company's focus at these two mines during 2010 will be operational improvements, with the objectives of increasing productivity, improving overall gold recovery and lowering cash operating costs. Key operational initiatives at the Sao Francisco Mine will include: updating the mine plan to improve grade control and mine contractor productivity; upgrading the current crushing plant to increase feed to the gravity circuit; improving the leaching characteristics of run-of-mine ore not previously crushed; reconfiguring the gravity circuit to improve recovery and increase overall gold security; and, completing an exploration program to increase the current reserve and resource base and to test identified targets on the property.

Mine improvement initiatives identified for the Sao Vicente Mine include: implementing upgrades to the crushing and process plant to increase equipment availability (thereby increasing plant throughput and reducing operating costs); installing critical standby equipment to increase plant availability; upgrading elements of the gravity circuit to increase recovery; modifying the heap leach stacking system to reduce compaction thereby improving heap recoveries; and, conducting a definition and expansion drilling program to increase the resource base and drilling nearby targets identified for increased production.

### *San Andres Mine Operations Review*

The table below sets out selected operating information for the San Andres Mine for the three months ended March 31, 2010:

<b>Operating Information</b>	<b>Q1 2010</b>
Ore mined (tonnes)	<b>1,217,655</b>
Waste mined (tonnes)	<b>32,368</b>
Total mined (tonnes)	<b>1,250,023</b>
Waste-to-ore ratio	<b>0.03</b>
Ore plant feed (tonnes)	<b>1,244,024</b>
Grade (g/tonne)	<b>0.77</b>
Production (ounces)	<b>19,299</b>
Sales (ounces)	<b>18,034</b>
Average cash cost of gold produced (\$/ounce)	<b>\$ 493</b>
Average cash cost of gold sold (\$/ounce) <sup>1</sup>	<b>\$ 525</b>

<sup>1</sup> See cautionary note regarding non-GAAP measures.

Total waste and ore mined during the period was 1,250,023 tonnes, an increase of 11.8% over the 1,117,600 tonnes mined in the fourth quarter of 2009. Ore tonnes mined in the first quarter of 2010 were 1,217,655 or 24.7% higher than the 976,100 mined in the previous quarter. The San Andres Mine had a very low waste-to-ore ratio of 0.03 to 1 in the first quarter of 2010, as compared to 0.14 to 1 in the previous quarter. Based on the mine plan, the Company expects a 2010 waste-to-ore ratio of approximately 0.15 to 1.

Total plant feed during the quarter ended March 31, 2010 was 1,244,024 tonnes of ore, an increase of 29.7% over the previous quarter. The improvement over the fourth quarter of 2009 reflects better plant availability and improved maintenance practices.

As a result of the above, gold production for the first quarter of 2010 was 19,299 ounces, a 5.1% increase over the 18,357 ounces of gold produced in the fourth quarter of 2009. The Company expects further production increases at the San Andres Mine will be supported by the new crusher-conveyor system, for which commissioning was completed in April 2010, as well as by a new stacking system, which is expected to be in operation in the third quarter of this year.

The increased production helped lower cash costs<sup>1</sup> by approximately 10% to \$493 per ounce of gold produced in the first quarter of 2010, as compared to the \$550 per ounce reported for the fourth quarter of 2009, despite increases to mining and plant and processing costs which were due to inefficiencies encountered during the crusher changeover.

An exploration drilling program has been planned for the San Andres Mine property during 2010, with the goal of increasing the existing reserve and resource base.

#### *Aranzazu Project Executing 50,000-Metre Drilling Program*

Based on significant results obtained from the 16,000-metre drilling program conducted in 2009, Aura Minerals believes there is potential at depth to increase the resources and significantly increase the size of the overall operation. In this regard, the Company has commenced a 50,000-metre surface and underground drill program to test the down-dip and along strike potential of the mineralized system beyond the current resource boundaries as part of an overall plan to investigate the possibility to develop a bulk underground mining operation at the Aranzazu Project. Results released in 2010 include 35 new holes which continue to show higher than average gold grades as drilling moves along strike to the east of the Arroyos Azules zone, which is the first area scheduled for mining as part of the planned restart of operations later this year. Six historic holes, certain of which are nearby zones currently within the mine

<sup>1</sup> See cautionary note regarding non-GAAP measures.

plan for restart of operations, were also released by the Company during 2010 and show significant copper mineralization. Follow-up drilling on certain historic holes and the deep drilling is currently underway. Results from the first set of deep drill holes are expected in the second quarter.

In addition, an updated resource estimate and a first reserve estimate for the Aranzazu Project is expected in the third quarter of 2010, which will be used for mine planning purposes.

*Arapiraca Project Advancing to Feasibility Study Level*

Based on the positive results of the Preliminary Economic Assessment Study released in 2009, Aura Minerals is advancing the Serrote Deposit through to the feasibility study level by the fourth quarter of 2010. Drilling to acquire dedicated representative metallurgical samples is now complete and samples are being analyzed by SGS Lakefield in Ontario, Canada. This work is aimed at further defining copper recovery and concentrate grades and optimizing the process flowsheet for the feasibility study. Additional drilling is ongoing to convert Inferred resources to the Measured and Indicated categories.

Updated resource estimates for the Serrote and Caboclo deposits at the Arapiraca Project are expected in the third quarter of 2010.

*Exploration Work Continues at Inaja Project, Brazil*

The Inaja iron ore Project located in Para State, Brazil, continues to move ahead. Exploration work on the property is being carried out by Vale S.A. (“Vale”) and has included a 4,000 line-kilometre airborne magnetic survey, a 280 line-kilometre detailed geological mapping of iron formations and ultramafic rocks, sampling of stream sediments over 651 sites and 86 line-kilometre of detailed ground magnetic-radiometric survey. In total, approximately R\$2 million (\$1.1 million) in exploration work has been conducted across the entire area (about 112,000 hectares) of the Inaja Project, and has returned encouraging results. Vale can earn a 51% interest in the Inaja Project by spending \$6 million in exploration work over a four-year period and an additional 19% by funding and delivering a bankable feasibility study within 36 months of electing to earn such additional interest. Exploration on the property is still ongoing.

**Reaffirm 2010 Guidance**

Aura Minerals reaffirms 2010 gold production guidance. Based on eight months of production from the Sao Francisco and Sao Vicente mines, expected gold production for fiscal 2010 is as follows:

2010 Gold Production Guidance	
San Andres Mine	90,000 oz
Sao Francisco Mine	60,000 - 65,000 oz
Sao Vicente Mine	35,000 – 40,000 oz
<b>Total</b>	<b>185,000 – 195,000 oz</b>

Based on cash costs<sup>1</sup> for the quarter ended March 31, 2010, of \$493 per ounce of gold produced, the Company expects to meet or improve upon the previously released guidance for the San Andres Mine of cash costs<sup>1</sup> in the range of \$480-520 per ounce. As reported by the vendors, first quarter production from the Sao Francisco and Sao Vicente mines were 19,399 ounces of gold at cash costs<sup>1</sup> of \$933 per ounce and 13,837 ounces at \$743 per ounce, respectively. Implementation by the Company of certain of the

<sup>1</sup> See cautionary note regarding non-GAAP measures.

operational initiatives described in this news release (“*Operational and Project Review*”) and in Section 3 of the Company’s MD&A for the three months ended March 31, 2010, “*Corporate Developments and Significant Transactions and Factors Affecting Results of Operations*”, commenced immediately upon acquiring the mines on April 30<sup>th</sup>. The Company expects that certain of these initiatives will have an almost immediate effect on operating efficiencies and costs and certain others, including capital programs of for approximately \$25 million as described below, will take longer to implement. Accordingly, the Company will provide cost guidance later in the third quarter once it has fully assessed the impact of ongoing operational upgrades. Cash costs<sup>11</sup> at the Sao Francisco and Sao Vicente mines, as well as at the San Andres Mine, are expected to decrease in 2011 and beyond, as additional operational improvements at the three mines are expected to result in higher throughputs and increased recoveries.

These estimates do not include any production from the Aranzazu Project, which is scheduled for restart of operations in the third quarter of 2010, with plans to ramp up to 2,600 tonnes per day. The Company continues to advance the engineering, mine development and mill upgrades at the Aranzazu Project which is expected to produce approximately 20 million pounds of copper, 12,000 ounces of gold, and 140,000 ounces of silver on an annualized basis once targeted capacity is achieved.

Capital expenditure guidance for 2010 remains at approximately \$65 million. Of this amount, \$18 million is being spent at the San Andres Mine for the new stacking system, completion of the Phase 4 leach pad expansion, and the remaining expenditures related to the crusher-conveyor system which was started in 2009 and fully commissioned in April 2010. The balance of 2010 capital expenditures includes: \$25 million for completion of the underground development and mill upgrades associated with the restart of the Aranzazu Project; and an estimated \$25 million for engineering studies and capital projects to optimize the production process, including the treatment of existing tailings and upgrades to increase crusher throughput and gravity recovery at the Sao Francisco Mine, and sustaining capital at both the Sao Francisco and Sao Vicente mines. Of the \$25 million for the Sao Francisco and Sao Vicente mines, \$3 million is expected to be incurred in the first quarter of 2011.

## **Conference Call**

Aura Minerals' management will host a conference call and audio webcast for analysts and investors on Thursday, May 13, 2010, at 11 a.m. (eastern time) to review the first quarter 2010 results. Participants may access the call by dialing 416-340-8530 or toll-free at 1-877-240-9772. Participants are encouraged to call in 10 minutes prior to the scheduled start time to avoid delays.

The call is being webcast and can be accessed at Aura Minerals' website at [www.auraminerals.com](http://www.auraminerals.com). Those who wish to listen to a recording of the conference call at a later time may do so by dialing 416-695-5800 or 1-800-408-3053 (Passcode 1112100#). The conference call replay will be available from 2 p.m. eastern time on May 13, 2010, until 11:59 p.m. eastern time on May 28, 2010.

## **Non-GAAP Measures**

This news release includes certain non-GAAP performance measures, in particular, the total cash costs of gold per ounce, and adjusted earnings or loss and adjusted earnings or loss per share. These non-GAAP measure do not have any standardized meaning within Canadian GAAP and therefore may not be comparable to similar measures presented by other companies. The Company believes that this information is useful to management and certain investors in evaluating the Company's performance. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with Canadian GAAP. Cash costs are presented as they represent an industry standard method of comparing certain costs on a per unit basis. Total cash costs include on-site mining, processing and, administration costs, off-site refining and royalty charges, reduced by by-product credits, but exclude amortization, reclamation, and exploration costs, as well as capital expenditures. Total cash costs are divided by ounces to arrive at per ounce cash costs. Adjusted earnings or loss and adjusted earnings or loss per share are calculated by taking the

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<sup>1</sup> See cautionary note regarding non-GAAP measures.

Company's net earnings or loss, excluding (a) non-recurring revenue and expense items; (b) stock-based compensation; (c) unrealized foreign exchange gains and losses; (d) unrealized gains and losses on derivative financial instruments; and (e) impairment losses.

### **About Aura Minerals Inc.**

Aura Minerals is a Canadian mid-tier gold production company focused on the acquisition, exploration, development and operation of gold and base metal projects in the Americas. The Company's operating assets includes the producing San Andres gold mine in Honduras, and the recently acquired, producing Sao Francisco gold and Sao Vicente gold mines in Brazil. The Company is also developing the Aranzazu copper-gold-silver mine in Zacatecas state in Mexico, which will commence operation in the second half of 2010. Other significant assets include the feasibility-stage Serrote Deposit at the copper-gold-iron ore Arapiraca Project in Brazil. The Company is expected to produce between 185,000 and 195,000 ounces of gold in 2010.

<sup>(1)</sup> Refer to cautionary note regarding non-GAAP measures in this news release.

For further information, please visit Aura Minerals' web site at [www.auraminerals.com](http://www.auraminerals.com) or contact:

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### **Cautionary Statement**

This news release contains forward-looking statements that are not historical facts. Forward-looking statements involve risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include those risks set out in Aura Minerals' public documents filed on SEDAR at [www.sedar.com](http://www.sedar.com). Although Aura Minerals believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Aura Minerals disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.