

AUREUS MINING INC.

**Management's Discussion and Analysis
For the six months ended June 30, 2013**

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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 six months ended June 30, 2013. This management discussion and analysis has been prepared based on information available to the Company as at August 6, 2013. 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

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 ("New Liberty" or the "Project"). 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).

(B) STRATEGY

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:

A Strong Portfolio of Assets

The Company has a strong portfolio of gold assets:

- The New Liberty Gold Project (the "Project") in Liberia has a NI 43-101 compliant reserve estimate of 8.5 million tonnes grading 3.4 g/t for 924,000 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 Project Definitive Feasibility Study ("DFS") has been completed and an NI 43-101 compliant technical report has been filed on SEDAR.
- 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.

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(c) ON-GOING PROJECTS

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

Country, Project & Ownership	Q2 2013 Progress	2013 Plans
<p>Liberia</p> <p>New Liberty</p> <p>90%¹</p>	<p>Optimised DFS completed with results published in May</p> <p>Nedbank and Rand Merchant Bank mandated to provide project finance facility. Bank due diligence review completed on the DFS to enable finance to be secured</p> <p>Complete review of pit design using additional geotechnical information gathered</p> <p>Revised pit design and new optimised mining schedule developed</p> <p>Waste rock dumps redesigned for easier rehabilitation and scheduled to aid with managing surface water flows</p> <p>37 water monitoring and testing boreholes drilled around and in the pit. All holes cased and prepared for pumping tests, with pumping tests undertaken to develop groundwater model for the pit</p> <p>Considerable progress made on plant and infrastructure designs</p> <p>Considerable work completed on earthworks with the programme on schedule including shaping of the Marvoe Creek Diversion Channel ("MCDC"), bulk excavation of one of the cuts, shaping of the plant access road, shaping of the bottom spillway and primary and secondary crusher excavation at plant site</p> <p>Construction of the RAP village commenced with full community involvement</p> <p>1,387 metres of trenching completed on soil geochemical anomalies</p> <p>Licence wide BLEG Survey results received and further anomalies identified for follow up after wet season</p>	<p><u>Development</u></p> <p>Complete project finance facility documentation and begin draw-down on loan proceeds to progress the New Liberty mine build.</p> <p>Complete detailed designs for key infrastructure items</p> <p>Complete plant earthworks and commence civil construction / pre-strip mining / tailings storage facility earthworks</p> <p><u>Exploration</u></p> <p>Soil sampling grids will be completed over BLEG gold anomalies west of the New Liberty deposit and west of the Mafa River. Trenching and geological mapping is planned on soil geochemical anomalies</p>
<p>Liberia</p> <p>Ndablama</p> <p>90%¹</p>	<p>Regional soil sampling on going with 1,765 samples collected in Q2 and 1,501 results received</p> <p>All cores from Phase 3 drilling at Ndablama were cut and sampled</p> <p>Geological surface mapping was carried out at Ndablama</p>	<p>Continue with soil sampling program to the far east and west of Leopard Rock</p> <p>Drill results to be analysed and grade and block model to be completed</p> <p>Phase 4 drilling to be planned using the grade and block model</p> <p>Mapping to continue to the north of Ndablama</p>
<p>Liberia</p> <p>Weaju</p>	<p>8,726 metres of phase one drilling completed</p> <p>694 soil samples collected</p>	<p>Assess data and define resource and prepare for next phase of drilling</p>

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Country, Project & Ownership	Q2 2013 Progress	2013 Plans
90% ¹	293 metres of trenching completed 3 pits completed	Metallurgical testing to be completed Local soil grids to follow up on BLEG and regional soils anomalies
Liberia Leopard Rock 100%	Geology surface map updated and connected to that of Ndablama	Phase 2 drilling plan to be executed in Q4 2013
Liberia Gondoja 90% ¹	No work was done in the quarter	
Liberia Koinja 90% ¹	Completed 5 trenches at Koinja with total length excavated of 649 metres All trenches sampled and 589 samples collected and sent to lab with 294 results received 4 trenches were logged and surveyed and maps produced	Continue with shorter trenches on specific areas Geological map to be produced from trench logs and augmented with surface mapping
Liberia Gbalidee 90% ¹	4 trenches completed for total length of 391 metres All trenches were sampled and 541 samples collected and sent for analysis 3 trenches logged and surveyed and maps produced	Continue with shorter trenches on specific areas Geological map to be produced from trench logs and augmented with surface mapping
Liberia Ndablama-North 90% ¹	Completed 5 trenches at Ndablama-North in for total length of 1,043 metres All trenches were sampled and 1,135 samples collected and sent for analysis All trenches were mapped, logged and surveyed and trench maps produced	Continue with shorter trenches on specific areas and interpretation of sample results Geological map to be produced from trench logs and augmented with surface mapping
Liberia Silver Hills 90% ¹	Regional soil sampling to the Western and Eastern blocks completed 7 infill soil lines done at Wanga 12 trenches completed in Wanga 6 at Belgium, 4 at Junction and 2 at targets 40 pits sampled and 5 trenches at the North Central zone grid were completed	Plan pits on Wanga-Belgium-Junctions target Plan a detailed 100 by 20 metres soil grid on Wanga main and southern anomalies Plan an infill 200 by 50metres soil grid at Wanga west and Jawajey Continue with detailed geological and structural mapping and test pits Design follow up extension trenching

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Country, Project & Ownership	Q2 2013 Progress	2013 Plans
Cameroon Batouri 100%	Geological mapping and rock sampling continued over the licence area Pitting completed over the licence with 17 pits for 119 metres at Adoumboun Historic drilling at Kambele is being re-logged.	Execute a ground geophysics survey at Amndobi Plan new drilling at Kambele and Amndobi Geological and structural mapping to continue

1. The Company currently owns 100% but the Government of Liberia is entitled to a 10% free carried interest.

2. PROJECTS

(A) NEW LIBERTY GOLD PROJECT, LIBERIA

Introduction

The key asset in the Aureus portfolio is the New Liberty Gold Project upon which the Company has completed a DFS and has commenced development. 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 a predominantly tarmac 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 25 years expiring on November 28, 2026, which may be extended for successive 25 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 km² area which encompasses the New Liberty Gold Project.

Reserve Estimate

In May 2013, the Company announced the completion of the DFS which resulted in the reserve for the New Liberty Gold Project increasing to 924,000 ounces grading at 3.4 g/t and identified areas of capital and operating cost savings.

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 six years averages 119,000 ounces per annum. All of the reserve at New Liberty is located within 220 metres of surface and is extractable by open pit mining methods.

The total reserve estimate of 8.5 million tonnes grading 3.4 g/t (for 924,000 ounces) is comprised of 0.7 million tonnes grading 4.4 g/t (for 99,000 ounces) in the proven category and 7.8 million tonnes grading 3.3 g/t (for 824,000 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.

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The reported reserve estimate is shown in the following table:

Reserve Classification	Tonnes (million)	Gold (g/t)	Gold (koz)
Proven	0.7	4.4	99
Probable	7.8	3.3	825
Total Proven and Probable	8.5	3.4	924

Notes

1. CIM definitions were used for mineral reserves
2. A cut-off of 0.8 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

Resource Estimate

A mineral resource estimate ("MRE") 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 438 holes for 65,276 metres 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 metres below surface. The inferred resource remains open at depth.

Mineral Resource	Tonnes (million)	Average Grade (g/t)	Contained Gold (koz)
Measured	0.7	4.77	100
Indicated	9.1	3.55	1,043
Subtotal M+I	9.8	3.63	1,143
Inferred	5.7	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

Definitive Feasibility Study

A DFS for the development of New Liberty was completed during Q2 2013. This study focussed on optimising certain aspects of the designs and processes for the New Liberty Gold Project following the completion of the feasibility study on October 1, 2012. The main conclusions from the DFS demonstrate a pre-tax IRR of 29% at a flat gold price of US\$1,400 / oz, average annual production of 119,000 oz per annum over the first six years at 3.6g/t head grade, with initial capital costs of US\$ 136 million.

In completing the DFS, Aureus was assisted by AMC Consultants (UK) Limited ("AMC"), DRA Mineral Projects (Pty) Ltd ("DRA") and Digby Wells (Pty) Ltd ("Digby Wells"). The DFS has been completed to within a ±10% cost accuracy based on firm tenders received from suppliers and contractors.

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Highlights of the DFS are:

- A technically feasible and economically robust project, with the following attractive economics based on a discount rate of 5%:

Gold Price (US\$/oz)	Pre-tax NPV (US\$M)	Post-tax NPV (US\$M)	Pre-tax IRR (%)	Post-tax IRR (%)	Capital payback (years)
1,400 flat	230	165	29	24	3.5

- Average annual gold production of 119,000 oz over the first six years at an average grade of 3.6 g/t with total gold production of 859,000 oz over the eight year, open pit, life of mine ("LOM")
- Life of mine ("LOM") operating cash cost will average US\$ 668 / oz using contract mining, a reduction of 2.5% versus the previous feasibility study
- Initial capital cost estimate of US\$ 136 million (excluding contingency), a reduction of 2.9% versus the previous feasibility study
- Total revenue is US\$ 1.2 billion and pre-tax cash flow of US\$ 353 million using a flat gold price of US\$ 1,400 / oz
- Pre-tax NPV of US\$ 166 million and an IRR of 23% at a flat gold price of US\$ 1,300 / oz
- Proven and Probable Reserve of 8.5 Mt at 3.4 g/t for 924 koz of contained gold, an increase of 1.6%

Development update for 2013

The main focus for the first half of 2013 was to progress with securing debt financing for the remaining capital cost and to optimise the different aspects of the designs and processes for the New Liberty Project. A detailed technical and financial due diligence has been undertaken on the DFS and the Company expects credit committee approval on the project finance facility in mid Q3 2013.

Optimisation work resulted in the relocation of the Tailings Storage Facility ("TSF") area and plant to more central positions south of the open pit and away from the creek diversion. The TSF now locates in a natural topographic bowl and requires only one dam wall. The Waste Rock Dumps ("WRD") have been redesigned to locate around the pit and this will assist with rehabilitation at mine closure. The relocation of the TSF and plant, redesign of the WRD and the significant reduction in cyanide consumption all mitigate against environmental risks.

Improvements in the plant design have resulted in much lower reagent consumptions and a reduction in the number of CIL tanks. The use of finer grinding and high shear with oxygen will facilitate steady state gold recoveries at an average of 93% for the first six years.

A total of 37 strategically located boreholes have been drilled and had casing and covers installed to enable water pumping tests and monitoring programmes to be undertaken. Water pumping tests will be completed by the end of July and the permeability of both deep and shallow holes have been tested. The results are being used to construct a detailed groundwater model and overall water management plan.

The pit design was optimised using more comprehensive and improved geotechnical data, surface water data and revised mining and production costs. This resulted in an increase in the ounces of gold and increase in the overall grade, and an optimised mining schedule was developed.

The Relocation Action Plan ("RAP") for relocating the 325 dwellings of Kinjor and Larjor, the two affected villages, to a new site and the Community Development Plan ("CDP") which aims to restore livelihoods, ensure food security and promote livelihood and enterprise development for those people impacted by the project, were both approved by the Government of Liberia in March 2013.

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The construction phase commenced in Q4 2012 and has progressed throughout 2013, specifically in respect of the early earthworks – this includes the shaping of the MCDC, bulk excavation of one of the cuts, shaping of the plant access road, shaping of the bottom spillway, primary and secondary crusher excavation at plant site and bush clearing and top soil clearing at the RAP village.

Plant commissioning and first gold production scheduled for December 2014.

Exploration

The main focus of Q2 2013 was to provide detailed information to support the due diligence exercise which entailed re-logging of cores as part of detailed structural and geotechnical studies.

Soil sampling grids have continued to be developed in the Western area of the mining lease, west of the Mafa River, covering a BLEG gold anomaly identified in Q1 2013.

Trenches have been dug over a number of other smaller soil gold anomalies around the New Liberty deposit and all have been sampled and mapped. The trenches expose deeply weathered gneisses, amphibolites and ultramafic units. Samples have been submitted for analysis in Monrovia.

(B) NDABLAMA GOLD PROJECT, LIBERIA

The Ndablama prospect is located in the northeast corner of the Bea MDA property and is approximately 40km 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.

Exploration activities at Ndablama include extensive trenching and diamond drilling. Phase one, two and three drilling programmes were completed in 2011, 2012 and 2013 respectively with a total of 54 diamond holes for 8,339 metres and 63 trenches for 3,967 metres.

To date all the holes have been logged. Core cutting and sampling was completed in Q2 with all 2,579 samples obtained sent to the laboratory. The phase three programme was primarily designed to test the down dip extension of the Main Zone over the 500 metres of strike. Phase three drilling also included three holes in the South East Zone and some infill holes in the Main Zone.

Drilling and trench results to date have outlined multiple gold intercepts associated with three mineralised zones referred to as the North Zone, Main Zone and South East Zone. In each zone the mineralised system strikes in a Northerly direction and dips westwards at shallow angles ranging between 30 and 45 degrees. The North Zone is outlined over 300 metres and hosts multiple zones of three to ten metres down to depths of 60 metres. The Main Zone has been defined for 500 metres and down dip for 150 metres and is open in all directions. Multiple mineralised intervals have been intersected with widths of three to over 40 metres. The South East Zone can be followed for 200 metres and hosts thin zones of three to 10 metres which can be traced down dip for up to 100 metres and are still open to the west.

The Ndablama target is similar in geology and style of gold mineralisation to Leopard Rock which locates 500 metres south of the South East Zone.

The diamond drilling cores outline a meta-volcanic package of ultramafic and mafic rocks. The mafic package consists of Amphibolite Schists and Gneisses which envelope a series of Ultramafic Schists. The Ultramafic rocks have been subdivided into magnetite rich and magnetite poor zones. The ultramafic and mafic rocks are located close to the contact with a large granitic batholith to the East. The Metavolcanic sequence has been intruded by granitic sills.

Gold intercepts occur at the contact between the mafic and ultramafic rocks, within altered ultramafics and in association with brecciated granitic intrusives. Gold mineralisation is associated with shearing, breccia's, disseminated sulphides and hydrothermal alteration. Pyrrhotite is the dominant sulphide mineral and occurs as

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disseminations throughout the mineralised zone. Alteration is consistently defined by silicification, Magnetite destruction, Phlogopite and Chlorite.

Phase three results show wider zones and higher grades than those reported in phases one and two and this is related to the intensity of deformation. In the east and closer to the granite contact the deformation is more intense and the highly sheared rocks display weaker mineralisation. As the drilling moves away from this contact and down dip the strain intensity decreases and in these less deformed areas the mineralisation is broader and the grade improves.

Alteration and shearing within the MZ are associated with multiple gold intercepts in each borehole. The closely spaced gold intercepts define a broad mineralised envelope of between 20 and 80 metres in true width.

Three holes were drilled into the SEZ and intercepted thin zones (3 to 10 metres) at vertical depths of 50 metres below the surface. Deformation is more intense at these depths within the SEZ.

Results for the 36 holes and all trenches have been reported on the Company website.

Exploration work at Ndablama has now stopped due to the onset of the rainy season. Geological and grade modelling will be undertaken to determine Resources and assess the potential of the Ndablama target. Geology and structural mapping is on-going and continued through Q2 of 2013 to update and extend the geology and structure to the new target area in the north of Ndablama.

(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. Previously 48 diamond drill holes were drilled at Weaju by Mano River during the period 2000 to 2005. Weaju has been subjected to intense artisanal mining activity.

On July 26, 2012, the Company announced settlement of Weaju legacy mining claims from the Weajue Hill Mining Corporation ("WHMC"). As part of the settlement, WHMC agreed to release all claims pertaining to the legacy mining rights covering 1.7km² of the total 457km² Class A Bea Mountain Mining Licence in Liberia and received an initial payment of US\$1.3 million and the share equivalent of US\$1.2 million in common shares of the Company. Upon the completion of a feasibility study for the Weaju project, WHMC will receive payments equivalent to US\$5 per ounce of measured, indicated and inferred resources, as disclosed in the feasibility study, within the claims area and the surrounding 200 metre perimeter ("Payable Area"). If commercial production is achieved within the Payable Area, WHMC will receive a one-time payment equivalent to 2.5% of the net present value (8% discount rate) of a project within the Payable Area, and also receive a 7.5% net profit interest ("NPI") on life-of-mine production within the Payable Area.

In November 2012 the Company commenced exploration activities at Weaju involving an airborne LiDAR survey, geological surface mapping, soil geochemistry for gold and a diamond drilling programme.

At the end of March 2013 the Company completed a phase one drilling programme of 62 holes for approximately 8,726 metres. Results from the first 47 holes from this programme were reported in March 2013.

The phase one exploration programme at Weaju was designed to determine the geometry and controls on gold mineralisation and to determine the potential for open pittable ounces. Results for 15 remaining holes were received during this quarter and have been posted on the Company's website.

The geology at the Weaju target consists of a sequence of folded ultramafic rocks which are enveloped by Archean gneisses and intruded by various generations of granite and pegmatite. This package of rocks has been subjected to shearing and folding which led to the gold mineralisation event. Gold is associated with disseminated sulphides and intense hydrothermal alteration involving silicification and the introduction of phlogopite, sericite, tourmaline and magnetite. The structure, alteration and mineralisation at Weaju are very

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similar in style to that developed at New Liberty, which is located less than 30km to the SW, suggesting that both deposits are related.

The gold mineralisation occurs on both north and south limbs of an asymmetrical synform (North and Main Zones) and within the fold closure (Creek and Ridge Zones). The North zone dip is variable due to folding and ranges from 40 to 70 degrees in the S-SW direction. The Main zone dips steeply at 50 to 60 degrees to the N-NW. The Creek and Ridge zones are linked by folding and locate in the nose of the synform. Dips are variable from shallow to steep. Gold mineralisation is all located at shallow levels from surface to 60 metres.

Drilling has outlined multiple gold intercepts within three zones namely the North Zone, the Main Zone, the Ridge and Creek Zone. In all three zones gold mineralisation locates within sheared and altered ultramafic rocks. Alteration is consistently defined by silicification and magnetite destruction. Alteration minerals include phlogopite, sericite and tourmaline. Gold is associated with disseminated pyrrhotite.

Drilling results confirm the presence of the North, Main and Creek/Ridge zones and suggest a potential cumulative strike of mineralised rock of over one kilometre.

The North zone has been defined with an east to west strike continuity of 400 metres and has been drilled down to a depth of 150 metres. It is still open in all directions. Gold intercepts vary in width from 1 to 18 metres and many holes have multiple intercepts. Higher grade zones are controlled by a 45 degree plunge to the SW.

The best main zone grades locate within the shallow oxidized horizon and within a SW plunging extension at depth. Mineralized bodies can be traced over a NE-SW strike of 200 metres and widths of between 1 and 19 metres.

The Ridge and Creek zones are mineralised bodies that are linked by folding and represent the fold nose of the Weaju synform. These zones have a shallow plunge to the WSW of about 20 degrees and can be traced to depths of 130 metres below surface in the down plunge direction.

Finally a full interpretation of all the data confirms the strong Westerly plunge control to the mineralisation in all three zones. The plunge direction is defined by the intersection of fold axes with shear zones.

In summary the Phase one exploration programme at Weaju has confirmed the mineralised systems at the North, Main and Creek/Ridge zones. Continuity of mineralisation is related to shallow dipping westerly and South Westerly plunges which are related to folding and shearing.

The Company has completed soil sampling for gold within a 2.8km² area surrounding the Weaju target. Gridding was on a line spacing of 100 metre with samples taken at 25 metre intervals on each line, with 1,029 samples analysed. A regional soil program was also completed with 694 soil samples taken on a regular spaced grid of 100 by 400 m sampling covering an area of 25 km² in Q2 2013. Results from this work has outlined a 1km SW extension to the Main zone as defined by anomalous gold in soil values ranging between 100ppb and 1.2 g/t gold. An eastwards extension of 200 metres has also been outlined in the fold nose area (Creek and Ridge zones) at similar levels of anomalism. Finally a potential westwards extension to the North zone has been identified on two soil lines. The soil results have been successful in outlining the potential size of the Weaju gold project which covers potentially double the area that has been drill tested.

Pitting and trenching programmes have been undertaken within the SW extension anomaly. The pitting results (14 pits) from in-situ soil materials range from values of 0.1 to 0.6 g/t. Similarly two trenches excavated into weathered rock highlight anomalous gold values in the range of 0.4 to 0.5 g/t. This surface prospecting work confirms that the soil anomaly is in-situ and not transported. After the rainy season this area will be followed up with fence line drilling to define additional, SW plunging, mineralised zones.

Exploration work at Weaju has now stopped due to the onset of the rainy season. Geological and grade

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modelling will be undertaken to determine Resources and assess the potential of the Weaju target.

A metallurgical test work programme is currently in progress to assess the amenability of this material to conventional CIL and gravity metallurgical recovery and to determine the rock hardness.

(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 licence area covering 89 km². The Archaean Gold exploration licence is contiguous with and immediately south of the Company's Bea Mountain mining licence 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.

During 2012 4,294 metres of diamond drilling was completed in the Phase one exploration drilling programme. Results from 27 diamond drill holes are available on the Company's website.

Gold mineralisation occurs within folded, deformed and metamorphosed ultramafic and mafic rocks along a North West trending shear zone. A geology and mineralization model was completed in 2012 using the recent drill and trench data. This was done to help aid further in exploration planning and understand the geology and structural setting of the area. Infill drilling program for phase two is planned for late 2013.

In 2012 a ground geophysical survey was completed in the gap between Leopard Rock and Ndablama covering an area of 1.65km². The geology and structural map was updated for the gap area between Leopard Rock and Ndbalama from mapping done this quarter.

Regional soil sampling program was completed on the far west of Leopard Rock (Yambesei grid) with 41 km of line cutting and 702 samples collected this quarter. The grid far east of Leopard rock (Gbama grid) produced 1,063 soil samples with 43 km of lines cut in Q2. To date, 219 km of line was cut and 3,500 soil samples were taken from both grids. Line cutting and soil sampling will be continued for the far-east (Gbama) region of Leopard rock . A regolith map was created from the soil logs to guide future work planning.

(E) GONDOJA, LIBERIA

The Gondoja gold target is located 10km NE of Leopard Rock and 45km ENE of New Liberty. The area was previously explored by Mano River in 1999 to 2000 and results from seven trenches and four drill holes were reported in 2000. The trench results showed grades of between 1 and 2 g/t over wide widths of 20 metres to 64 metres. Five diamond drill holes were drilled in various orientations with a best intercept of 30 metres grading 3.9 g/t.

The Company's exploration teams undertook geological mapping, trenching and diamond drilling programmes in 2012. A total of seven trenches were excavated for 577 metres and a diamond drilling programme was completed involving 13 holes (2,699 metres).

Gold mineralisation at Gondoja locates at the sheared contacts between ultramafic and metabasalt rocks and is associated with disseminated arsenopyrite and pyrrhotite and silica-sericite-carbonate alteration. All results from the previous and current trenching and drilling programmes have been reported on the Company website.

A broad zone of shearing has been mapped for 600 metres in an ENE to WSW orientation. The borehole and trench results outline multiple intercepts over 500 metres and appear to close off the mineralisation to the ENE. The mineralised system is still open to the WSW and at depth. A preliminary geology and ore model was completed in 2012.

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Gold in soil anomalies have been defined for over four kilometres in a NE-SW direction in this area. At the Gbalidee target, located two kilometres SW of Gondoja, four trenches for 235 metres and five diamond drill holes were also completed in 2012. The geology of Gbalidee is very similar to Gondoja.

A structural and alteration re-log was carried out in late 2012. The logs will aid in the review of the models to identify the characteristics of the gold mineralisation so that a phase two drilling program can be developed.

(F) NDABLAMA NORTH, KOINJA, AND GBALIDEE, LIBERIA

A 13 kilometre by 2 kilometre geochemistry survey demarcated a continuous zone of gold in soil anomalies with values up to 6 g/t. This work outlined multiple targets which required follow up trenching and drilling programmes.

The three areas of focus for Q2 2013 were targets called Ndablama North, Koinja and Gbalidee.

Fourteen trenches totalling 2,083 meters were excavated on the corridor at Ndablama North, Koinja and Gbalidee and 2,265 samples were collected and sent to Lab for analysis. By the end of the quarter, 1,429 results were received. The rest of the results are awaited and will be processed for a follow-up work on the corridor in Q4 2013. To date less than 15% of the gold corridor has been drill tested.

(G) SILVER HILLS, LIBERIA

The Silver Hills deposit is situated approximately 13 kilometres north east of the New Liberty Gold Project. There has been artisanal activity in the past. Lithology consists mainly of granite biotite gneisses, BIFs, ultramafics and amphibolite talc sercite schists. Quartz veins occur at the contact of the granitic gneisses and the ultramafics. The rocks appear to be folded and sheared.

Historical soil sampling and trenching was done over the Silver Hills area. A review of the historical soil data was undertaken in Q1 2013 and it clearly defined anomalous zones in the Central block. A lithological sampling and a structural mapping exercise was started in Q1 2013 and continued through to Q2 2013.

During the current quarter the regional soil program was completed both at the eastern and western blocks. In the western block, a soil grid at 400 metres by 100 metres spacing was completed and in the eastern part 800 metres by 100 metres spacing lines were completed. The soils lines were new lines done with some done in between the historical soil lines.

An infill soil grid was also undertaken at the Wanga target which is part of the western block. In the Central zone five soil lines were extended to cover the northern granite contact. Three repeat lines were also completed against the old historical lines to confirm the anomalies.

The pitting program in the Northern central zone was completed in Q2 2013 for 60 pits. Anomalous results were followed up by trenching (five trenches).

A trenching program was also undertaken at Wanga, Belgium and Junction target with 12 trenches excavated.

Soil results are anticipated to be reviewed in Q3 2013 in relation to the western part. Results for pits and trenches from Central zone are also pending and once received they will be reviewed and follow up work will be planned accordingly for Q4 2013.

Due to the large area of Silver Hills, it is being prioritised based on anomalous zones with further detailed work focused on those zones initially. The potential of the Wanga-Belgium-Junction mineralised structure may be investigated by detailed mapping followed by trenching.

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The Northern central zone reveals more than 600 metres open potential and additional pitting, trenching is planned for that target. The future plan is to plan infill soils in the eastern part and a plan a new regional soil grid north of the project.

(H) CAMEROON

The Batouri licence is located 436km east of Yaoundé, the administrative capital of Cameroon. The licence is a window of the Pan-African north equatorial fold belt composed of Paleo-Proterozoic and Neoproterozoic series and known as a result of collision between West African craton and Congo craton. The region is affected by the Central African Shear Zone system generally following NE-SW trend, and along which syn to post-tectonic granitoid plutons are common. The auriferous zones within the granite are considered to be controlled by the shear zone.

The Batouri project is defined by three prospects; Kambele (3.5km long), Dimako-Mongonam (3.5km long) and Amndobi (5km long) due to the presence of artisanal workings and gold in soil anomaly trending in a north-south direction.

Field work recommenced in early 2012 with soil sampling, trenching, pitting and geological mapping programmes undertaken over the strike extents of Amndobi, Kambele and Dimako prospect areas. Infill soil sampling programs at 100 metres by 50 metres grid spacing at south of Amndobi and south west of Batouri concession were completed. Results from soils analyses shows there is a likely structured (NS to NNE) gold in soil anomaly which might be concordant with NS to NNE structures. A trenching program was completed at Amndobi with seven trenches dug for 646 metres.

17 pits were excavated in Q2 2013 to define the mineralisation in saprolite and understand the geological setting over the licence with 291 pits dug to date for 1,746 metres and 1082 samples over 3 prospects: Amndobi (188 pits), Kambele (24 pits) and Adoumboun (79 pits).

The exploration program targeted shear hosted quartz vein breccia zones with associated altered wall rock and intrusive porphyry system.

A re-logging exercise of the Kambele historical drilling is currently underway and a grade model of the Kambele prospect is planned for Q3 2013. A ground IP or ground magnetic survey is planned to be conducted at the Amndobi prospect followed by a first pass RC drill program.

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3. SUMMARY OF PERFORMANCE

(A) SUMMARY OF SELECTED QUARTERLY FINANCIAL INFORMATION

US\$'000 except loss per share	Quarter ended June 30, 2013	Quarter ended March 31, 2013	Quarter ended December 31, 2012	Quarter ended September 30, 2012
Income / (loss) for the quarter	(609)	(907)	458	(523)
Basic & diluted (loss) income per share	(0.003)	(0.004)	0.003	(0.004)
Total comprehensive income / (loss) for the quarter	(1,143)	(845)	214	(679)
Total assets	152,293	153,843	153,122	78,590
	Quarter ended June 30, 2012	Quarter ended March 31, 2012	Quarter ended December 31, 2011	Quarter ended September 30, 2011
Loss for the period	(4,915)	(895)	(729)	(3,780)
Basic & diluted loss per share	(0.041)	(0.008)	(0.006)	(0.032)
Total comprehensive income / (loss) for the quarter	(6,799)	1,043	(1,311)	(4,673)
Total assets	78,968	83,527	82,390	83,899

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

(B) RESULTS OF OPERATIONS

(i) CONSOLIDATED STATEMENT OF INCOME

Quarter ended June 30, 2013

The comprehensive loss for the quarter ended June 30, 2013 was US\$ 1.1 million, compared to a loss of US\$ 6.8 million in the quarter ended June 30, 2012. The variation in quarterly income/loss and comprehensive income/loss is predominantly due to an impairment charge on the Sonfon project in the comparative quarter, a fair value gain on the Company's outstanding warrant derivative liability and fair value adjustments to the Company's investment in Stellar Diamonds and foreign exchange variances.

The comprehensive loss for the quarter ended June 30, 2013 is predominantly due to on-going corporate expenses, a share based payment charge of US\$0.2 million (Q2 2012 – US\$ 0.2 million), a fair value loss on the Company's investment in Stellar Diamonds of US\$ 0.5 million (Q2 2012 – US\$ 2.0 million), offset by a fair value gain on the warrant derivative liability of US\$ 0.6 million (Q2 2012 - nil).

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Legal and professional expenses totalled US\$ 0.3 million (Q2 2012 – US\$ 0.2 million). The increase is predominantly due to legal fees incurred on the project financing and increased corporate consulting.

The share based payment charge relates to the vesting schedule of options issued in 2012 and Q1 2013. No new options were issued in the quarter ended June 30, 2013.

Other expenses of US\$ 0.5 million (Q2 2012 - US\$ 0.4 million) include stock market costs of US\$ 35,000, office rental and management costs of US\$ 100,000, travel and subsistence expenses of US\$ 122,000, conferences, marketing and public relations costs of US\$ 117,000 and general and administrative costs of US\$ 83,000.

The foreign exchange gain for the quarter ended June 30, 2013 was US\$ 0.1 million (Q2 2012 – loss of US\$ 0.6 million). The gain predominantly represents the appreciation of the company's UK Sterling denominated cash balances and is largely unrealised.

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

Statement of financial position at June 30, 2013

Intangible assets of US\$ 21.4 million as at June 30, 2013 (December 31, 2012 US\$ 16.3 million) relate to deferred exploration and evaluation costs incurred on the Company's projects. Additions to intangible assets in the six months to June 30, 2013 were US\$ 5.1 million (six months to June 30, 2012 - US\$ 10.7 million) and predominantly related to the diamond drilling programmes at the Weaju and Ndablama projects.

Property, plant and equipment ("PPE") of US\$ 69.8 million as at June 30, 2013 (December 31, 2012 \$ 52.8 million) relates predominantly to mining and development costs on the New Liberty Project. An additional US\$ 17.2 million was capitalised to New Liberty mining and development costs during the six month period which includes costs incurred on earthworks (US\$ 7.8 million), geotechnical, sterilisation and hydrological drilling (US\$ 0.9 million) performed as part of the Project optimisation work, consultants including EPCM contractor (US\$ 5.0 million) and capitalised wages and salaries (US\$ 1.3 million)

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 US\$ 0.5 million at June 30, 2013 (December 31, 2012 US\$ 1.3 million). Changes in fair value are recorded in other comprehensive income.

Trade and other receivables of US\$ 6.7 million as at June 30, 2013 (December 31, 2012 US\$ 3.4 million) includes an advance payment of US\$ 6.1 million to the Company's earthworks and civils contractor. The Company has a performance bond covering the prepaid amount.

Current liabilities of US\$ 5.6 million as at June 30, 2013 (December 31, 2012 US\$ 5.0 million) includes US\$ 5.4 million of accruals and trade payables arising predominantly from exploration and development activities.

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, 2013 the Company had cash and cash equivalents of US\$ 53.9 million included within the working capital balance of US\$ 55.0 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 (99.9%) of the Company's cash and cash equivalents are invested with a leading multi-national bank with a Standard & Poor's A+ credit rating.

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Cash Flows for the six months ended June 30, 2013

Net cash used in operations amounted to US\$ 3.0 million for the six months ended June 30, 2013 (six months ended June 30,2012 - US\$ 2.5 million) and is due predominantly to corporate expenses, movements in working capital and realised foreign exchange gains/losses.

Net cash used in investing activities was US\$ 22.4 million for the six months ended June 30, 2013 (six months ended June 30,2012- US\$ 10.3 million) and predominantly relates to deferred exploration drilling and development expenditure on the New Liberty Project.

Net cash proceeds from financing activities were US\$ 0.1 million for the six months ended June 30, 2013 (six months ended June 30,2012 - US\$ 1.1 million) relating to the exercise of stock options.

In the six months ended June 30, 2013, the Company issued 205,625 new common shares following the exercise of share options at a weighted average exercise price of C\$ 0.58 raising proceeds of US\$ 0.1 million.

(C) OTHER INFORMATION

(i) Outstanding share data

	Shares	Amount US\$'000
Balance at December 31, 2011	117,829,802	39,065
Shares issued on Weaju settlement	1,550,930	1,202
Share issued on prospectus offering and private placement	99,700,000	75,789
Share issue costs	-	(4,391)
Exercise of stock options	2,154,311	1,312
Balance at December 31, 2012	221,235,043	112,977
Exercise of stock options	205,625	121
Balance at June 30, 2013	221,440,668	113,098

As at August 6, 2013 the Company had 221,440,668 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, 2013, the Company incurred management and office service fees of \$77,000 (period ended June 30, 2012, \$90,000) payable to Afferro Mining Inc., a company with two common Directors, and environmental consulting fees of \$179,798 (period ended June 30, 2012, \$51,512) payable to a company with a common Director. The payable to related parties as at June 30, 2013 was \$159,820 (December 31, 2012, \$484,926).

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(iv) Off balance sheet arrangements

Other than the NPI interests disclosed in Section 2(c), 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 and Cameroon. 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 development (New Liberty);
- Liberia exploration;
- Cameroon exploration; and
- Corporate.

Following is an analysis of the Group's results, assets and liabilities by reportable segment for the three month period ended June 30, 2013:

	Liberia development (New Liberty)	Liberia exploration	Cameroon exploration	Corporate & other	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Loss/(gain) for the period	-	34	-	575	609
Segment assets	74,846	17,183	5,623	54,641	152,293
Segment liabilities	3,665	1,136	11	812	5,624
Depreciation of property, plant and equipment	-	70	10	14	94
Capital additions					
– property, plant and equipment	9,040	32	4	4	9,080
– intangible assets	-	1,855	173	-	2,028

(viii) Critical accounting estimates

In the application of the Company's accounting policies, as disclosed in note 3.14 of the Company's last annual financial statements, management is 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.

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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 and development 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 makes 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, or to the SGS assay facility in Monrovia, 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

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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'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.

There have been no changes in the Company's internal control over financial reporting during the quarter ended June 30, 2013 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

7. OUTLOOK

The Company has now completed its optimisation studies and has published a definitive feasibility study, has recruited a strong and well established mine construction team and has received all necessary permits for development of the New Liberty Gold Project.

The New Liberty Project is advancing rapidly, with civils and earthworks continuing in line with schedule. The first stage of the creek diversion has been completed and the village relocation is progressing well. The ball mill has been ordered and the EPCM consultants are performing detailed plant design with plant construction scheduled to commence later in the year. Aureus remains on track to achieve first gold production in Q4 2014.

Following mandating Nedbank and Rand Merchant Bank to provide a project finance facility detailed due diligence commenced. This has now been completed and the Company expects loan documentation to be finalised in early Q4 2013 with first loan draw-down shortly thereafter.

Management believes that there is significant further exploration potential in Liberia and Cameroon. Exploration programmes continue in Liberia with analysis and licence wide generative studies being performed over the wet season. Recently announced drilling results from Ndablama are very encouraging. In addition, generative studies continue at the Company's prospects in Cameroon with the intention to begin a drilling campaign later this year.