

**AUREUS MINING INC.**

**Management's Discussion and Analysis  
For the period ended June 30, 2012**

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**For the period ended June 30, 2012**  
**(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 six months ended June 30, 2012. This management discussion and analysis has been prepared based on information available to the Company as at August 10, 2012. Unless otherwise indicated all amounts are in US dollars.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company's website at [www.aureus-mining.com](http://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:

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***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 comprised of 9.8 million tonnes grading 3.6 g/t for 1,143,000 ounces in the Measured and Indicated category and 5.7 million tonnes grading 3.2 g/t for 593,000 ounces in the Inferred category. The definitive feasibility study ("DFS") is currently underway and is scheduled to be completed by the end of Q3 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	2012 Progress	2012 Plans	Project Ownership
Liberia	New Liberty	7,864m of exploration drilling completed  4,242m of feasibility drilling completed  50km <sup>2</sup> of soil sampling completed  IP gradient survey completed and processed  Processing of airborne geophysics data completed	DFS due to be completed end of Q3 2012  Continue soil sampling on a regional grid  Drill data and assay results collation and analysis  Target generation using all data sets in Q3 to plan for trenching and drilling in Q4 2012 and Q1 2013  Re-logging of core for alteration structure	90% <sup>1</sup>
Liberia	Ndablama	2,975m of Phase 2 exploration drilling completed  A 450m trench program started of which 224m are completed	Geological and structural mapping to continue in Q4 2012  Data review and phase 3 drill planning for Q1 2013	90% <sup>1</sup>
Liberia	Weaju	Camp preparation ahead of phase 2 drilling campaign completed	Phase 2 drilling programme due to commence in Q4 2012	90% <sup>1</sup>

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Country	Project	2012 Progress	2012 Plans	Project Ownership
Liberia	Leopard Rock	Phase 1 exploration drilling program completed for a total 4,294m  A 33 km <sup>2</sup> soil sampling campaign completed in the south blocks  Geological and structural mapping completed during Q2 2012	Review of drill and soils data for phase 2 drill planning	100%
Liberia	Gondoja	Phase 1 drilling completed for 2,699m  Trenching completed for 788m	Review of historical and current drill and trenching data  Phase 2 drilling program to be planned	90% <sup>1</sup>
Cameroon	Batouri	Target exploration in the north of the Batouri project with soil sampling	Further trenching and pitting programmes for target identification	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 the Aureus portfolio 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<sup>2</sup> 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.

The NI 43-101 compliant technical study supporting the Reserve statement for the New Liberty Gold Project has been compiled by Australian Mining Consultants ("AMC") with contributions from DRA Mineral Projects (Pty) Ltd ("DRA") for metallurgical test work and processing and Golder Associates Ghana Ltd ("Golder Associates" or "Golders"). The Reserve technical report summarizes the geology, Resources and Reserves, mining and mine production schedule, metallurgy, process plant design, infrastructure design including tailings

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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 7,984,000 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.

The reported Reserve estimate is shown in the following table:

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

**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

**Updated Resource at New Liberty**

An updated Mineral Resource estimate was undertaken by AMC in accordance with the requirements of NI 43-101. The MRE incorporates all the results from drilling as at April 4, 2012, being 409 holes for 65,276 meters and was calculated on the basis of a 1.0 g/t cut-off grade.

The total Resource estimate is comprised of 651,000 tonnes grading 4.77 g/t (for 100,000 ounces) in the Measured category, 9,145,000 tonnes grading 3.55 g/t (for 1,043,000 ounces) in the Indicated category, and 5,730,000 tonnes grading 3.2 g/t (for 593,000 ounces) in the Inferred category, as detailed in the table below. The Measured and Indicated Resources are located generally within the first 200 meters below surface. The Inferred Resource remains open at depth.

<b>Mineral Resource</b>	<b>Tonnes (kt)</b>	<b>Average Grade (g/t)</b>	<b>Contained Gold (koz)</b>
Measured	651	4.77	100
Indicated	9,145	3.55	1,043
<b>Subtotal M+I</b>	<b>9,796</b>	<b>3.63</b>	<b>1,143</b>
Inferred	5,730	3.2	593

**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

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***Progress in Q2 2012***

*Feasibility Study*

AMC and the Company's mining personnel have completed a detailed review of the open pit design for the purposes of the DFS. Discussions are on-going with contract mining companies.

Process design studies have concluded that a gravity/CIL circuit is the preferred process recovery method. DRA, the appointed metallurgical design engineers, are finalising the process plant layout and associated infrastructure layouts and have issued equipment lists and civil construction specifications for tender.

The Company has 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. These studies are complete.

The Company is also carrying out an investigation into alternative power supply options for the project, which includes assessing project economics. Knight Piesold have been appointed to assess the potential use of hydroelectric power generation system utilising the Marvoe Creek and surrounding river systems with a preliminary report due in Q3 2012.

An environmental and social impact assessment has been submitted to the Environmental Protection Agency of Liberia during the quarter. The environmental permit is the final outstanding permit required before construction can commence.

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 Q4 2012, with a twelve month construction period, with production commissioning in Q1 2014.

*Exploration*

The Company has completed its programme of ground geophysical surveys and magnetic measurements over the strike extents of New Liberty and the surrounding areas. IP survey lines completed for Q1 2012 cover 24.8km. Two 1km dipole-dipole lines were also completed southwest of the New Liberty main pit.

A regional airborne geophysics survey was conducted over the Bea Mountain property and the Archaen property in Q1. Preliminary regional aeromagnetic data has been released. Processing of the airborne geophysics data was completed in Q2.

In Q2 2012, 3,550m of exploration diamond drilling was undertaken to explore newly identified geophysical targets.

A total of 50km<sup>2</sup> of soil sampling lines were completed at New Liberty. 2,094 samples were taken and submitted to the laboratory for analysis. Results for 375 of the sample were received during the course of Q1 2012 and are being analysed. Soil sampling continued on the regional soil block at a 400m by 50m grid spacing.

Results for As in soils show two anomalies, one significant anomaly west of NL strike extension and another one to the north east of the pit. The western As anomaly has been drill tested in Q2 and the north east anomaly warrants further investigation.

Field activities will be shut down by mid Q3 2012 due to the rainy season.

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**(b) Ndablama gold project, Liberia**

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

Trenching and drilling indicates that the gold mineralisation is located within a north-south trending band of sheared, folded and altered ultramafic rocks close to the contact with granite pegmatite's and intrusives. In the south-east portion of the prospect the rocks are folded and the strike changes direction from a north-south and 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 900m 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.

A phase 2 drilling program comprising 21 drill holes was completed in Q2 2012 with 2,975m of drilling. Results for drill core samples of 10 holes have been received whilst 11 holes remain outstanding at the end of Q2 2012.

A trenching exercise is being carried out between the Ndablama and Leopard Rock area. To date a total of 224m of 3 trenches has been completed.

Plans going forward are to map the geological and structural extent at Ndablama and the gap area using the trench, drilling and mapping data and to conduct a data review of the completed drilling and plan phase 3 drilling.

**(c) 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 has been 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 H1 2012, a review of the geological model and historic diamond drill data was completed and a revised phase 2 drilling programme of 8,000 metres is now scheduled for late 2012.

**(d) Leopard Rock, Liberia**

During 2011 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<sup>2</sup>. 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 3 km.

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

A further 4,294m were drilled in Q1 2012 to complete the Phase 1 exploration drilling programme. Results from

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27 diamond drill holes are available on the Company's website. All results have now been received.

The 33 km<sup>2</sup> soil sampling programme has been completed at the end of Q2 2012 over two blocks south of Leopard Rock with a total of 967 samples collected. 707 results have been received whilst 260 remain outstanding.

Ground geophysical survey was completed at the gap between Leopard Rock and Ndablama covering an area of 1.65km<sup>2</sup>. Processing of this data will be done in Q3 2012.

Review and analysis of all data sets will be undertaken in Q3 and new targets generated for Q4 2012.

**(e) Gondoja, Liberia**

Soil sampling work was completed to cover the area from the Ndablama prospect to the Gondoja target within a structural corridor approaching 11.5 km strike length. Three anomalous zones have been identified as potential targets for further exploration work. Trenching has since been planned over the target areas.

In 2011, 600 metres of trenching was completed on the anomalous soil sampling zones. 8 new trenches were completed at Gondoja for a total length of 788m in Q2 2012 with results pending.

A first phase drilling programme of 13 holes totalling 2,699m was completed at the end of Q2 2012. Drill core samples from 6 holes have been dispatched for assay. No results have been received as yet.

Future work will consist of surface geology and structural mapping plus data review.

**(f) Cameroon Gold Projects**

During the quarter the Company was focused on target exploration in the north of the Batouri project. 21 pits (114m and 82 samples) and 3 trenches (293m and 317 samples) were dug during the period to define the mineralisation in saprolite and better understand the geological setting in the north of the license (Amndobi prospect).

To date 53 pits have been dug for a total of 270m and 224 samples; and 5 trenches (some deepened) have been dug for a total 450m and 437 samples.

62 soil samples have been collected to complete the infill soil grid south of Amndobi to check continuity of gold in soil anomaly.

77 soil samples have been collected in a new grid in the south western part of the concession to check previous regional anomaly on the NNE regional structure. Results are pending.

**(g) Sonfon Gold Project, Sierra Leone**

The Company has decided to withdraw from the Sonfon joint venture agreement in Sierra Leone for commercial reasons. The Sonfon project is subject to a joint venture agreement with Golden Star Resources Ltd. ("GSR"). As a result the Sonfon project has been written off.

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**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 five quarters only is available.

US Dollars	Quarter ended June 30, 2012	Quarter ended March 31, 2012	Quarter ended December 31, 2011	Quarter ended September 30, 2011	Quarter ended June 30, 2011
Loss for the period	(4,914,825)	(894,992)	(729,272)	(3,779,505)	(2,990,353)
Basic & diluted loss per share	(0.041)	(0.008)	(0.006)	(0.032)	(0.030)
Total comprehensive income / (loss) for the quarter	(6,798,773)	1,042,984	(1,310,550)	(4,673,027)	(3,838,187)
Total assets	78,967,577	83,526,605	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 June 30, 2012*

The comprehensive loss for quarter ended June 30, 2012 was \$6.8 million, compared to an income of \$3.8 million in the quarter ended June 30, 2011. The variation in quarterly loss and comprehensive loss is predominantly due to an impairment on Sonfon project, the 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 the quarter ended June 30, 2012 is predominantly due to an impairment charge of \$3.0 million on the Sonfon project in Sierra Leone (2011 - \$nil), a fair value loss of \$2.0 million on the Company's investment in Stellar Diamonds which is marked to market (2011 - \$0.9 million), a foreign exchange loss of \$0.6 million (2011 - \$0.2 million) and a share based payment charge of \$0.2 million (2011 - \$1.6 million). The impairment charge, loss on Stellar Diamonds, and share based payment charge are all non-cash.

The impairment charge on the Sonfon joint venture project has been recorded as a result of the Company's plans to withdraw from the joint venture agreement.

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

**Statement of financial position at June 30, 2012**

Intangible assets of \$56.6 million as at June 30, 2012 relate to resource properties (\$4.5 million) and deferred exploration costs (\$52.1 million). The New Liberty Gold Project in Liberia with a carrying value of \$45.2 million represents 87% of deferred exploration costs and is Aureus Mining's most advanced project.

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Additions to deferred exploration costs in the quarter to June 30, 2012 were \$6.6 million, of which diamond drilling costs amounted to \$2.3 million. The Company had three diamond drill rigs operating in Liberia during the quarter. Deferred exploration costs included \$0.9 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 \$1.0 million as at June 30, 2012 relates predominantly to the Company's fleet of vehicles in Liberia and Cameroon.

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 \$1.5 million at June 30, 2012. Changes in fair value are recorded in other comprehensive income.

Current liabilities of \$3.5 million as at June 30, 2012 are predominantly due to a creditor balance for exploration drilling work performed in May and June at New Liberty and Gondoja and also feasibility study consultants.

**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 June 30, 2012 the Company had cash and cash equivalents of \$19.4 million included within the working capital balance of \$16.3 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 six months ended June 30, 2012**

Net cash used in operations amounted to \$2.5 million for the six months ended June 30, 2012 and is due predominantly to corporate expenses, movements in working capital and realised foreign exchange gains/losses.

Net cash used in investing activities was \$10.3 million for the six months ended June 30, 2012 and predominantly relates to deferred exploration expenditure on the New Liberty feasibility study and exploration programmes.

Net cash proceeds from financing activities were \$1.1 million for the quarter ended June 30, 2012 relating to the exercise of stock options.

In the six months ended June 30, 2012, the Company issued 1,648,686 new common shares following the exercise of share options at a weighted average exercise price of Cdn\$0.64 raising proceeds of \$1.1 million.

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**(c) OTHER INFORMATION**

**(i) Outstanding share data**

	<b>Shares</b>	<b>Amount \$</b>
On incorporation	-	-
Issued pursuant to the Arrangement	86,252,592	-
Shares cancelled	(444)	-
Shares issued in public offering	31,050,000	41,485,392
Share issuance costs	-	(2,753,408)
Exercise of stock options	527,654	333,282
Balance at December 31, 2011	117,829,802	39,065,266
Exercise of stock options	1,648,686	1,059,530
Balance at June 30, 2012	<b>119,478,488</b>	<b>40,124,796</b>

As at August 10, 2012 the Company had 119,478,488 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 three months ended June 30, 2012, the Company incurred management and office service fees of \$90,000 (period ended June 30, 2011, \$27,504) payable to Afferro Mining and environmental consulting fees of \$51,512 (period ended June 30, 2011, \$nil) payable to a Company with a common Director. The payable to related parties as at June 30, 2012 was \$271,898 (December 31, 2011, \$28,554).

Related party transactions are in the normal course of business and occur on terms similar to transactions with non-related parties.

**(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.

**(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.

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Following is an analysis of the Group's results, assets and liabilities by reportable segment for the three month period ended June 30, 2012:

	<b>Liberia exploration and development</b>	<b>Cameroon exploration</b>	<b>Sierra Leone exploration</b>	<b>Corporate</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Loss/(gain) for the period	44,707	21,318	3,010,865	1,837,935	4,914,825
Segment assets	53,018,730	4,983,568	-	20,965,279	78,967,577
Segment liabilities	2,729,177	105,631	-	712,616	3,547,424
Depreciation of property, plant and equipment	68,720	2,312	-	-	71,032
Capital additions					
– property, plant and equipment	94,268	86,806	-	23,963	205,037
– intangible assets	6,467,536	179,096	-	-	6,646,632

**(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

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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.

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**For the period ended June 30, 2012**  
**(stated in US dollars)**

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.

**7. OUTLOOK**

The Company has made excellent progress on the New Liberty Gold Project feasibility study and is on track for this to be completed by the end of Q3 2012. During the quarter the Environmental Impact Statement for the New Liberty Gold Project was submitted to the Environmental Protection Agency of Liberia, a significant milestone towards commencing construction of the project. Exploration has progressed well over the Company's licence portfolio in Liberia and Cameroon, with a break in drilling planned during Liberia's wet season in Q3. Drilling is scheduled to re-commence in Q4 2012 following data collation and analysis during Q3.

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 financing process is progressing well and the Company is continuing discussions with institutions that have the ability and desire to fund the New Liberty project. The project development and construction is scheduled to commence in Q4 2012, with a twelve month construction period. Production is scheduled to commence in Q1 2014.

Management believe that there is significant further exploration potential in Liberia, especially at the targets proximal to New Liberty, including Ndablama, Weaju, Leopard Rock and the Gondoja concession. The Company also maintains a land holding in Cameroon including the prospective Batouri project which now has an experienced exploration team in place.

The Company ends the quarter with cash and cash equivalents of \$19.4 million which leaves the Company fully funded for its near-term objectives of completing the feasibility study in Q3 2012 and its planned exploration programmes.