

AUREUS MINING INC.

**Management's Discussion and Analysis
For the quarter ended March 31, 2016**

AUREUS MINING INC.
Management's Discussion and Analysis
For the quarter ended March 31, 2016
(stated in US dollars)

The following discussion is management's assessment and analysis of the operating results and financial condition and future prospects of Aureus Mining Inc. (the "Company" or "Aureus" or "Aureus Mining") prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, and should be read in conjunction with the accompanying consolidated financial statements and related notes for the three months ended March 31, 2016. This management discussion and analysis has been prepared based on information available to the Company as at May 12, 2016. 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 a West African focused gold producer engaged in the exploration, development and operation of gold mining assets. The Company's main asset is the New Liberty Gold mine located within the licence area subject to the Bea Mountain Mineral Development Agreement in Liberia, West Africa (the "New Liberty Gold Mine"), which has a proven and probable reserve of 924 koz grading 3.4 g/t, a measured and indicated reserve of 1.143 Moz grading 3.6 g/t, and an inferred reserve of 593 koz grading 3.2 g/t. The Company has an aggregate exploration portfolio of 1,683 km² located on major gold bearing structures having a total resource base of 2.8 Moz grading 2.5 g/t (1.5 Moz grading 2.7 g/t measured and indicated and 1.3 Moz grading 2.2 g/t inferred). The Company is listed on the Toronto Stock Exchange (the "TSX") (Ticker AUE) and the AIM Market of the London Stock Exchange (the "AIM") (Ticker AUE).

(B) VISION

The vision of Management is to advance the Company into an African mid-tier gold producer with a brand recognised for sustainability, innovation and strong relationships with the local communities. Aureus' mission is to create value for all stakeholders by:

- producing profitable gold ounces from New Liberty Gold Mine and any other mines that are successfully developed;
- increasing our resources and expanding our project pipeline; and
- strengthening and leveraging our exploration, development and production teams.

Aureus intends to achieve these objectives while adhering to the Company's values and maintaining good corporate governance. Management endeavours to maintain and develop local stakeholder support through the Company's employment and training practices and through its sustainability initiatives.

(C) KEY STRENGTHS

Aureus' key strengths are detailed as follows:

A Strong Portfolio of Assets

The Company has a strong portfolio of gold assets which includes:

- The New Liberty Gold Mine in Liberia has a NI 43-101 - *Standards of Disclosure for Mineral Projects* ("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

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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, including: (i) the Ndablama Project with a NI 43-101 compliant resource estimate comprised of 7.6 million tonnes grading 1.6 g/t for 386,000 ounces in the indicated category, 9.6 million tonnes grading 1.7 g/t for 515,000 ounces in the inferred category; and (ii) the Weaju Project (as defined below) with a NI 43-101 compliant resource estimate comprised of 2.7 million tonnes grading 2.1 g/t for 178,000 ounces in the inferred category.

Experienced Board

Management believes that the current board of directors of the Company (the "Board") has extensive experience with mining operations in Africa and advancing projects from development through to production. Management further believes that the Board is well balanced and a gender diversified representation of directors with operational, corporate, environmental and financial backgrounds. The majority of directors are "independent", as such term is defined under Canadian securities laws.

Technically Strong

The Company has experienced production and exploration teams in the countries in which it operates, who have an understanding of the geological settings and have 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.

2. PROJECTS

(A) NEW LIBERTY GOLD MINE, LIBERIA

Introduction

The key asset in Aureus' portfolio is the New Liberty Gold Mine, which declared commercial production on March 1, 2016. The New Liberty Gold Mine is a greenfield development and has the advantage of being easily accessible from Monrovia, Liberia's capital city which is also home to Liberia's main commercial port facility. A tarmac road predominately covers the 100 kilometre route from Monrovia to the New Liberty Gold Mine which provides excellent all year round access.

The Company holds its interests in the New Liberty Gold Mine through its subsidiary Bea Mountain Mining Corporation ("Bea"). In September 2013 the Government of Liberia ("GoL") ratified a Restated and Amended Mineral Development Agreement ("Restated and Amended MDA") for the Bea Mining Licence (as defined below), which covers 478 km² and includes the New Liberty Gold Mine along with the Ndablama Project (as defined below), Silver Hills, Gondoja, the Weaju Project (as defined below) and Leopard Rock exploration targets.

On July 29, 2009 Bea was granted a Class A Mining Licence ("Bea Mining Licence") within the Bea Mountain Mineral Development Agreement property (the "Bea MDA Property") by the GoL. The Bea Mining Licence permits mining within the 478 km² area which encompasses the New Liberty Gold Mine. The GoL holds a 10% free carry interest in the Bea Mining Licence.

Reserve Estimate

In May 2013, the Company announced the completion of the DFS which included an increased reserve estimate for the New Liberty Gold Mine of 923,716 ounces grading at 3.4 g/t as well as identified areas of capital and operating cost savings.

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The study focused on the open pitable portion of the New Liberty Gold Mine and assumed that conventional open-pit gold mining techniques would be employed. The mine plan contained in the DFS depicts an average annual production rate of 1.1 million tonnes of ore over an eight year production life.

The total reserve estimate of 8.5 million tonnes grading 3.4 g/t (for 923,716 ounces) is comprised of 0.7 million tonnes grading 4.4 g/t (for 99,470 ounces) in the proven category and 7.8 million tonnes grading 3.3 g/t (for 824,246 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.

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

New Liberty Gold Mine Resource Estimate

A mineral resource estimate ("MRE") was undertaken by AMC Consultants UK Limited ("AMC") in accordance with the requirements of NI 43-101. The MRE incorporates all of the results from drilling as at April 4, 2012, being 438 holes for 65,187 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
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Operational review for the quarter ended March 31, 2016

Operating data	Unit	Post commercial production	Three months ended Mar 31	
		Mar 1 - Mar 31 2016	2016	2015
Ore mined	Kt	71	264	36
Waste mined	Kt	603	1,707	2,180
Total mined	Kt	674	1,971	2,217
Strip ratio	waste:ore	8.4	6.5	59.9
Ore milled	t	83,745	252,578	n/a
Feed grade	g/t Au	3.1	3.0	n/a
Recovery	%	89	85	n/a
Gold ounces produced	oz	8,053	22,706	n/a
Gold ounces sold	oz	6,612	19,249	n/a
Average realised price	US\$/oz	1,248	1,198	n/a
Operating cash cost	US\$/oz sold	1,034	n/a	n/a
All-in-sustaining cash cost	US\$/oz sold	1,153	n/a	n/a

Note

1 - Operating cash cost and all-in sustaining cash cost are non-GAAP financial performance measure.

Refer to the "non-IFRS Financial Measures" section for a reconciliation of these amounts. Cash costs are presented post declaration of commercial production.

During Q1 2016, mining operations continued to progress at New Liberty with 1,971,461 tonnes mined during the period, including 263,998 tonnes of ore at a grade of 3.32 g/t au. Excavation work continued to focus on the flood bund along the south of the final pit limit to prepare for the rainy season with an additional 453,648 tonnes of material moved during the quarter. Mining operations were focused upon both the Kinjor and Larjor starter pits and opening access to fresh rock before the onset of the wet season in late Q2 / early Q3 2016.

Mining during the period was hampered by low excavator availability due to undercarriage problems with both the Komatsu PC1250 and PC2000 excavators. Replacement undercarriages for both excavator units were sourced and shipped to New Liberty during March 2016. To improve production levels at New Liberty five new 100-tonne capacity Komatsu HD785 rigid haul trucks and one PC1250 excavator were delivered to New Liberty in April 2016 and mobilised ready to commence mining operations during May 2016.

During the period, process plant optimisation activities continued with a particular focus on improving the recoveries from the gravity circuit and in delivering operational improvements in CIL leach kinetics. Additionally, preventative maintenance activities were undertaken around the process plant with a view to improve plant availability. These activities resulted in more stable operating conditions being experienced in the process plant towards the end of the quarter.

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As a part of these optimisation activities, a fresh carbon supply was introduced into the Carbon in Leach ("CIL") tanks of the process plant. This resulted in an increase in overall gold recovery to levels in line with overall plant operating specifications of approximately 90% recovery.

As a result of plant operations moving into line with both original design specifications and management expectations, commercial production was declared at the New Liberty Gold Mine, effective March 1, 2016. Over the preceding 60 days of operations prior to the declaration of Commercial Production, the process plant achieved an average of 88% of design throughput capacity. In February 2016, plant throughput totalled 90,099 tonnes of ore milled resulting in the recovery of over 9,000 ounces of gold.

Gold sales for March 2016, the first month of commercial production, were 6,612 ounces. Gold sales were impacted in March due to the restrictions on transporting gold through Brussels airport following the terrorist attacks, as such 3,458 ounces of gold equivalent doré remained on the balance sheet at quarter end. This doré was shipped via a different route on April 1, 2016. Operating cash costs for March 2016, following the declaration of commercial production were \$1,034 per ounce sold and all-in sustaining cash costs were \$1,153 per ounce sold. Cash costs were above budget predominantly due to the low mining rates in the February and March which resulted in higher mining unit costs.

During the quarter, 252,578 tonnes of ore were milled at an average feed grade of 3.01g/t, resulting in the production of 22,706 ounces of gold during the period first quarter of 2016. Gold sales for the first quarter of 2016 were 19,249 ounces which generated sales revenue of \$23.1 million. The average realised gold price for the quarter was \$1,198 per ounce.

The Company announced on May 10, 2016 that the process plant detoxification circuit has not been operating to original design specifications resulting in higher concentrations of cyanide WAD (weak acid dissociated cyanide) in the process effluent. The Company had therefore been operating with process water in a closed circuit (zero discharge from the Tailings Storage Facility ("TSF")). Recent heavy rainfall inadvertently resulted in a small overflow of effluent from the TSF onto the wetlands area (within the mining lease area). Aureus is conducting remediation work to rectify the issues in the detoxification circuit and to manage future water discharge from the TSF in order for processing operations to recommence in the near future.

The Company's investigations to date indicate that there has been no adverse impact on any human settlement as the discharge took place within the mining lease and some five kilometres from the nearest settlement. However, further investigations are in progress and in view of this leakage, a decision was taken to suspend processing operations on May 7, 2016.

SRK Consulting (UK) Limited ("SRK"), are on site at New Liberty assisting Aureus engineering staff with the evaluation of the adjustments to be made to the waste neutralisation section of the detoxification circuit and the management of water discharge from the TSF in order for processing operations at New Liberty to recommence.

Aureus and Bea are co-ordinating work with the Environmental Protection Agency of Liberia ("EPA") and the Ministry of Lands, Mines and Energy ("MLME") and local downstream communities in order to mitigate against any environmental related risks. The EPA is in the process of reviewing and approving the proposed remediation work required to rectify the detoxification circuit and to manage future water discharge from the TSF. Approval from the EPA and MLME is required before gold processing operations can recommence and the Company is working hard, in consultation with stakeholders, to develop a start-up plan to recommence processing as soon as possible.

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During this temporary suspension of processing operations, the Company is taking the opportunity to effect a mill reline, undertake other preventative engineering maintenance and repairs (all of which were previously scheduled) as well as modifications to the detox circuit proposed by the expert consultants. Furthermore mining operations are continuing at New Liberty in order to build up ore stockpiles and undertake waste stripping.

Throughout the period, the Company worked alongside its consultant, SRK, to develop and explore several Life of Mine ("LoM") options for New Liberty at various gold price scenarios. As part of this, SRK developed an updated orebody model for the Project, taking into account the additional information provided by the grade control drilling that was completed at the Project throughout 2015, prior to mining. This updated model is being used to undertake a pit optimisation exercise to develop the most economic ultimate pit –shell, pit phase and ramp design for the Project at a number of gold price scenarios. Following the completion of this, the Company will select a final updated mine plan for the New Liberty Gold Mine that is more suited to the prevailing gold price environment and will take into consideration the current shortfall in waste mined compared to the original mine plan.

Exploration

During Q1 2016, exploration work focused on the near mine potential around the New Liberty Gold Mine, with pitting and regolith mapping around the western portion of the Bea Mining Licence. This work aimed to test for concealed mineralisation along major and secondary structures close to the New Liberty Plant.

Much of the soil sampling around the New Liberty Gold Mine has been found to be in residual or depositional regimes and therefore pitting is needed to reach the saprolite sections. Pitting has been undertaken in order to check underneath these regimes and sample representative saprolite. The focus of this work is along major and secondary structures identified by geophysics.

The results from some of the pits along major structures have shown that there are some indicators of gold mineralisation which soils sampling did not detect. Further pitting is ongoing to follow this gold anomalism and define targets for further work.

Other areas of structural and regolith interest have been selected for detailed regolith and geological mapping in Q2 2016.

(B) NDABLAMA GOLD PROJECT, LIBERIA

The Ndablama gold project (the "Ndablama Project") is located in the north-east corner of the northern block of the Bea MDA Property and is approximately 40 km north-east of the New Liberty Gold Mine. The Ndablama Project is defined by the presence of extensive artisanal mining activity and a 2 km gold in soil anomaly which trends in a north-south direction.

In December 2014 an updated Mineral Resource of 386,000 oz at 1.6 g/t gold Indicated and 515,000 oz at 1.7 g/t gold Inferred was estimated at a 0.5 g/t cut off. The Ndablama Project resource estimate was prepared by AMC Consultants (UK) Limited in accordance with the requirements of NI-43-101.

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Mineral Resource	Tonnes (million)	Grade (g/t)	Contained Gold (koz)
Indicated	7.6	1.58	386
Inferred	9.6	1.70	515

- (1) Mineral Resources for the Ndablama deposit are reported at a cut-off grade of 0.5 g/t Au.
- (2) Resources are reported to a conceptual open pit based on \$1,700 per ounce gold.
- (3) The effective date of the deposit mineral resource estimates is December 1, 2014.
- (4) Mineral Resources in this resource statement are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
- (5) Totals and average grades are subject to rounding to the appropriate precision.

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

Metallurgical testing undertaken during 2014 at the Ndablama Project gave overall gravity plus CIL gold recovery of between 91% and 96% for the sulphide composites from head grades of 1.4 to 2.7 g/t gold. The oxide ore gave overall gravity plus CIL gold recovery of between 96% - 97% from a head grade of 0.8 g/t gold. Sulphide ore total gravity gold recovery on the various composites gave test work recoveries of between 66% and 72%.

Throughout the quarter, pitting on additional soil anomalism was undertaken to the south and to the west in order to gain a better understanding of the geology of the area and testing additional areas of mineralisation which have not been previously identified.

(C) WEAJU GOLD PROJECT, LIBERIA

The Weaju Project (the "Weaju Project") is situated 30 km east-north-east of the New Liberty Gold Mine at the eastern end of the Bea Mountain ridge. Previously 48 diamond drill holes were drilled at the Weaju Project by Mano River Resources Inc. ("Mano River") during the period 2000 to 2005. The Weaju Project has been subjected to intense artisanal mining activity.

In November 2013 an inferred mineral resource of 178,000 ounces at 2.1 g/t Au was estimated using a 1.0 g/t cut-off grade. The Weaju Project resource estimate was prepared by AMC Consultants (UK) Limited in accordance with the requirements of NI 43-101.

Mineral Resource	Tonnes (million)	Grade (g/t)	Contained Gold (koz)
Inferred	2.7	2.1	178

- (1) Mineral Resources for the Weaju deposit are reported at a cut-off grade of 1.0 g/t Au
- (2) The effective date of the Weaju gold deposit mineral resource estimates is November 11, 2013
- (3) Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues
- (4) The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as indicated and measured mineral resources
- (5) Totals and average grades are subject to rounding to the appropriate precision

In Q1 2016 mapping along the southwest of the Weaju Project show the potential to increase the strike of mineralisation for another 800 m to the southwest. Further mapping and sampling will be done going forward to better define the surface expression of mineralisation.

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(D) LEOPARD ROCK, LIBERIA

As announced on May 11, 2015 the Bea Mining Licence was enlarged to include the Leopard Rock gold target ("Leopard Rock") immediately south of the Bea Mining Licence and hosts the south eastern extension to the gold bearing rocks associated with the Ndablama Project. The shear structure hosting the Leopard Rock target can be traced in the north-west to the Ndablama Project over a distance of 3 km.

To date, 4,294 metres of diamond drilling has been completed and results from 27 diamond drill holes are available on the Company's website.

Leopard Rock South is a continuation of the Leopard Rock projection, and is identified by a series of gold anomalies to the south and west of Leopard Rock. Pitting has been undertaken to test the surface continuation of mineralisation following on from detailed mapping of the Ndablama Project the results of which will enable further follow up work in Q2 2016.

(E) GONDOJA, LIBERIA

The Gondoja gold target ("Gondoja") is located 8 km north-east of the Ndablama Project and 45 km east-north-east of the New Liberty Gold Mine.

Gondoja was mapped in detail as part of a campaign to map the Yambesei shear zone, this has enabled the tracing of mineralisation at surface and put the soil anomalies into a geological context. Further pitting to follow the mineralisation along the shear zone was started in Q1, this will continue into Q2 2016.

(F) KOINJA, GBALIDEE, MUSA AND WELINKUA, LIBERIA

The Koinja target ("Koinja") and the Gbalidee target ("Gbalidee") are located on the Yambesei shear zone and are part of an 8 km continuous zone of gold in soil anomalies that extends up to the Welinkua target ("Welinkua"), a target located to the north-east of Gondoja and Musa. Mineralisation is located within sheared mafics and ultramafics located between granites and can be followed over a strike length of more than 3.8 kilometre which remains open at both ends.

Detailed mapping of the 8 km extent of the Yambesei shear zone was completed during Q4 2015. Pitting along the entire length of the Yambesei shear was started in Q1 2016 and has been completed over Gondoja, Musa and Gbalidee. Further pitting will be undertaken in Q2 focusing on Welinkua and Koinja.

(G) SILVER HILLS, LIBERIA

The Silver Hills targets ("Silver Hills") are situated approximately 13 km north-east of the New Liberty Gold Mine. There has been artisanal activity in the past. Lithologies consist mainly of granite biotite gneisses, itabarites, ultramafics and amphibolite talc sericite schists. The mineralisation is related to zones of silicification occurring within amphibolites.

Work focused on the Belgium target during Q1 2016 with pitting and mapping having increased the strike extent of mineralisation to 1 km. This mineralisation which is highlighted by a north-east trending shear has the potential to extend over 3 km up to the Bruges target located in the north-east. Detailed soils sampling and pitting was undertaken during the quarter connecting Belgium target to Antwerp. Channel samples highlighted the potential for high grade zones, associated with intense silicification and shearing. Further pitting, mapping and soils work is ongoing at this target to further trace the mineralisation along strike.

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(H) MATAMBO CORRIDOR, LIBERIA

During Q4 2015, the Company entered into an agreement to acquire Sarama Investments Liberia Limited ("Sarama") which holds three Liberian exploration licences. These licences, referred as to Cape Mount West (116.6 km²), Cape Mount (96.6 km²) and Cape Mount East (67.7 km²), are contiguous to the Bea Mining Licence and are located close to the New Liberty Gold Mine. Following the completion of the acquisition in January 2016, the Company holds 100% ownership of the licences and the Company's total land portfolio within Liberia has increased to 1,683 km² from 1,402 km².

Cape Mount and Cape Mount East licences host a 15 km gold in soil anomaly. Prior to entering into the agreement with the Company, Sarama conducted a US\$ 1.8 million exploration programme over the licence areas starting with an airborne geophysics survey followed by regional soil sampling. This programme led to the identification of the 15 km gold in soil anomaly that straddles the two licences and that corresponds to the westerly extension of the Bea Mountain Greenstone Belt, the "Matambo Corridor". This Belt is interpreted as being folded over the licence areas with the southern limb corresponding to the Silver Hills target, located in the Company's Bea Mining Licence.

Follow up undertaken by Sarama included trenching in several locations along the part of the gold corridor that is located within the Cape Mount license. This work demonstrated in situ mineralisation with best intercepts of 16 m grading 1.7 g/t Au and 6 m grading 2.3 g/t Au. In 2014 Sarama undertook a 1,600 m reconnaissance diamond drilling programme comprising 15 holes targeting the three main targets, namely Bangoma, Saanor and Bomafa prospects. Gold mineralisation intersected by drilling included intercepts of 7.5 m grading 3.9 g/t and 5 m grading 2.3 g/t.

The acquisition of Sarama was completed by the Company in January 2016 for a total consideration of 5,648,310 common shares in the capital of the Company.

During Q1 2016 geological mapping started in the eastern part of the 15 km gold corridor. It covered the area around the Bomafa prospect and resulted in locating a main band of greenstone which underlies the soils anomalism with lithosamples confirming the trace mineralisation at surface. Mapping will continue during Q2 2016 with the aim to cover the remaining part of the corridor towards Bangoma and Saanor.

(I) YAMBESSEI, ARCHEAN WEST, MABONG, MAFA WEST, LIBERIA

In November 2013 the Company increased its contiguous ground holdings around its New Liberty Gold Mine and Bea Mining Licence by acquiring four new exploration licences referred to as Yambesei (759 km²), Archean West (112.6 km²), Mabong (36.6 km²) and Mafa West (15.6 km²).

The licence portfolio hosts multiple greenstone belts and associated shear structures, which to date have been the principal hosts to the Archean gold mineralisation systems discovered in Liberia.

Over 80 km of north-east to south-west trending structural zones referred to as the Yambesei and Lofa shear corridors, now locate within the licence portfolios and host multiple gold targets including the New Liberty Gold Mine, Weaju and Ndablama. These major structures can be traced for over 250 km within Liberia.

In the West Mafa licence, regolith mapping was undertaken covering most of the area, including the Goja target (located 9 km north-west of the New Liberty Gold Mine). Trench and pit results from the Goja target show broad mineralisation developed in close proximity to intrusives with better grades found at depth showing the need for further pitting work.

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(I) CAMEROON

The Batouri licence (168 km²) is located 436 km east of Yaoundé, the administrative capital of Cameroon. A renewal of the licence was granted in November 2013 for a two year period, the licence renewal is currently in process. 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 the West African craton and Congo craton. The region is affected by the Central African Shear Zone system generally following a north-east to south-west 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; i) Kambele (3.5 km long), ii) Dimako-Mongonam (3.5 km long) and iii) Amndobi (5 km long).

Exploration work continued on the interpretation of the mineralised systems of Kambele and Dimako targets following on from the core relogging. The work was recommended in order to produce a new interpretation of the mineralisation models and determine their potential to host economic deposits. A GIS study was undertaken over the licence area and resulted in the identification of structural lineaments along which field verification has shown the presence of artisanal sites.

3. UPDATE ON EBOLA

Liberia was first declared free of Ebola Virus Disease ("EVD") transmission by the World Health Organisation ("WHO") in May 2015, however, the virus has been re-introduced to Liberia three times since then. The latest flare-up occurred in Guinea in March 2016, and resulted in a high risk contact travelling to Liberia resulting in three confirmed cases.

Liberian health authorities quickly traced, isolated and monitored the health of identified contacts of the three confirmed cases, over 100 in all, and stepped up infection prevention and control measures in health facilities and the impacted community. On 29 April 2016, Liberia began a 42-day period of increased surveillance – amounting to two 21-day incubation cycles of the virus. Following this period, if there have been no further identified cases of EVD within Liberia the country will again be declared free of EVD.

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4. SUMMARY OF PERFORMANCE

(A) SUMMARY OF SELECTED QUARTERLY FINANCIAL INFORMATION

US\$'000 except loss per Common Share	Quarter ended March 31, 2016	Quarter ended December 31, 2015	Quarter ended September 30, 2015	Quarter ended June 30, 2015
Profit/(loss) for the quarter	(5,629)	(56,991)	522	(2,172)
Profit/(loss) per Common Share, basic and diluted	(0.010)	(0.139)	0.001	(0.006)
Total comprehensive income/(loss) for the quarter	(5,566)	(57,093)	307	(2,133)
Total assets	280,879	280,994	316,160	302,011
	Quarter ended March 31, 2015	Quarter ended December 31, 2014	Quarter ended September 30, 2014	Quarter ended June 30, 2014
Loss for the quarter	(2,697)	(831)	(286)	(961)
Loss per Common share, basic and diluted	(0.008)	(0.003)	(0.001)	(0.003)
Total comprehensive loss for the quarter	(3,015)	(1,078)	(434)	(972)
Total assets	287,217	266,974	258,781	233,234

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

(B) RESULTS OF OPERATIONS

(i) CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

Quarter ended March 31, 2016 ("Q1 2016")

The loss for the quarter ended March 31, 2016 was US\$5.6 million, compared to US\$2.7 million in the quarter ended March 31, 2015 ("Q1 2015"). The increase in quarterly loss is predominantly due to an operating loss at New Liberty of US\$2.9 million, finance charges of US\$0.9 million partly off-set by a reduction in the fair value loss of the warrant derivatives of US\$0.5 million and movement in foreign exchange of US\$0.3 million.

The comprehensive loss for Q1 2016 amounted to US\$5.6 million (Q1 2015: US\$3 million).

Following the declaration of commercial production effective from March 1, 2016, revenues of US\$8.3 million (Q1 2015: US\$nil) from the sale of 6,612 ounces of gold has been recorded in the income statement. Between January 1, 2016 and February 29, 2016 revenues of \$14.8 million (Q1 2015: US\$ nil) from the gold sold during

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the commissioning and ramp up period prior to commercial production being declared have been capitalised to the development costs of the New Liberty Gold Mine.

During the quarter cost of sales of \$11.2 million relating to production costs and mine depreciation have been recognised in the income statement. Production costs of US\$9.3 million (Q1 2015: US\$nil) include costs associated with mining, processing, refining, royalties and mine administration of US\$7.7 million, an impairment to write-down ore stockpile to its net realisable value of US\$2.6 million and a credit of US\$1 million for movement in inventories. Depreciation during the period was US\$1.9 million, or US\$232 per ounce produced.

Administrative and other expenses of US\$1.5 million are largely in line with the comparative period in the previous year (Q1 2015: US\$ 1.6 million). The increase in legal and professional expenses of US\$0.1 million was off-set by the reduction in wages and salaries by US\$0.1 million and other corporate expenses by US\$0.1 million. Share based payment and depreciation charges are in line with Q1 2015.

Foreign exchange gain of US\$0.2 million in Q1 2016 predominantly represents realised gains on the settlement of South African Rand payables.

The derivative liability loss of US\$0.5 million relates mainly to the rise in the fair value of the warrants as a result of the increase in the Company share price and volatility.

Interest expense represents the effective interest on Tranches A and B of the Senior Facility, Subordinated Facility, finance lease liabilities and the unwinding of the discount on the mine closure provision.

The variation in profit and loss over the eight quarters disclosed above is predominantly driven by impairment charges, foreign exchange gains/losses, stock based compensation charges and the declaration of commercial production on March 1, 2016 following which all revenues and costs of sales are recognised in the income statement rather than capitalised. All other items of profit and loss are relatively consistent.

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

Statement of financial position at March 31, 2016

Trade and other receivables increased from US\$0.8 million as at December 31, 2015 to US\$1.4 million as at March 31, 2016 predominately due to prepaid insurance costs.

Inventories of US\$14.3 million includes 3,458 ounces of gold doré (US\$3.6 million), gold in circuit (US\$3.6 million), ore stockpile (US\$4.9 million) and consumables (US\$2.1 million). An impairment charge to the ore stockpile of US\$2.6 million was recorded at the end of the quarter due to a combination of higher mining costs.

Intangible assets of US\$36.8 million as at March 31, 2016 (December 31, 2015: US\$35.7 million) relate to the exploration and evaluation costs incurred on the Company's projects. Additions to intangible assets in the quarter to March 31, 2016 were US\$1.1 million (Q1 2015: US\$1.3 million) and predominantly relates to the acquisition of Sarama Investments Liberia Limited which holds three exploration licences that are contiguous to the Bea licence (US\$ 0.6 million), exploration works at Ndblama (US\$0.1 million), near mine at New Liberty exploration (US\$0.1 million) and Yambesei (US\$0.1 million).

Property, plant and equipment of US\$224.7 million as at March 31, 2016 (December 31, 2015: US\$222.2 million) relates predominantly to New Liberty Gold Mine assets of US\$212.8 million, diesel-powered generators and fuel storage facility at New Liberty held as finance leases of US\$9.3 million and mine closure and rehabilitation cost of US\$1.7 million. An additional US\$3.8 million was capitalised to New Liberty Gold Mine asset during Q1 2016 which relates mainly to pre-production costs (net of gold sales), capitalised interest and water diversion works.

The Company's investment in Stellar Diamonds of 615,855 shares is carried in the statement of financial position

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at its fair value (derived from the prevailing market price) which was US\$0.1 million at March 31, 2016, unchanged since December 31, 2015.

Current liabilities of US\$43.9 million as at March 31, 2016 (December 31, 2015: US\$33.3 million) includes trade and other payables of US\$21.2 million (December 31, 2015: US\$19.6 million) arising predominantly from New Liberty mining and plant operations, current portion of borrowings of US\$19.6 million (December 31, 2015: US\$11.3 million), finance lease liabilities of US\$1.4 million (December 31, 2015: US\$1.2 million) and derivative liability of US\$1.7 million (December 31, 2015: US\$1.2 million) being the fair value of the warrants issued.

Non-current liabilities of US\$94.7 million (December 31, 2015: US\$100.5 million) includes borrowings of US\$85.4 million (December 31, 2015: US\$91.5 million), finance lease liabilities of US\$7.6 million (December 31, 2015: US\$7.7 million) and provision for rehabilitation of New Liberty mine of US\$1.7 million (December 31, 2015: US\$1.4 million).

Borrowings include a Senior Facility of US\$98 million, a Subordinated Facility of US\$12 million and related interest. The finance lease liabilities are in respect of power generators and a fuel storage facility at New Liberty.

Liquidity, Capital Resources and Financial Instruments

The Company's source of funding in the quarter has been revenue from gold sales. As at March 31, 2016, the Company had cash and cash equivalents of US\$2.9 million, net current liabilities of US\$25.3 million and approximately US\$19 million of debt repayments due in the next twelve months. During the current quarter, the Company had negative operating cash flows as a consequence of the issues detailed in the Operational Review section above. As a result, the Company has required the continuing support of its creditors and Lenders (as defined below). It is expected that operating cash flows will fund the New Liberty Gold Mine operations going forward.

The modifications to the detoxification circuit in the processing plant and overflow from the TSF has resulted in the temporary suspension of processing operations at the New Liberty Gold Mine for an indeterminate period of time. The Company believes that the costs of its investigation and development of a start-up plan to recommence processing can be managed given available cash balances.

As a result of the issues encountered during commissioning and production ramp up and the resulting negative operating cash flow, the Company had to defer its first debt principal repayment, and accompanying interest payment, originally due on January 31, 2016 – these payments have been deferred to May 31, 2016. It is anticipated that the Company will need to seek a further deferral on this and the subsequent bank debt repayments that are scheduled for payment in 2016.

In order to address the Company's working capital position and debt repayment obligations, the Company is currently finalising an updated mine plan which aims to improve the Company's working capital position. This work involves a pit optimisation exercise to develop the most economic ultimate pit-shell, pit phasing and ramp design for the Project based on the current operational status and gold price environment. This updated plan will form the basis of discussions between the Company and Rand Merchant Bank ("RMB") and Nedbank Limited ("Nedbank") (collectively, the "Lenders") to mutually agree an appropriate revised debt repayment schedule. Based on discussions and the support received to date, there is a reasonable expectation that this will be achieved, however, there can be no absolute certainty that the negotiations will be successful, failing which, the loans may be called into default and security enforced.

In January 2016, a Special Committee was formed to conduct a review of strategic options to enhance shareholder value. The Special Committee is comprised of three independent, non-executive directors, Jean-Guy Martin, Loudon Owen and David Netherway with Mr. Owen serving as its Chair. The Company has also engaged RBC Capital Markets as its Financial Advisor to assist the Company undertake a strategic review of the Company, including evaluating potential options that may be available. While such review is ongoing, no

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assurance can be given that any action will ultimately be taken in connection with such review. The Lenders are supportive of the strategic review process that is being undertaken.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, available-for-sale investment, borrowings, trade payables and accruals, finance lease liabilities and derivative liabilities. Financial instruments are initially recognized at fair value with subsequent measurement depending on classification as described below. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments.

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- long-term credit rating.

Cash Flows for the quarter ended March 31, 2016

Net cash generated from operations amounted to US\$4.3 million for Q1 2016 (Q1 2015: US\$3.0 million used in operations) and is due predominantly to cash inflows from the New Liberty operations in March offset by corporate expenses and movements in operating working capital. This cash was predominantly expended on pre-production operating liabilities which are included in investing activities.

Net cash used in investing activities was US\$8.6 million for Q1 2016 (Q1 2015: US\$23.8 million) and predominantly relates to pre-commercial production operating costs at New Liberty including finance charges and exploration costs partly off-set by proceeds from pre-production gold sales.

There were no cash flows arising from financing activities in Q1 2016. Proceeds from issue of shares of US\$15 million and drawdown from the Subordinated Facility of US\$12 million financed the development of New Liberty in Q1 2015.

(C) OTHER INFORMATION

(i) Outstanding Share Data

As at the date hereof, the Company had an unlimited number of common shares authorized for issuance with 541,816,572 Common Shares issued and outstanding.

The Company has the following incentive stock options and warrants outstanding at the date hereof:

	Number	Exercise Price	Expiry Date
Stock Options	29,386,737	C\$0.105-C\$1.05	Jan 2017 – Jan 2021
Warrants	60,472,175	GBP0.07-GBP0.378	Oct 2017 – Apr 2019

(ii) Going concern

As at March 31, 2016, the Company had net current liabilities of US\$25.3 million and approximately US\$19.0 million of debt repayments due in the next twelve months. The net current liability position is as a result of commissioning and ramp up issues at New Liberty during the second half of 2015 and January 2016, however, commercial production was declared at New Liberty on March 1, 2016 and the Company is currently finalising an updated mine plan, which will form the basis of discussions between the Company and its Lenders to mutually agree an appropriate revised debt repayment schedule. Based on discussions and the support received to date, there is a reasonable expectation that this will be achieved, however there can be no absolute certainty that the negotiations will be successful or that the Company will be able to generate the necessary funds to repay the debt as it currently falls due.

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These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and that the Company may therefore be unable to realise their assets and liabilities in the normal course of business.

(ii) Subsequent events

As of the date of this report, the Lenders have agreed to defer the first repayment from the Senior Facility to May 31, 2016, which was originally due on January 31, 2016. The Company is currently finalising an updated mine plan, which will form the basis of discussions between the Company and the Lenders to mutually agree an appropriate debt repayment schedule.

(iii) Related party transactions

During the three months ended March 31, 2016, the Company incurred environmental consulting fees of \$20,860 (three months ended March 31, 2015: \$3,891) payable to a company with a common director. The payable to related parties as at March 31, 2016 was \$24,395 (December 31, 2015: \$3,535).

(iv) Off balance sheet arrangements

As part of the settlement for legacy mining claims at Weaju a third party is entitled to receive a 7.5% net profit interest ("NPI") on life-of-mine production at Weaju.

As part of the agreement to acquire Sarama Investments Liberia Limited, a third party is entitled to receive a royalty equal to 1% net smelter returns from the Cape Mount permit.

Other than the NPI interests disclosed above the Company does not have any off-balance sheet arrangements and does not contemplate having any in the foreseeable future.

(v) Request for arbitration

In November 2015 the Company received a request for arbitration from International Construction & Engineering (Seychelles) ("ICE") with respect to ICE's contract to carry out civil and earth works at Aureus' New Liberty Gold Mine.

ICE's contract was terminated in August 2014, having taken the appropriate legal advice, when the works were approximately 60-70% completed. The earthworks were completed by directly engaged labour and contractors supervised by the project's EPCM contractor.

The Company strongly believes that the request is frivolous, without merit and opportunistic. Although the Company has not received sufficient details to substantiate ICE's claim, based upon a review of the contents of the request and the relevant facts, Aureus' management believes that no material amount will be found payable to ICE. Aureus continues to vigorously defend itself against the claims made by ICE and believes that disclosure of such request will facilitate the timely conclusion of this matter. The Company also confirms that this request will have no impact on its operations at the New Liberty Gold Mine.

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(vi) Operating segments

The Company is engaged in the acquisition, exploration, development and operations 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:

- New Liberty operations;
- Liberia exploration;
- Cameroon exploration; and
- Corporate.

The following is an analysis of the Group's results, assets and liabilities by reportable segment for the three month ended March 31, 2016:

	New Liberty operations	Liberia exploration	Cameroon exploration	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Gold sales	8,253	-	-	-	8,253
Production costs					
- Mine operating costs	(7,678)	-	-	-	(7,678)
- Change in inventories	986	-	-	-	986
- Impairment of ore stockpiles	(2,607)	-	-	-	(2,607)
	(9,299)	-	-	-	(9,299)
Loss for the period	3,554	88	6	1,981	5,629
Segment assets	240,393	31,597	6,132	2,758	280,879
Segment liabilities	136,321	135	-	2,113	138,569
Depreciation of property, plant and equipment	1,871	89	6	7	1,973
Capital additions					
– property, plant and equipment	4,375	80	-	-	4,455
– intangible assets	-	1,021	59	-	1,080

(vii) Non-IFRS financial measures

Operating cash costs and all-in-sustaining cash costs are a common financial performance measure but has no standard definition under IFRS. The Company reports cash costs on an ounces of gold sold basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, investors use this information to evaluate the Company's performance and ability to generate cash flow from its operations. Other companies may calculate these measures differently and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

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The following table reconciles these non-IFRS measures to the most directly comparable IFRS measures:

US\$'000	Post commercial production Mar 1 - Mar 31 2016
Gold ounces sold	6,612
Mine operating costs	7,396
Change in inventories	(986)
Impairment of inventory	428
Total operating cash costs	6,838
Total operating cash costs per ounce sold	1,034
Total production cash costs	6,838
Royalty, freight and refining	282
Corporate administrative costs	401
Share based compensation	61
Sustaining exploration	28
Accretion and depreciation on reclamation provision	17
Total all-in sustaining costs	7,627
Total all-in sustaining costs per ounce sold	1,153

(vii) Critical accounting estimates

In the application of the Company's accounting policies, as disclosed in note 3.21 of the Company's 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.

The following critical IFRS accounting policies and estimates are relevant to the presentation of the Company's audited consolidated financial statements for the period ended March 31, 2016:

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 Common 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

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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 and 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.

Provisions for mine closure and rehabilitation costs

Management uses its judgement and experience to provide for and amortise the estimated mine closure and site rehabilitation over the life of the mine. Provisions are discounted at a risk-free rate and cost base inflated at an appropriate rate. The ultimate closure and site rehabilitation costs are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements or the emergence of new restoration techniques. The expected timing and extent of expenditure can also change, for example in response to changes in ore reserves or processing levels. As a result, there could be significant adjustments to the provisions established which could affect future financial results.

Inventories

Valuations of ore stockpile and gold in circuit require estimations of the amount of gold contained in, and recovery rates from, the various work in progress. These estimations are based on analysis of samples and prior experience. Judgement is also required regarding the timing of utilisation of stockpiles and the gold price to be applied in calculating net realisable value.

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 the New Liberty Gold Mine site by the project geologists. Drill core is split on site and sent under custody to internationally recognised assayers.

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.

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5. FORWARD-LOOKING STATEMENTS

Certain information contained in this Management's Discussion and Analysis ("MD&A") herein relating to Aureus is forward looking information. This information may relate to future events or the Company's future performance. All information other than information of historical fact is forward looking information. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "predict" and "potential" and similar expressions are intended to identify forward looking information. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking information. No assurance can be given that this information will prove to be correct and such forward looking information included in this MD&A should not be unduly relied upon. This information speaks only as of the date of this MD&A. Such forward looking statements include, among other things, statements or information relating to: the New Liberty Gold Mine (including any possible expenses related to future remediation and rehabilitation and the quantity and quality of mineral resource and mineral reserve estimates at the New Liberty Gold Mine), the potential to upgrade inferred mineral resources, opportunities to optimize the New Liberty Gold Mine, the proposed new plans relating to the New Liberty Gold Mine regarding operations and mine design, estimates relating to tonnage, grades, waste ratios, recovery rates, future gold production, future cash flows, life-of-mine estimates, assay results, gravity concentration test results, expectations regarding throughput gold production, mill treatment and plant feed, estimates of capital and operating costs and start-up costs, anticipated sources of funding, expectations regarding staffing requirements and the engagement of external contractors, estimates of revenues and pay-back periods, estimates of net present values and internal rates of return, expectations regarding operating parameters, plans regarding optimization work (including the timing thereof), construction activities, power supply and infrastructure development, plans regarding community development and water management, transportation methods, the proposed budget for the work program at the New Liberty Gold Mine, asset retirement obligations and decommissioning requirements, plans for further exploration work, including drilling and metallurgical test work, expectations regarding the potential direct and indirect environmental and socio-economic impacts of the New Liberty Project, as well as the other forecasts, estimates and expectations relating to the New Liberty Gold Mine included in this MD&A, the future market price of commodities, strategic plans, production targets, timetables, the continued listing of the Common Shares on the TSX and the AIM, financing plans and alternatives, progress in the fight against Ebola, proposed plans and exploration activities on the Company's other target areas (including the proximal targets of Weaju, Ndablama, Leopard Rock, Gondoja, Yambesei, Archean West, Mabong and Mafa West) and the timing related thereto, and targets, goals, objectives and plans associated therewith, the Company's expectation that all licences/permits will be able to be obtained, when required and the Company's intentions regarding employee training.

With respect to forward looking information contained in this MD&A, assumptions have been made regarding, among other things: general business, economic and mining industry conditions; that Aureus will be able to advance and complete any remediation, rehabilitation and restoration activities that may be required within expected timeframes; that there will be no significant delay or other material impact on the expected timeframes for completion of any remediation and restoration of the New Liberty Gold Mine and the recommencement of processing operations; that any required permits, approvals and arrangements to proceed with planned remediation and restoration will be obtained in a timely manner; that there will be no interruptions that will materially delay Aureus' progress with any remediation plans; that Aureus will have access to any additional capital if required; interest rates and foreign exchange rates; mineral resource and mineral reserve estimates; geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral resources and mineral reserves) and cost estimates on which the mineral resource and mineral reserve estimates are based; the parameters and assumptions employed in the DFS, (including but not limited to, those relating to construction, future mining and operating costs, processing and recovery rates, net present values and internal rates of return, timing for the commencement of production, tax and royalty rates, future gold prices, metallurgical rates, pit design, operations and management, grades, the base case analysis and the proposed budget for further exploration plans and objectives); the supply and demand for commodities and precious and base metals and the level and volatility of the prices of gold; market competition; the ability of the Company to raise sufficient funds from capital markets and/or debt to meet its future obligations and planned activities; the

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business of the Company including the continued exploration of its properties; the political environments and legal and regulatory frameworks in Liberia and Cameroon with respect to, among other things, the ability of the Company to obtain, maintain, renew and/or extend required permits, licences, authorizations and/or approvals from the appropriate regulatory authorities and the ability of the Company to continue to obtain qualified staff and equipment in a timely and cost-efficient manner to meet its demand. Assumptions used in the preparation of such information, although considered reasonable by Aureus at the time of preparation, may prove to be incorrect.

Actual results could differ materially from those anticipated in the forward looking information contained in this MD&A as a result of the risk factors, including: risks normally incidental to exploration and development of mineral properties; uncertainty regarding the outcome of any sample testing and analysis to be conducted on the area affected by the overflow from the TSF; risks relating to the timely receipt of necessary approvals and consents to proceed with any required remediation plan; risks relating to the timing, costs and liabilities relating to the modifications to the detoxification circuit and overflow from the TSF; uncertainty as to actual timing of completion of any remediation and restoration activities and the recommencement of processing operations at the New Liberty Gold Mine; risks relating to the impact of the overflow from the TSF on Aureus' reputation; the quantum of any claims, fines or penalties that may become payable by Aureus and the risk that current sources of funds are insufficient to fund any such liabilities; risks that Aureus will be unsuccessful in defending against any legal claims or potential litigation; risk of costs arising from any unforeseen longer-term environmental consequences of the overflow from the TSF at the New Liberty Gold Mine; risks that additional financing that may be required may not be available to Aureus on terms acceptable to Aureus or at all; the inability of the Company to obtain required financing when needed and/or on acceptable terms or at all; risks that the cost of implementing the Mine Plan and the operating cash costs of the New Liberty Gold Mine exceed those estimated in the Mine Plan; risks related to operating in West Africa; health risks associated with the mining workforce in West Africa; risks related to the Company's title to its mineral properties; adverse changes in commodity prices; risks related to current global financial conditions; risks that the Company's exploration for and development of mineral deposits may not be successful; risks normally incidental to exploration and development of mineral properties; the inability of the Company to obtain, maintain, renew and/or extend required licences, permits, authorizations and/or approvals from the appropriate regulatory authorities and other risks relating to the legal and regulatory framework in Liberia, including adverse changes in applicable laws; competitive conditions in the mineral exploration and mining industry; risks related to obtaining insurance or adequate levels of insurance for the Company's operations; uncertainty of mineral resource and reserve estimates; the inability of the Company to delineate additional mineral resources; risks related to environmental regulations; uncertainties in the interpretation of results from drilling; uncertainties in the estimates and assumptions used, and risks in the methodologies employed, in the DFS and that the completion of additional work at the New Liberty Gold Mine could result in changes to the forecasts, estimates and expectations contained in the DFS; risks related to the legal systems in Liberia; risks related to the tax residency of the Company; the possibility that future exploration, development or mining results will not be consistent with expectations; delays in construction; inflation; changes in exchange and interest rates; risks related to the activities of artisanal miners; actions of third parties that the Company is reliant upon; lack of availability at a reasonable cost or at all, of plants, equipment or labour; the inability to attract and retain key management and personnel; political risks; the inability to enforce judgments against the Company's directors and officers; risks related to the Ebola crisis; and future unforeseen liabilities and other factors.

Disclosure herein of exploration information and of mineral resources and mineral reserves is derived from the respective technical reports. Information relating to "mineral resources" and "mineral reserves" is deemed to be forward looking information as it involves the implied assessment based on certain estimates and assumptions that the mineral resource and mineral reserves can be profitable in the future. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. By their nature, mineral resource and reserve estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such mineral resource estimates are inaccurate or are

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reduced in the future, this could have a material adverse impact on the Company. Accordingly, readers should not place undue reliance on forward looking information. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty that may be attached to inferred mineral resources, it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration.

The forward looking information included in this MD&A is expressly qualified by this cautionary statement and is made as of the date of this MD&A. The Company does not undertake any obligation to publicly update or revise any forward looking information except as required by applicable securities laws.

6. RISKS AND UNCERTAINTIES

In the event any rehabilitation and restoration may be required, there would be inherent risks and uncertainties related to the scope, timing and cost of any rehabilitation and restoration, and the recommencement of processing operations at the New Liberty Gold Mine may be further delayed. Furthermore there may be unforeseen or long term environmental consequences as a result of the cause of any rehabilitation and restoration requirements.

It is also unknown at this time whether the Company may become subject to regulatory or civil claims, fines and penalties or the potential quantum thereof. The Company may be unsuccessful in defending against any legal claims that may arise, and current sources of funds may be insufficient to fund liabilities arising from such claims. Any additional financing that may be required may not be available to the Company on terms acceptable to the Company or at all.

Aureus is also exposed to a number of potential risks due to the nature of the mining and exploration business in which it is engaged, the countries in which it operates and adverse movements in gold prices. Readers are referred to the Company's Annual Information Form, located on SEDAR at www.sedar.com, for a full list of applicable risk factors.

7. 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.

8. OUTLOOK

Aureus has made the transition from project developer to producer in a challenging environment and has all key operating personnel in place, each with extensive African gold mining experience. Generative exploration work continues to progress over Aureus' prospective licences with a particular focus upon delineating satellite ounces in close proximity to the New Liberty Gold Mine.

Since the declaration of commercial production at New Liberty on March 1, 2016, optimisation activities continue to be undertaken at the process plant, specifically around the gravity separation and detoxification circuit. The Company produced 5,967 ounces of gold in April 2016 (subject to final refinery assay).

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Following the temporary suspension of processing activities on May 7, 2016 the Company is working hard, in consultation with stakeholders and its consultants, to develop a start-up plan to recommence processing as soon as possible. Remedial actions to optimise the detoxification circuit are underway. Mining activities continue with preparations for the forthcoming wet season well underway and the additional new mining fleet consisting of five Komatsu HD785 haul trucks and a PC1250 excavator having been deployed in May 2016. The Company is taking advantage of the process plant stoppage to complete scheduled plant maintenance and to increase its ore stockpile which it expects will enable the lost production to be recovered later in the year.

The Company currently has \$5.5 million of cash and is monitoring its working capital position closely.

Following the detailed work on a number of updated life of mine plans for the New Liberty Gold Mine, which aim to maximise the returns of the Project at varying gold prices, the Company now looks forward to utilising these plans to negotiate an appropriate debt repayment schedule with its lender group.