AUREUS MINING INC.

Management's Discussion and Analysis
For the period ended December 31, 2011

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(stated in US dollars)

The following discussion is management's assessment and analysis of the results and financial condition of Aureus Mining Inc. (the "Company" or "Aureus" or "Aureus Mining") prepared in accordance with International Financial Reporting Standards ("IFRS"), and should be read in conjunction with the accompanying consolidated financial statements and related notes for the period to December 31, 2011. This management discussion and analysis has been prepared based on information available to the Company as at March 7, 2012. Unless otherwise indicated all amounts are in US dollars.

Additional information relating to the Company is available on SEDAR at www.sedar.com or on the Company's website at www.aureus-mining.com.

1. OVERVIEW

(a) DESCRIPTION OF BUSINESS AND COMPANY HISTORY

Aureus Mining is an exploration and development stage company focused on gold projects in west Africa and operates in Liberia and Cameroon. Its most advanced project is the New Liberty Gold Project in Liberia (the "New Liberty Gold Project" or "New Liberty"). The Company has a loyal and strong workforce and supports the local communities in which it operates by sourcing services and supplies, creating job opportunities and participating in social programmes. The Company is listed on the Toronto Stock Exchange ("TSX") (Ticker AUE) and the AIM Market of the London Stock Exchange ("AIM") (Ticker AUE).

Aureus Mining was incorporated on February 1, 2011 and on April 13, 2011 completed a plan of arrangement with African Aura Mining Inc. ("African Aura") (which was renamed Afferro Mining Inc. ("Afferro") on conclusion of the process) upon which all African Aura's gold and diamond interests were transferred to Aureus along with $10.6 million in cash.

(b) PLAN OF ARRANGEMENT

On April 13, 2011 African Aura completed a plan of arrangement (the "Arrangement") under the British Columbia Business Corporations Act pursuant to which it transferred its gold assets, 30,792,770 shares in Stellar Diamonds plc ("Stellar Diamonds") and $10.6 million cash (the "Transferred Assets") to Aureus Mining and African Aura was renamed Afferro Mining Inc.

The Arrangement was approved by the board of directors of African Aura and by African Aura's shareholders at a special meeting held on April 5, 2011.

Under the Arrangement, among other things, the Transferred Assets were acquired by Aureus Mining and each participating shareholder received new common shares in Afferro and Aureus Mining in exchange for the African Aura common shares held by such shareholder on the basis of one new Afferro common share and one Aureus Mining common share for each African Aura common share held by such shareholder.

(c) STRATEGY

Following the completion of the Arrangement, Aureus Mining's strategy to increase shareholder value will be to: (i) develop the New Liberty Gold Project into a mine; and (ii) progress exploration on promising assets in both Liberia and Cameroon.

The Company's management believes it is well placed to implement its strategy through the business strengths discussed below:

(stated in US dollars)

A Strong Portfolio of Assets

The Company has a strong portfolio of gold assets:

- The New Liberty Gold Project in Liberia has a National Instrument 43-101 ("NI 43-101") compliant Reserve estimate of 8.7 million tonnes grading 3.1 g/t for 873,000 contained ounces of gold in the Proven and Probable category and a NI 43-101 compliant Resource estimate of 1.57 million ounces of gold grading 3.6 g/t. The Resource is comprised of 672,000 tonnes grading 4.7 g/t (for 102,000 ounces) in the Measured category, 8,666,000 tonnes grading 3.5 g/t (for 984,000 ounces) in the Indicated category, and 4,310,000 tonnes grading 3.5 g/t (for 483,000 ounces) in the Inferred category. The definitive feasibility study ("DFS") is currently underway and is scheduled to be completed during Q2 2012; and
- A promising portfolio of exploration stage gold projects in Liberia and Cameroon.

Experienced Board

The directors of the Company have extensive experience of mining operations in Africa and taking projects through development and into production. There is a balanced representation of directors with operational, corporate and financial backgrounds. The majority of directors are independent.

Technically Strong

The Company has experienced exploration teams in the countries in which it operates with the flexibility to work across the region in areas where the geological setting is well understood. The Company employs up-to-date technological tools to better focus its exploration efforts.

(d) ON-GOING PROJECTS

Listed below is a summary of the main projects and their status:

Country	Project	Commodity	2011 Progress	2012 Plans	Project Ownership
Liberia	New Liberty	Gold	DFS infill diamond drilling programme completed comprising 28,397 metres 8,386m of condemnation and exploration drilling completed. 3,962m of additional infill drilling completed	Definitive Feasibility Study end of Q2 2012; Continued exploration to test extensions	90%[1]
Liberia	Ndablama	Gold	Trenching completed, Phase I drilling completed	Phase 2 drilling programme Q1 2012	90%[1]
Liberia	Weaju	Gold	Camp infrastructure upgrade completed	Phase 2 drilling programme in H1 2012	90%[1]
Liberia	Leopard Rock	Gold	Phase 1 Soil sampling and trench programme completed. 4,000m drill programme started Q4 2011.	4,000m drill programme finalisation. Additional trenching and soils in progress	100%

1. The Government of Liberia is entitled to a 10% free carried interest.

2. EXPLORATION PROJECTS

(a) New Liberty Gold Project, Liberia

Introduction

The key asset in Aureus is the New Liberty Gold Project where the Company is currently undertaking a DFS. New Liberty is a greenfield development with the advantage of having excellent access from the capital and main port of Liberia, Monrovia. From the capital there is predominantly paved road covering the 100 kilometres to the project site, providing excellent all year round access.

The Company holds its interests in the New Liberty Gold Project through its subsidiary Bea Mountain Mining Corporation ("Bea") which was granted the Bea Mineral Development Agreement ("Bea MDA") by the government of Liberia. The Bea MDA came into effect on November 28, 2001 and has an initial term of twenty-five years expiring on November 28, 2026, which may be extended for successive twenty five year terms upon notice to the Liberian Government and submission of feasibility study prior to termination of the initial or successive term.

On July 29, 2009 Bea was granted a Class A Mining Licence ("Bea Mining Licence") within the Bea MDA by the Government of Liberia. The Bea Mining Licence permits mining within a 457 km^2 area which encompasses the New Liberty Gold Project.

Maiden Reserve Estimate

On February 2, 2012, the Company announced a maiden Reserve for the New Liberty Gold Project of 873,000 ounces grading at 3.1 g/t. Mineral Resources have been updated to 1.6 million ounces grading at 3.6 g/t, which includes approximately 1.1 million ounces in the Measured and Indicated categories. The current Reserve study forms the base case to the DFS which is expected to be published by March 31, 2012 following the completion of further optimization studies on mining, power and metallurgical processing.

The NI 43-101 compliant technical study supporting the Reserve statement for the New Liberty Gold Project has been compiled by AMC Consultants Pty Ltd ("AMC") with contributions from DRA Mineral Projects (Pty) Ltd ("DRA") for metallurgical test work and processing and Golders Associates Ghana Ltd ("Golders"). The Reserve technical report summarizes the geology, Resources and Reserves, mining and mine production schedule, metallurgy, process plant design, infrastructure design including tailings management facility, capital and operating cost estimates, financial modelling and the key results of the environmental baseline studies. The Reserve estimate was undertaken by AMC in accordance with the requirements of NI 43-101.

The Reserves support an open pit operation with an average annual production rate of 1.1 million tonnes of ore over an eight year production life. Plant production over the first four years averages 123,000 ounces per annum. All of the Reserve at New Liberty is located within 220 meters of surface and is extractable by open pit mining methods.

The total Reserve estimate of 8,716,000 tonnes grading 3.1 g/t (for 873,000 ounces) is comprised of 731,000 tonnes grading 4.3 g/t (for 102,000 ounces) in the Proven category and 7,985,000 tonnes grading 3.0 g/t (for 771,000 ounces) in the Probable category, as detailed in the table below. The Proven and Probable Ore Reserves are contained within open pits of depths between 180 and 220 metres below surface. The ore body is still open at depth and to the west.

(stated in US dollars)

The reported Reserve estimate is shown in the following table:

Reserve Classification	Tonnes	Gold (g/t)	Gold Koz
Proven	731,000	4.3	102
Probable	7,984,000	3.0	771
Total Proven and Probable	**8,716,000**	**3.1**	**873**

Notes

1. *The Ore Reserve was estimated by construction of a block model within constraining wireframes and based on Measured and Indicated Resources*
2. *The Ore Reserve is reported at a cut-off grade of 0.64 g/t Au and ore below 1 g/t cut off is stockpiled for processing at the end of the mine life*
3. *A dilution skin of 0.5m added and a minimum mining width of 2.5m was applied*
4. *The Ore Reserves were estimated based on the updated NI 43-101 Mineral Resource as stated in this same study*
5. *The cut-off grade and pit optimisations were based on a gold price of US$ 1,250 per ounce*
6. *A 93 % metallurgical gold recovery was used*
7. *Due to rounding, some columns or rows may not add up exactly to the computed totals*

Study Summary

A life of mine study summary is outlined below. The mine plan was developed using a cut-off grade of 0.64 g/t and a gold price of US$ 1,250 per ounce.

The key technical, operational and financial information has been summarised in the following table:

Fresh Ore Mined	Mt	8.4
Oxide Ore Mined	Mt	0.3
Waste Mined (including pre-strip)	Mt	129.5
Total Material Mined	Mt	138.2
Pre-Strip	Mt	11.0
Total Mill Feed Processed	Mt	8.7
Open Pit Mining Life	Years	8
Contained Gold	Koz Au	873
Recovered Gold	Koz Au	812
Average Strip ratio	Waste/Ore	14.9:1
Average Head Grade	g/t	3.1
Average Gold Recovery	%	93
Average Annual Tonnes Processed	Mtpa	1.1
Average Annual Production Y1-Y4	oz Au / yr	123,000
Average Annual Production Y5-Y8	oz Au / yr	80,000

Mining plan

The New Liberty project will comprise an open pit mining operation extracting ore at a nominal rate of 1.1 million tonnes per annum with an operating life of eight years. The open pit will comprise two adjacent and interconnecting pits.

The mine design aspects were completed by AMC and comprised pit optimisation using Whittle-4X based on the Measured and Indicated Resources. A staged mining sequence was developed for production scheduling.

The mining schedule sees the operation produce a total of 8.7 million tonnes of ore grading 3.1 g/t with an associated 129.5 million tonnes of waste with an average life of mine stripping ratio of 14.9:1 over a life of eight years. The pit optimisations were undertaken at US$ 1,250/oz gold and a metallurgical recovery of 93 %.

A steady state mining rate is planned after the initial period of waste pre-stripping at an annualised plant feed rate of 1.1 million tonnes. The annual waste mining rate is 21.5 million tonnes for the first five years followed by 6.9 million tonnes and then 4.3 million tonnes for the last year, which results in an average waste mining rate of 16.9 million tonnes. It is planned to pre-strip an estimated 11.0 million tonnes of waste at a cost of US$ 24.3 million, which is included in the initial mine capital cost budget.

Metallurgy and Mineral Processing

Metallurgy

The metallurgical design of the process plant has been based on review of the test work undertaken by the previous owners, African Aura, and new metallurgical test work undertaken by Mintek of South Africa, supervised by DRA to validate recovery and operating results as part of the DRA feasibility design for the project.

The ore is non-refractory and is free milling. As part of the feasibility study, a process design is planned for based on the carbon-in-leach process ("CIL") with a minimum gold extraction recovery of 93 %.

Mineral processing

The CIL plant is designed with a nominal milling capacity of 1.1 million tonnes per annum based on fresh rock hardness factors and will allow for higher throughput when treating soft oxide material.

The process includes a multi-stage crushing circuit which feeds a ball mill circuit in closed loop with hydro-cyclones, a gravity circuit, and a (six) stage CIL tank circuit. The process plant design allows for a gravity recovery in excess of 45 %.

The process plant is to be located proximal to the eastern end of the open pit with a maximum haul distance of some 2.5 kilometres.

Infrastructure and Capital Costs

The initial capital cost of US$ 113.1 million for the project includes the design and development of the processing plant, mining establishment and pre-strip, general mine infrastructure and power supply, tailings dam construction, creek diversion and general infrastructure.

Capital costs are summarised as follows:

Category	**US$ M**
Processing plant	62.5
Mine Establishment & pre-strip	27.7
Infrastructure and power supply	14.5
Tailings dam construction	3.3
Creek diversion	5.1
TOTAL Initial Capital	**113.1**

Sustaining capital includes the sequential development of the tailings dam facility. The mine closure costs cover environmental aspects at the mine and process plant sites. Mining operations will be undertaken on a contract basis.

Category	**US$ M**
Sustaining capital and mine closure	10.8
Mining Fleet over LOM	37.8

Operating cash costs

	US$ M	**US$/oz produced**
Mining	313.5	386
Processing	166.3	204
General and Administration	33.9	42
Total	**513.7**	**632**

Economic Analysis

The economic analysis was undertaken on a pre-tax basis and pre Government free and carried interest and utilises an average gold price of US$ 1,350 per ounce over the eight year life.

Gold Price	US$/oz	1,350
NPV pre-tax @ 8%	US$M	260
IRR pre tax	%	62

Corporation tax is proposed at 25% and the Government is entitled to a net smelter royalty of 3 %. The Government of Liberia is entitled to a 10 % free and carried interest in the project which is payable after all capital cost and project sunk cost have been recovered.

Project Development Plan

Post completion of the DFS, finance is required to be raised in order to fund the construction and development of the New Liberty project. The project development and construction is planned to commence in Q3 2012, with a twelve month construction period, with production commissioning in Q4 2013. The first full year of production is scheduled to be 2014.

The New Liberty project has a mining licence that is valid for twenty-five years. An environmental and social impact assessment is nearing completion and will be submitted to the Environmental Protection Agency of Liberia at the end of Q1 2012. The environmental and social impact assessment is the final outstanding permit required before full construction can commence.

Updated Resource at New Liberty

An updated Mineral Resource estimate was undertaken by AMC in accordance with the requirements of NI 43-101. It incorporates all the results from drilling as at December 9, 2011, being 375 holes for 57,830 meters and was calculated on the basis of a 1.0 g/t cut-off grade.

The total Resource estimate of 1.57 million ounces of gold grading 3.58 g/t is comprised of 672,000 tonnes grading 4.74 g/t (for 102,000 ounces) in the Measured category, 8,666,000 tonnes grading 3.53 g/t (for 984,000 ounces) in the Indicated category, and 4,310,000 tonnes grading 3.5 g/t (for 483,000 ounces) in the Inferred category, as detailed in the table below. The Measured and Indicated Resources are located predominantly within the first 200 metres below surface. The Inferred Resource remains open at depth.

The new Resource estimate, reflecting predominantly infill drilling, when compared on a global basis with the previous estimate of December 2010 has approximately 1 % less grade and 5 % more tonnes, which results in an increase of 57,000 ounces of gold.

(stated in US dollars)

Mineral Resource	Tonnes (Kt)	Average Grade (g/t)	Contained Gold (koz)
Measured	672	4.74	102
Indicated	8,666	3.53	984
Subtotal M+I	**9,338**	**3.62**	**1,086**
Inferred	4,310	3.50	483

Notes

1. CIM definitions were used for Mineral Resources
2. A cut-off grade of 1.0 g/t Au is applied for all zones
3. Due to rounding, some columns or rows may not add up exactly to the computed totals
4. The Mineral Resource is inclusive of the Mineral Reserve

Progress in 2011

The Company has completed the DFS infill diamond drilling programme at the New Liberty deposit which comprised 28,397 metres (190 holes). With an optimal hole spacing of between 30 to 40 metres, the programme is designed to evaluate the total contained gold resources that could potentially fall within an open pit, covering a strike length of 1.75 kilometres and down to a depth in excess of 200 metres below surface. These are the approximate dimensions of the open pit design as defined in the Preliminary Economic Assessment, based on the previous resource estimate which was filed by the Company in December 2010.

The drilling programme was designed to fill in the gaps within the known mineralised ore body and outline potential extensions to the previous resource estimate, with the objective of trying to expand the resources to fit within an optimised open pit. The results to date confirm the tenor of the gold mineralisation outlined in the previous resource estimate, and are confirming and extending the continuity of the mineralisation system of this shear-hosted ore body. Results from completed assays can be found on the Company's website; www.aureus-mining.com.

The Company has continued its programme of ground geophysical surveys, including IP and ground magnetic measurements, over the strike extents of New Liberty and the surrounding areas. The surveys to-date cover an area of over 5km^2 and incorporate a potential eastern extension of 2.5 kilometres and a potential western extension of 1 kilometre to New Liberty. In Q4 2011, 2,224 metres of exploration drilling was undertaken in the eastern strike extension identified. In Q4 4,318 metres of exploration diamond drilling was completed to explore strike extensions of the New Liberty deposit. These results are currently under review. Two drill rigs have been contracted for on-going feasibility and exploration drilling during 2012.

During Q3 2011, 1,601 metres of geotechnical and condemnation drilling was completed as part of the DFS work associated with the process plant and tailings storage facility. In Q4 an additional 4,068 metres of diamond drilling has been completed as part of a condemnation, geotechnical and hydrology test programme with reference to the process plant and tailings dam, and the waste rock dump facilities.

DRA Engineering has been appointed to undertake detailed metallurgical test work to a DFS level, and then complete all design work and cost estimation studies for the capital build and operation of the process plant. 500 kilograms of drill core ore samples were shipped to South Africa and the first phase process test work on CIL and flotation recovery options has been completed. Detailed analysis of the results is being undertaken with particular emphasis on the process design using flotation recovery. The potential of incorporating flotation recovery within the plant design would be a significant factor in the process design, which may result in a smaller plant and the lowering of capital and operating costs. The proposed position of the process plant has been chosen following detailed topographical surveys.

The Company has retained the services of Golders to conduct the environmental and social impact assessment ("ESIA") of the New Liberty Project. The baseline studies were completed at the end of Q3 2011 and progress is now being made on the assessment of the project impacts on the area covering the New Liberty proposed mining infrastructure.

The Company has retained AMC to undertake the 43-101 resource classification on completion of the infill drilling programme, and to undertake the open pit design and mining optimisation studies for the feasibility design work. All of the latest drill hole and assay is being updated in order for AMC to complete the revised NI 43-101 resource classification, planned for Q1 2012.

(stated in US dollars)

The Company has also retained the services of Golders to conduct the design studies and capital build cost estimate of the Tailings Storage Facility ("TSF") and the Marvoe Creek diversion. The location proposed for the TSF has been accessed and a detailed topographical survey for design is complete. The proposed route for the Marvoe Creek diversion has been delineated by an access road and condemnation drilling for the proposed route is complete. Ground geotechnical investigations for the two projects were completed in 2011 and detailed design work is being finalised.

The Company is also carrying out an investigation into alternative power supply options for the project, which includes assessing project economics. Current studies are focused on the potential use of a Heavy Fuel Oil power generation system as being the most cost effective solution. The potential use of a small scale hydroelectric power generation system utilising the Marvoe Creek diversion is being investigated as part of the DFS.

The table below presents a summary of the Company's primary consultants, and their respective responsibilities, assisting on the DFS:

Consultant	**Responsibility**
Australian Mining Consultants	Resources, reserves and mine design
DRA Mineral Projects	Metallurgical process design and test work
Golders	ESIA and tailing storage facility

(b) Weaju gold project, Liberia

The Weaju deposit is situated 30 kilometres east north east of the New Liberty Gold Project at the eastern end of the Bea Mountain ridge. Mapping, supplemented by later drilling, indicates that mineralisation is located within a sheared ultramafic host unit bounded to the north and south by granite basement. To date a total of 3,935 metres of diamond drilling was completed in 48 diamond drill holes. This drilling confirmed the presence of four principal high-grade lenses of gold mineralisation, named the North Zone, the Main Zone, the Ridge Zone and the Creek Zone, as well a zone of modest mineralisation called Macenta. The combined strike length is approximately 450 metres. During the last half of 2011, a review of the geological model and diamond drill data has been completed and a revised phase 2 drilling programme of 4,000 metres is now scheduled for 2012.

(c) Ndablama gold project, Liberia

The Ndablama prospect is located in the northeast corner of the Bea MDA property and is approximately 40 kilometres northeast of the Company's New Liberty deposit. The Ndablama prospect is defined by the presence of extensive artisanal mining activity and a 2 kilometres, gold in soil anomaly which trends in a north-south direction.

Trenching and drilling indicates that the gold mineralisation is located within in a north–south trending band of sheared, folded and altered ultramafic rocks close to the contact with granite pegmatites and intrusives. In the south-east portion of the prospect the rocks are folded and the strike changes direction from a north-south an east-west orientation. Gold mineralisation is associated with disseminated pyrite, minor chalcopyrite and quartz veinlets.

Exploration activities at Ndablama include extensive trenching and diamond drilling. Previously, the Company reported trench and diamond drill hole results which defined an area of 150 metres east – west by 900 metres north – south. This zone is referred to as the Central zone. Further trenching to the north and south east of the Central zone has highlighted additional mineralised zones, which are referred to as the North and East zones.

To date a total of 5,166 metres of trenching and 15 drill holes have been completed at the Ndablama prospect. A ground magnetics survey covering some 20.8 line kilometres was completed in 2011.

The results from the exploration programme are under review and a phase two diamond drilling programme of the Ndablama prospect planned for the first half of 2012.

(d) Gondoja, Liberia

Further soil sampling work is in progress to cover the area from the Ndablama prospect to the Gondoja target within a structural corridor approaching 11.5 kilometres strike length. In 2011, 600 metres of trenching was completed in anomalous zones identified from the soil sampling exploration studies. A first phase drilling programme is currently being planned for Gondoja in Q2 2012

(e) Leopard Rock, Liberia

The company entered into an agreement with Mansion Minerals Limited to purchase all of the shares of Archaean Gold (Liberia) Inc. ("Archaean Gold"), a company holding the exploration rights to a license area covering 89 km^2. The Archaean Gold exploration license is contiguous with and immediately south of the Company's Bea Mountain mining license and hosts the south eastern extension to the gold bearing rocks associated with the Ndablama prospect. The shear structure hosting the Leopard Rock target can be traced in the North West to Ndablama over a distance of three kilometres.

Gold mineralisation occurs within folded, deformed and metamorphosed ultramafic and mafic rocks along a North West trending shear zone. A series of trenches totalling 838 metres have been excavated across the mineralised structure and cover a potential mineralised strike length of 600 metres. Results from the trench sampling are pending.

The Company is continuing a soil and trench programme to explore the open ended strike extents of the exploration target to define additional drill targets. A 4,000 metre first phase drilling programme was started in Q4 2011 with a total of 743 metres completed by year end. Two drill rigs are under contract for exploration drilling in 2012 and results from the first nine diamond drill holes are available on the Company's website.

(g) Sonfon Gold Project, Sierra Leone

The Sonfon project is subject to a joint venture agreement dated June 16, 2010 between Golden Star (the operator) and the Company, pursuant to which Golden Star and the Company hold 51% and 49% interests respectively. The Company's share of expenditure during 2011 was US$258,000.

(f) Cameroon Gold Projects

The most advanced gold project in Cameroon is Batouri, which has had historical spend of US$4.5 million. The Company is currently reviewing all historical project geological data, has recently recruited geological field staff and is preparing for an extensive exploration programme for 2012 which will focus on multiple soil anomalies along major mineralised structures.

(stated in US dollars)

3. SUMMARY OF PERFORMANCE

(a) SUMMARY OF SELECTED QUARTERLY FINANCIAL INFORMATION

The following is the selected financial information of the Company. As the Plan of Arrangement only completed on April 13, 2011, financial information for three quarters only is available.

US Dollars	Quarter ended December 31, 2011	Quarter ended September 30, 2011	Quarter ended June 30, 2011
Comprehensive loss for the period	1,310,550	4,673,027	3,838,187
Basic & diluted loss per share	0.006	0.032	0.030
Total assets	82,389,824	83,898,944	87,943,755

The Company's performance is not affected by seasonal trends.

(b) RESULTS OF OPERATIONS

(i) CONSOLIDATED STATEMENT OF INCOME

Quarter ended December 31, 2011
The comprehensive loss for quarter ended December 31, 2011 was $1.3 million, compared to $4.7 million in the quarter ended September 31, 2011 and $3.8 million in the quarter ended June 30, 2011. The variation in quarterly loss and comprehensive loss is predominantly due to charges for share-based payment awards, fair value adjustments to the Company's investment in Stellar Diamonds and foreign exchange variances.

The comprehensive loss for quarter ended December 31, 2011 of $1.3 million contained a $0.6 million fair value loss on the Company's investment in Stellar Diamonds.

Period ended December 31, 2011
The comprehensive loss for period ended December 31, 2011 was $9.8 million and is predominantly due to a share based payment charge of $2.0 million, a foreign exchange loss of $2.1 million and a fair value loss of $2.4 million on the Company's investment in Stellar Diamonds which is marked to market. The foreign exchange loss was due to the sharp devaluation of the Canadian dollar towards the end of the period and is largely unrealised.

The share based payment charge relates to the issue of 2,950,000 options in the period to December 31, 2011 based on a weighted average fair value of C$0.67 per option calculated using the Black-Scholes option pricing model.

Legal and professional costs of $1.1 million contain $0.6 million of legal costs which predominantly relate to the Company's public offering of shares in May 2011. Also contained in legal and professional costs are audit fees of $0.1 million and consulting fees of $0.4 million.

Other expenses of $1.3 million contain initial and sustaining listing fees of the TSX and AIM of $0.4 million, office rental and management costs of $0.3 million and travel expenses of $0.3 million.

(ii) CONSOLIDATED STATEMENT OF FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Statement of financial position at December 31, 2011

Intangible assets of $48.9 million as at December 31, 2011 relate to resource properties ($5.5 million) and deferred exploration costs ($43.4 million). The New Liberty Gold Project in Liberia with a carrying value of $40.4 million represents 83% of intangible assets and is Aureus Mining's most advanced project.

Additions to resource properties amounted to $60,350 and relate to the purchase of the Archaean Gold licence area which contains the Leopard Rock property. The transaction was accounted for as an asset acquisition and in addition to the purchase price a 2.5% net profit interest ("NPI") in relation to any future production was granted.

Additions to deferred exploration costs in the period to December 31, 2011 were $15.4 million, of which diamond drilling costs amounted to $7.6 million. The Company had up to five diamond drill rigs operating in Liberia at any one time. Deferred exploration costs included $1.9 million of capitalised wages and salaries representing those employees of the Company whose activity is directly related to project exploration and development.

Property, plant and equipment ("PPE") at $0.8 million as at December 31, 2011 relates predominantly to the Company's fleet of vehicles in Liberia.

The Company's investment in Stellar Diamonds is carried at its fair value (derived from the prevailing market price) on the statement of financial position which was $1.4 million at December 31, 2011. Changes in fair value are recorded in other comprehensive income. The share price of Stellar Diamonds has increased from £0.03 as at December 31, 2011 to £0.06 on March 7, 2012.

Current liabilities of $2.9 million as at December 31, 2011 are predominantly due to a creditor balance for exploration drilling work performed in late November and December at New Liberty and Leopard Rock.

Liquidity, Capital Resources and Financial Instruments

The Company's primary source of funding has been the issue of equity securities. The Company is not in production and does not generate cash flows from operations. As at December 31, 2011 the Company had cash and cash equivalents of $31.0 million and working capital of $28.4 million.

The Company has no significant financial instruments other than its cash and cash equivalents and its investment in Stellar Diamonds which is carried at fair value. The majority, 99%, of the Company's cash and cash equivalents are invested with a leading multi-national bank with a Standard & Poor's A+ credit rating.

Cash Flows for the three months ended December 31, 2011

Net cash used in operations amounted to $4.1 million for the period ended December 31, 2011 and is due predominately to corporate expenses, movements in working capital and realised foreign exchange losses.

Net cash used in investing activities was $13.6 million for the period ended December 31, 2011 and predominantly relates to deferred exploration expenditure on the New Liberty feasibility study and exploration programme.

Net cash proceeds from financing activities was $50.1 million for the period ended December 31, 2011 relating to the Transferred Assets, the public offering of shares and the exercise of stock options.

On May 19, 2011, the Company concluded a public offering issuing 27,000,000 new common shares of Cdn$1.30 each raising gross proceeds of Cdn$35.1 million. The direct costs to issue that have been charged to share capital amounted to Cdn$2.4 million (including compensation warrants valued at Cdn$0.2 million). The compensation warrants expired on November 19, 2011 and were not exercised.

(stated in US dollars)

On June 3, 2011, the over-allotment option attached to the public offering was exercised upon which the Company issued 4,050,000 new common shares of Cdn$1.30 each raising gross proceeds of Cdn$5.3 million. The direct costs to issue that have been charged to share capital amounted to Cdn$0.3 million (including compensation warrants valued at Cdn$26,882). The compensation warrants expired on December 3, 2011 and were not exercised.

In the period ended December 31, 2011, the Company issued 527,654 new common shares following the exercise of share options at a weighted average exercise price of Cdn$0.61raising proceeds of $0.3 million.

(c) OTHER INFORMATION

(i) Outstanding share data

	Shares
Issued pursuant to the Arrangement	86,252,592
Shares cancelled	(444)
Shares issued in public offering	31,050,000
Share issuance costs	-
Exercise of stock options	527,654
Balance at December 31, 2011	**117,829,802**

As at March 7, 2012 the Company had 117,951,476 shares issued and fully paid.

(ii) Going concern

The Company has prepared its consolidated financial statements on a going concern basis which assumes that the Company will be able to realise assets and discharge liabilities in the normal course of business. The directors believe that the current funds will be sufficient to finance the committed capital expenditure, general working capital and corporate costs over the next twelve months.

(iii) Related party transactions

During the period ended December 31, 2011 the Company incurred management and office service fees of $224,910 payable to Afferro Mining, a Company with two common directors and environmental consulting fees of $23,589 payable to a Company with a common director. $28,554 was payable to related parties as at December 31, 2011. Related party transactions are in the normal course of business and occur on terms similar to transactions with non-related parties on an arm's length basis.

Key management includes directors and officers. The compensation paid or payable to key management for employee services amounted to $1,013,143 in salaries and other short term benefits and $1,704,876 for share-based payments for the period ended December 31, 2011. Note share-based payments are based on fair values using the Black-Scholes option pricing model and are non-cash.

(iv) Off balance sheet arrangements

The Company does not have any off-balance sheet arrangements and does not contemplate having any in the foreseeable future.

(stated in US dollars)

(v) Operating segments

The Company is engaged in the acquisition, exploration and development of gold properties in the West African countries of Liberia, Cameroon, and Sierra Leone. Information presented to the Chief Executive Officer for the purposes of resource allocation and assessment of segment performance is focused on the geographical location. The reportable segments under IFRS 8 are as follows:

- Liberia exploration and development;
- Cameroon exploration;
- Sierra Leone exploration; and
- Corporate.

Following is an analysis of the Company's results, assets and liabilities by reportable segment for the period ended December 31, 2011:

	Liberia exploration and development	Cameroon exploration	Sierra Leone exploration	Corporate	Total
	$	$	$	$	$
Loss for the period	273,530	-	268	7,225,332	**7,499,130**
Segment assets	42,316,444	4,547,664	3,273,999	32,251,717	**82,389,824**
Segment liabilities	2,010,352	-	258,000	619,948	**2,888,300**
Depreciation of property, plant and equipment	213,730	-	-	-	**213,730**
Capital additions – property, plant and equipment	337,301	-	-	19,245	**356,546**
– intangible assets	15,147,404	28,120	258,686	-	**15,434,210**

(vi) Commitments

As at December 31, 2011 the Company has contracted for, but not yet incurred, capital expenditure totalling $5.2 million. This committed capital expenditure relates to deferred exploration costs, predominantly a drilling contract for 12,000 metres of diamond drilling and contracts with key feasibility study contractors.

(vii) Financial instruments, financial and capital risk management

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, available for sale investments, accounts payable and accrued liabilities and due to related party. Financial instruments are initially recognized at fair value with subsequent measurement depending on classification as described below. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments.

(stated in US dollars)

The Company has made the following classifications for its financial instruments:

	Available for sale $	Loans and receivables $	Total $
December 31, 2011			
Assets as per statement of financial position			
Cash and cash equivalents	-	31,044,943	31,044,943
Accounts receivable	-	149,835	149,835
Investments	1,427,532	-	1,427,532
Total	**1,427,532**	**31,194,778**	**32,622,310**

	Other financial liabilities at amortised cost $	Total $
December 31, 2011		
Liabilities as per statement of financial position		
Trade and other payables	2,859,746	2,859,746
Due to related party	28,554	28,554
Total	**2,888,300**	**2,888,300**

Financial risk management

The Company's activities expose it to a variety of financial risks, which include interest rate and liquidity risk, foreign exchange risk and credit risk.

Interest rate and liquidity Risk

Fluctuations in interest rates impact on the value of short term cash investments giving rise to interest rate risk. The Company has in the past been able to actively source financing through public offerings. This cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. In the ordinary course of business, the Company is required to fund working capital and capital expenditure requirements. The Company typically holds cash and cash equivalents with a maturity of less than 30 days.

Due to the short maturity of the financial assets and the current low level of interest rates, if interest rates were to double, it would have an insignificant impact on the Company's financial performance.

The Company ensures that its liquidity risk is mitigated by placing financial assets on short term maturity, thus all financial liabilities are met as they become due.

(stated in US dollars)

The Company's liabilities fall due as indicated in the following table:

At December 31, 2011	Within 30 days $	30 days to 6 months $	Over 6 months $
Cash and cash equivalents	31,044,943	-	-
Trade and other payables	2,859,746	-	-
Due to related party	28,554	-	-

Foreign exchange risk

Foreign exchange risk arises from transactions denominated in currencies other than US dollars. In the normal course of business the Company enters into transactions denominated in foreign currencies, primarily Pounds Sterling, Canadian Dollars, Euros, Australian Dollars and South African Rand. As a result, the Company is subject to exposure from fluctuations in foreign currency exchange rates. The Company does not enter into derivatives to manage these risks.

Carrying value of foreign currency balances	**December 31, 2011 $**
Cash and cash equivalents, include balances denominated in:	
Canadian Dollar (CAD)	24,736,775
Euros (EUR)	44,960
Pound Sterling (GBP)	195,014
Others	1,971
Investments, include balances denominated in:	
Pounds Sterling (GBP)	1,427,531
Accounts receivable, include balances denominated in:	
Canadian Dollar (CAD)	75,633
Pounds Sterling (GBP)	47,089
Trade and other payables, include balances denominated in:	
Australian Dollar (AUD)	132,422
Canadian Dollar (CAD)	11,324
Euro (EUR)	210,068
Pound Sterling (GBP)	480,717
South African Rand (ZAR)	27,949

(stated in US dollars)

The sensitivities below are based on financial assets and liabilities held at December 31, 2011 where balances were not denominated in the functional currency of the Company. The sensitivities do not take into account the Company's income and expenses and the results of the sensitivities could change due to other factors such as changes in the value of financial assets and liabilities as a result of non-foreign exchange influenced factors.

	Effect on net assets of USD strengthening 10%
	$
At December 31, 2011	
Australian Dollar (AUD)	13,242
Canadian Dollar (CAD)	(2,480,108)
Euro (EUR)	16,511
Pound Sterling (GBP)	23,861
South African Rand (ZAR)	2,795

Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company has an investment policy requiring that cash and cash equivalents only be deposited in permitted investments with certain minimum credit ratings.

	December 31, 2011
	$
Financial institutions with Standards & Poor's A+ rating	30,675,174
Financial institutions un-rated or unknown rating	369,769

Capital risk management

The Company's objectives when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to ensure sufficient resources are available to meet day to day operating requirements. The Company defines capital as 'equity' as shown in the consolidated statement of financial position.

The Company's Board of Directors takes full responsibility for managing the Company's capital and does so through board meetings, review of financial information, and regular communication with Officers and senior management.

In order to maximise on-going development efforts, the Company does not pay out dividends.

The Company's investment policy is to invest its cash in deposits with high credit worthy financial institutions with short term maturity.

The Company expects its current capital resources will be sufficient to carry out its plans and operations through its current operating period.

The Company is not subject to externally imposed capital requirements and there has been no change in the overall capital risk management as at December 31, 2011.

(viii) Critical accounting estimates

In the application of the Company's accounting policies, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty and judgements made in applying specific accounting policies are as follows:

Share based payments and warrants
The amounts used to estimate fair values of stock options and warrants issued are based on estimates of future volatility of the Company's share price, expected lives of the options, expected dividends to be paid by the Company and other relevant assumptions.

By their nature, these estimates are subject to measurement uncertainty and the effect of changes in such estimates on the consolidated financial statements of future periods could be significant.

Carrying value of non-current assets
The outcome of on-going exploration and development programmes, and therefore whether the carrying value of plant, property and equipment and acquisition, exploration and evaluation expenditures will ultimately be recovered, is inherently uncertain.

The ability of the Company to realise the carrying values of these assets is contingent upon discovery of economically recoverable mineral reserves, the on-going title to the resource properties, the ability of the Company to finance the development of the properties and on the future profitable production or proceeds from the property. The success of the Company's mineral exploration properties is also influenced by operational risks, legal and political risks and future gold prices.

Management make the judgements necessary to implement the Company's policy with respect to capitalisation of these assets and consider them for impairment at least annually with reference to indicators in IAS 36 and IFRS 6. If an indication exists, an assessment is made of the recoverable amount. The recoverable amount is the higher of value in use (being the net present value of expected future cash flows) and fair value less costs to sell. Value in use is estimated based on operational forecasts for advanced stage projects with key inputs that include mineral resources, gold prices, production levels including grade and tonnes processed, production costs and capital expenditure. Because of the above-mentioned uncertainties, actual future cash flows could materially differ from those estimated.

4. QUALIFIED PERSON

The Company's Qualified Person as defined in NI 43-101 responsible for preparing this Management Discussion and Analysis is David Reading, who holds an MSc in Economic Geology from University of Waterloo, Canada and is a Fellow of the Institute of Materials, Minerals and Mining. David Reading is the President and Chief Executive Officer of Aureus Mining and consents to the inclusion in the announcement of the matters based on their information in the form and context in which it appears and confirms that this information is accurate and not false or misleading.

Assay and sampling information are taken from the Company's database as prepared on New Liberty site by the project geologists. Drill core is split on site and sent under custody to the Alex Stewart-OMAC sample preparation facility in Monrovia where pulps are prepared and dispatched to the OMAC laboratory in Ireland for analysis by fire assay with an atomic absorption finish.

Quality control and quality assurance procedures include the regular and methodical implementation of field duplicates, blank samples, standards and laboratory repeats as well as regular and specific programmes of re-assaying and umpire laboratory assaying.

5. FORWARD-LOOKING STATEMENTS

Certain information included in this document may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied. Factors that could cause actual results or events to differ materially from current expectations include but are not limited to: the grade and recovery of ore which is mined varying from estimates; estimates of future production, mine development costs, timing of commencement of operations; changes in exchange rates; access to capital; fluctuations in commodity prices; and adverse political and economic developments in the countries in which we operate. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

6. INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for the design and effectiveness of internal controls over financial reporting (as such term is defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52- 109")), to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. The Company maintains an effective control environment and has used the *Internal Control - Integrated Framework* (COSO Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission to design the Company's internal controls over financial reporting. The Company's CEO and CFO believe that the Company's internal controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

The Company's CEO and CFO are also responsible for the design and effectiveness of disclosure controls and procedures (as such term is defined in NI 52-109) to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's CEO and CFO believe that the Company's disclosure controls and procedures are effective in providing reasonable assurance that information required to be disclosed under applicable securities legislation is recorded, processed, summarized and reported in a timely manner.

The Company's CEO and CFO have each evaluated the effectiveness of the Company's internal controls over financial reporting and disclosure controls and procedures as of December 31, 2011 and have concluded that these controls and procedures are effective in reasonably assuring the reliability of financial reporting and that material information relating to the Company is made known to them by others within the Company and that such controls and procedures have no material weaknesses and no limits on the scope of their design.

7. RISKS AND UNCERTAINTIES

Aureus is subject to a number of risk factors due to the fundamental nature of the exploration business in which it is engaged, the countries in which it operates and not least adverse movements in gold prices. The Company seeks to counter exploration risk as far as possible by selecting exploration areas on the basis of their recognized geological potential to host high grade gold deposits. The risks and the uncertainties below are not the only ones the Company is facing. There are additional risks and uncertainties that the Company does not presently know or that it currently considers immaterial which may also impair the Company's business operations and cause the price of its common shares to decline. If any of the following risks actually occurs, the Company's business may be harmed and the Company's financial condition and/or results of operations may suffer significantly.

The following risk factors should be given special consideration when evaluating an investment in the Company's common shares:

Risks Relating to the Business of the Company

Ability to Raise External Finance
Mineral exploration and development requires the continual injection of capital and other sources of financing to fund activities. Although Aureus has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on terms advantageous to the Company.

Operating in West Africa
Aureus' operations in Liberia and Cameroon are exposed to various levels of economic, political and other risks and uncertainties associated with operating in West Africa. In common with other early stage emerging market economies, many African countries (where all of the Company's material non-cash assets are located) are dependent on sale proceeds from primary commodity production which are subject to fluctuations in world commodity prices. In general, these economies have also experienced devaluations, high inflation and high interest rates. All these economic risks may from time to time adversely affect the Company's operations.

Two civil wars were fought in Liberia from 1989 to 1996 and 1999 to 2003. Whilst the country has undergone democratic elections, future civil unrest remains a possibility. There can be no assurance that political stability will continue.

Changes, if any, in mining or investment policies or shifts in political attitude in any of the countries in which the Company operates may adversely affect business operations. There is also possibility that the terms of any agreement, licence or permit in which the Company holds an interest may be changed. There are still considerable risks, as well as opportunities, in carrying on business in Liberia for foreign corporations such as Aureus.

Mineral Resource and Reserve Estimates
Aureus cannot give any assurance that estimated mineral resources and mineral reserves will be recovered if a decision is made to proceed to production or that they will be recovered at the volume, grade and rates estimated. The failure of Aureus to achieve production estimates could have a material and adverse effect on any or all of its future cash flows, profitability, results of operations and/or financial condition. These production estimates are dependent on, among other things, the accuracy of mineral resource and mineral reserve estimates and the accuracy of assumptions regarding ore grades and recovery rates. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions.

Title to Mineral Properties
While Afferro has undertaken all the customary due diligence in the verification of title to its material mineral properties, this should not be construed as a guarantee of title for Aureus (as successor in interest to Afferro). There can be no assurances that Aureus' interests will not be challenged by third parties. Such properties

may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. The court systems in the foreign countries where Aureus operates may not provide an adequate forum for the recognition and enforcement of the legal rights of Aureus.

Licences are subject to Renewal
All tenements in which Aureus has interests are subject to renewal conditions. While Aureus currently anticipates that subsequent renewals will be given as and when sought, there is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed.

Exploration, Development and Production May Not Prove to be Successful
The business operations of Aureus are subject to risks and hazards inherent to the mining industry. The exploration for and the development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Mineral deposits, even though discovered, may be insufficient in quantity and quality to return a profit from production. It is impossible to ensure that Aureus' current exploration programs will result in profitable commercial mining operations.

Commodity Prices
There is a risk that the price earned for minerals will fall to a point where it becomes uneconomic to extract such minerals from the ground. During 2010, the price of commodities continued to recover from the low levels experienced during the global economic crisis in the second half of 2008, however, during 2011 there has been more volatility. The principal commodity in Aureus' present portfolio is gold. The price of gold is dependent on many factors and although it has generally performed strongly in 2010 and 2011, there is no assurance that this will continue in the future. Ultimately, the price of gold is determined by supply and demand factors which are outside Aureus' control. The impact of commodity prices on the economics of Aureus' advanced projects is kept under close review and it is expected that such review will continue by the management of Aureus.

Health Risks Associated with the Mining Workforce in West Africa
Malaria and other diseases represent a threat to maintaining a skilled workforce in the mining industry throughout West Africa. There can be no assurance that the Company will not lose members of its workforce and workforce man-hours or incur increased medical costs as a result of these high health risks, which may have a material adverse effect on the Company's operations.

Current Global Financial Conditions
The recent events in global financial markets have had a profound impact on the global economy. The volatility in global equities, commodities, foreign exchange, precious and base metals and a lack of market liquidity, may adversely affect the development of Aureus. A global credit/liquidity crisis could also impact the cost and availability of financing and the price of the Company's common shares on the Toronto Stock Exchange ("TSX") and AIM.

Development of Prospective Projects requires Additional Licences and/or Permits
In some cases, Aureus' mineral property licences and/or permits do not currently provide for the development of a mine. Consequently, Aureus will be required to obtain further licences and/or permits (mining, environmental and otherwise) from the respective government departments in the applicable countries of operation. While Aureus currently expects that such licences/permits will be able to be obtained, when required, there can be no assurance that such licences/permits will ultimately be obtained.

Insurance Coverage may not cover all Potential Losses, Liabilities and Damage
The exploration, development and production of mineral properties involve numerous risks. It is not always possible to obtain insurance against all risks and Aureus may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to companies in

the mining industry on acceptable terms and accordingly, Aureus may not be insured against such risks.

Mining Activities are subject to Environmental Risks and Regulations
Mining is an industry which has become subject to increasing environmental responsibility and liability. The current activities of Aureus are subject to laws and regulations controlling not only the mining of and exploration for mineral properties, but also the possible effects of such activities upon the environment. The potential for liability is an ever-present risk. There cannot be any assurance that, despite reasonable precautions, breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially or adversely affect the financial condition and results of operations of Aureus.

Mining Operations are subject to Government Regulation and Permitting
Mineral exploration and development activities are subject to various laws governing prospecting, mining development and production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use and other matters. Although Aureus' exploration and planned development activities are to be carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail future exploration, development and/or production activities, as applicable.

Exchange Rate Fluctuations
Fluctuations in exchange rates may give rise to foreign currency exposure, either favourable or unfavourable, which may impact financial results. While the Company raises its equity financing primarily in Canadian dollars, its exploration costs are largely denominated in United States dollars. As a result, the Company is subject to exposure from fluctuations in foreign currency exchange rates. From time to time, the Company may engage in currency hedging through vanilla forward contracts to offset the risk of exchange rate fluctuations.

Mining is Inherently Dangerous
Mining involves various types of risks and hazards, including: environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structure cave-ins or slides, flooding, fires and interruption due to inclement or hazardous weather conditions. To minimize risks in these areas, Aureus will continue to provide training programs to its employees. At the current stage of development of Aureus' mineral properties, mining hazards are limited.

Presence of Artisanal Miners and Resettlement and Relocation
Some or all of Aureus' properties are inhabited by artisanal miners who have the potential to delay and/or interfere with work on Aureus' properties and present a potential security threat to Aureus' employees. Aureus has a policy of maintaining good relations with the local communities and the artisanal miners in order to minimize such risks. Development of the New Liberty Gold Project will require a village relocation, as well as the acquisition and replacement of all public buildings, social facilities and other structures to be built in a resettlement site. There are significant risks that the development of the New Liberty Gold Project could be delayed due to circumstances beyond the Company's control, including without limitation circumstances relating to the resettlement and relocation of artisanal miners, and any such delays could negatively impact the Company's development plans, result in additional expenses on its part, or prevent the development of the New Liberty Gold Project.

Competitive Conditions
The mineral exploration and mining industry is competitive in all phases of exploration, development and production. Accordingly, Aureus competes with other mining and exploration companies for the acquisition of mineral licences, personnel and funding. A number of companies have been engaged in exploration in Liberia in recent years. Recently there has been increased investment activity in Liberia and there is accordingly increased competition for mining services, plant and machinery.

Legal System
The legal systems in Liberia and Cameroon are different to that of Canada. This could result in risks such as: (i) potential difficulties in obtaining effective legal redress in the courts of such jurisdictions whether in respect

of breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulation, decrees, orders and resolutions; and (v) relative inexperience of the judiciary and courts in such matters.

In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain. In particular, agreements in place may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

Tax Matters
The Company believes that it is, and intends to take all the necessary steps to remain, resident solely in Canada for income tax purposes. The Company's tax residency is, however, affected by a number of factors, some of which are outside of its control, including the application and interpretation of the relevant tax laws treaties. If ever the Company were to cease to be a tax resident in Canada, it would be liable to pay additional Canadian taxes. If such taxes were to become payable, this could have a material adverse effect on the Company's business, financial condition and results of operations. Further, the income tax consequences to holders of common shares would be different from those applicable if the Company were resident in Canada.

Litigation Risk
All industries, including the mining industry, are subject to legal claims, with and without merit. While Aureus does not currently have any claims against it, Aureus may, in the future, be subject to claims (including class action claims from government regulatory bodies) or legal proceedings based on allegations of negligence, breach of statutory duty, public nuisance or private nuisance or otherwise in connection with its operations or investigations relating thereto. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on Aureus' financial positions or result of operations.

Regulations and Pending Legislation governing issues involving Climate Change could result in Increased Operating Costs which could have a Material Adverse Effect on Aureus Mining's Business
A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to various climate change interest groups and the potential impact of climate change. Legislation and increased regulation regarding climate change could impose significant costs on Aureus and its suppliers, including costs related to increased energy requirements, capital equipment, environmental monitoring and reporting and other costs to comply with such regulations. Any adopted future climate change regulations could also negatively impact Aureus' ability to compete with companies situated in areas not subject to such limitations. Given the emotion, political significance and uncertainly around the impact of climate change and how it should be dealt with, Aureus cannot predict how legislation and regulation will affect its financial condition, operating performance and ability to compete. Furthermore, even without such regulation, increased awareness and any adverse publicity in the global marketplace about potential impacts on climate change by Aureus or other companies in its industry could harm its reputation. The potential physical impacts of climate change on Aureus' operations are highly uncertain, and would be particular to the geographic circumstances in areas in which it operates. These may include changes in rainfall and storm patterns and intensities, water shortages, changing sea levels and changing temperatures. These impacts may adversely impact the cost, production and financial performance of Aureus' operations.

Risks Relating to the Company

Actions of Third Parties, including Contractors
Aureus is reliant to an extent on third parties to provide contracting services. There can be no assurance that these business relationships will continue to be maintained or that new ones will be successfully formed. A breach or disruption in these relationships could be detrimental to the future business, operating results and/or

profitability of Aureus. To the extent that Aureus cannot engage contractors according to its plans and budgets, its financial condition and/or operations may be adversely impaired.

Dependency on Key Personnel
The loss of any key individuals in Aureus' management team or the inability to attract appropriate personnel could impact Aureus' performance. It may also be difficult to employ and retain people who are willing to work for Aureus in countries in which it operates.

Ability to Recruit and Retain Staff
Aureus may be adversely affected by an inability to recruit, retain and motivate suitable personnel as its business develops and grows in size. There can be no assurance that suitably qualified personnel will be available in the countries in which it operates and that Aureus will be able to retain existing professionals or meet their remuneration requirements. Furthermore, the cost base in relation to such remuneration, which may include equity compensation, may increase significantly and could have an adverse effect on the Company's results of operations and/or financial condition. Due to the remote locations of Aureus' operations, the nature of the industry and the extended administrative procedures required to fill these key positions, it can sometimes be difficult to find appropriate individuals with the necessary skills and experience required to fill these key positions at all, or in a timely manner.

Employment Relations
Aureus believes that it has, in general, good relations with its employees. However, there can be no assurance that Aureus' operations will not be affected by employee-related problems in the future or that work stoppages or other employee-related developments (including the introduction of new labour regulations in local countries of operation) will not adversely affect the results of operations and/or the financial condition of Aureus.

Potential Ground Movements
The New Liberty Report outlines an open pit operation at the New Liberty Gold Project. Although extensive efforts will be employed by Aureus to prevent ground movement, there is no guarantee against such movements. A future ground movement could result in a significant interruption of operations. Aureus may also experience a material increase in costs, if it necessary to redesign the open pit as a result of a ground movement. The consequences of a ground movement will depend upon the magnitude, location and timing of any such movement. If timing operations are interrupted materially in the future or the mine experiences materially higher costs of operation, this would have an adverse impact on Aureus' future cash flows, earnings, results of operations and financial condition.

Default Under the Bea MDA
If an event of default occurs and continues under the Bea MDA, the Liberian Government has the right to terminate the Bea MDA. An event of default includes, among other events, Bea failing to carry out exploration as required under the Bea MDA, ceasing exploration for a period of twelve consecutive months or ceasing production with respect to all "Production Areas" for a period of twenty-four months unless such failure is consented by the Liberian Government or is due to a force majeure. Although the Liberian Government must notify Bea and provide a reasonable time for Bea to cure the default before terminating the Bea MDA, there is no certainty that Bea will be able to entirely cure such default or cure such default to the level required by the Liberian Government.

Aureus' Holdings in Stellar
Aureus Mining currently holds 30,792,770 shares in Stellar. The value of these shares on the Company's future balance sheets will change based on the prevailing fair value (i.e., market price) of such shares. These shares are subject to market risks and the value and liquidity of these shares may change as a result of, among other matters, changes in Stellar's business and prospects and/or in the junior mineral exploration sector of the public markets and/or the various factors and forces affecting the capital markets.

8. OUTLOOK

Post completion of the DFS, the Company will be required to arrange finance in order to fund the construction and development of the New Liberty Gold Project. The project development and construction is scheduled to commence in Q3 2012, with a twelve month construction period. Production is scheduled to commence in Q4 2013, the first full year of production being 2014. An ESIA is nearing completion and will be submitted to the Environmental Protection Agency of Liberia at end of Q1 2012. The ESIA is the final outstanding permit required before full construction can commence. Discussions are in progress with a number of leading financial institutions who have expressed a strong interest in providing debt financing for the New Liberty Gold Project.

There is further exploration potential in Liberia, especially at the targets proximal to New Liberty, including Ndablama and Weaju and the newly acquired Leopard Rock concession. The Company also has a land holding in Cameroon including the prospective Batouri project which has just had an exploration team deployed to execute the 2012 exploration programme.

The Company ends the period with cash and cash equivalents of $31.0 million leaving the Company fully funded for its mid-term objectives of completing the feasibility study and its planned exploration drilling programmes.