

AUREUS MINING INC.

**Management's Discussion and Analysis
For the three and six months ended June 30, 2011**

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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 IAS34, "Interim Financial Reporting" and should be read in conjunction with the accompanying condensed interim consolidated financial statements and related notes for the period to June 30, 2011. This management discussion and analysis has been prepared based on information available to the Company as at August 12, 2011. Unless otherwise indicated all amounts are in US dollars.

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

1. OVERVIEW

(a) DESCRIPTION OF BUSINESS AND COMPANY HISTORY

Aureus Mining is an exploration and development stage company focused on gold projects in west Africa and operates in Liberia, Cameroon and Sierra Leone. Its most advanced project is the New Liberty Gold Project in Liberia. 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 TSX (Ticker AUE) and the AIM Market ("AIM") of the London Stock Exchange (Ticker AUE).

Aureus Mining was formed on April 13, 2011 following the successful completion of a Plan of Arrangement with African Aura Mining Inc. ("African Aura") (which was renamed Afferro Mining Inc. ("Afferro Mining Inc") on conclusion of the process) upon which all African Aura's gold and diamond interests were transferred to Aureus along with \$10.6 million in cash.

(b) PLAN OF ARRANGEMENT

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

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

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

(c) STRATEGY

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

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The Company's management believe 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 in Liberia has a NI 43-101 compliant resource estimate of 5.6M tonnes grading 4.17 g/t for 751,000 contained ounces of gold in the indicated category and 7Mt grading 3.40 g/t for 762,000 contained ounces of gold in the inferred category. The definitive feasibility study ("DFS") is currently underway and is scheduled to be completed by end December 2011;
- A promising portfolio of exploration stage gold projects in Liberia and Cameroon; and
- The Sonfon joint venture in Sierra Leone with Golden Star Resources Ltd ("GSR").

Experienced Board

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

Strong Partnerships

The Company has an experienced partner in Golden Star Resources who are operators of the Sonfon Gold Project in Sierra Leone.

Technically Strong

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

(d) ON-GOING PROJECTS

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

Country	Project	Commodity	Status at June 30, 2011	2011 Plans	Project Ownership
Liberia	New Liberty	Gold	21,000m of a 25,000m infill drilling programme completed	Definitive Feasibility Study by Dec 2011; exploration to test extensions	90% ¹
Liberia	Ndablama	Gold	Trenching completed, Phase I drilling completed	Trenching and soil sampling: phase 2 drilling programme Q4 2011	100%
Liberia	Weaju	Gold	Camp infrastructure upgraded	Phase 2 drilling programme in Q4 2011	100%
Sierra Leone	Sonfon	Gold	Exploration and initial drilling completed	Continued exploration and drilling	49%

1. The Government of Liberia has a 10% free carried interest.

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2. EXPLORATION PROJECTS

(a) New Liberty Gold Project, Liberia

Introduction

The key asset in Aureus is the New Liberty Gold Project where the Company is currently undertaking a DFS. New Liberty is a greenfield development with the advantage of having excellent access from the capital and main port of Liberia, Monrovia. From the capital there is predominantly paved road covering the 100 km to the project site, providing all year round access. In August 2009 the Government of Liberia granted a Class 'A' Mining Licence within the Bea Mountain MDA.

Resource Estimate

In December 2010, the Company published an updated NI 43-101 compliant resource estimate of 5.6M tonnes grading 4.17 g/t for 751,000 contained ounces of gold in the indicated category and 7Mt grading 3.40 g/t for 762,000 contained ounces of gold in the inferred category. The indicated resource has been projected to an approximate depth of 200m below surface. The inferred resource remains open down dip and along strike.

Preliminary Economic Assessment ("PEA")

The PEA supports an open pit and gold processing plant with an average annual production rate of 850,000 tonnes of ore over an 8.5 year production life. In the first 5 years of the project, forecast gold production will average 100,000 ounces per year with total gold production for the project expected to be some 786,700 ounces.

The average life of mine cash cost per ounce is estimated at \$484 with an expected pre-tax net present value of \$234 million at a gold price of \$1,100/oz using a 10% discount rate giving a pre-tax internal rate of return of 73%. The expected payback period is less than 2 years. The New Liberty deposit contains 7.3Mt of mineable gold ore in the indicated and inferred category at a diluted head grade of 3.6 g/t. The majority of the mineable resource is in the indicated category.

The total capital cost of approximately \$98 million for the project includes a processing plant, power supply, other mine infrastructure, tailings dam construction, creek diversion, sustaining capital and mine closure. The pit optimization work assumes that the mining operation will be outsourced to a suitable mining contractor. An analysis of project sensitivities highlights that the operation is least sensitive to capital cost increases.

Progress in 2011

The Company is continuing with the infill diamond drilling programme at the New Liberty deposit and to date over 21,000 metres (157 holes) of a 25,000 metre (180 hole) programme have been completed. Currently 4 diamond drill rigs are drilling under contract. With an optimal hole spacing of between 30 to 40 metres, the programme is designed to evaluate the total contained gold resources that could potentially fall within an open pit, covering a strike length of 1.75km and down to a depth in excess of 200 metres below surface. These are the approximate dimensions of the open pit design as defined within the Preliminary Economic Assessment ('PEA'), based on the previous resource estimate, and filed by the Company in December 2010.

The present drill programme is designed to fill in the gaps within known mineralised ore body and outline potential extensions to the previous resource estimate, with the objective of trying to expand the resources that will fit within an optimized open pit. The results to date confirm the tenor of the gold mineralisation outlined in the previous resource estimate, and are confirming and extending the continuity of the mineralisation system of this shear-hosted ore body.

DRA Engineering have been appointed to undertake detailed metallurgical test work to definitive feasibility level, and then complete all design work and cost estimation studies for the capital build and operation of the

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process plant. This work has commenced with the shipment of over 500 kg of drill core to South Africa to undertake detailed test work on CIL, flotation recovery and optimisation of the grind size required from the milling process. DRA will investigate the viability of incorporating a flotation recovery process within the process design as part of the feasibility investigations. If successful, this would be a significant factor in the process design resulting in a smaller plant and a reduction in grinding requirements, lowering of capital and operating costs.

The Company has retained the services of Golders for the environmental and social impact assessment (ESIA) of the New Liberty Project. Progress to date includes the completion of the ecology, surface water, air-quality and socio-economic base line studies within the area covering the New Liberty proposed mining infrastructure. The ESIA remains on track to be submitted to the authorities at the end of 2011.

The Company has retained Australian Mining Consultants (AMC) to undertake the 43-101 resource classification on completion of the infill drilling programme, and to undertake the open pit design and mining optimisation studies for the feasibility design work. As part of the in-fill drilling programme, a 23 borehole geotechnical and hydrology programme, designed by AMC, has been completed and test work is in progress.

The Company has also retained the services of Golders for the design studies and capital build cost estimate of the tailings facility. Ground geotechnical and hydrology studies are currently being conducted as part of the design studies.

The Company is also carrying out an investigation into alternative power supply options for the project, in order to achieve the best project economics. Current studies are focused on the potential use of a bio-mass power generation system, using wood chips supplied from rubber plantation regeneration projects within Liberia, as an alternative to diesel-fuel power generation. Both options will be investigated as part of the definitive feasibility study.

On the exploration front 1,000m of drilling has been completed to test for extensions to New Liberty. Drilling covered a potential westerly strike extension of the mineralised systems for 500 metres. Encouraging drill intercepts were made and the geology and mineralisation intercepted in these drill holes is identical to that encountered in the New Liberty deposit. The mineralisation would appear to have a potential strike extent of 100 metres. Holes drilled west and east of this area did not return any significant intercepts.

Ground geophysical work and soil sampling is in progress over the western and eastern extensions to the New Liberty ore body. The geophysical survey, involving magnetic and induced polarisation methods, has been completed over the western portion of the New Liberty deposit and its western extensions. Work to date suggests a potential western extension of five hundred metres and further drilling is planned to test this potential target area. A number of additional chargeability targets have been outlined within the western portion of the ore zone and could represent new, potentially mineralised, shear structures. These targets will also require drill testing.

To date, 56.8 kilometres of line cutting has been undertaken along the potential western and eastern extensions to New Liberty and 956 soil samples have been collected with results pending. Ground magnetic surveys and gradient array IP work is presently in progress along the potential eastern extension to the New Liberty deposit.

(b) Weaju gold project, Liberia

The Weaju deposit is situated 30 km east north east of the New Liberty Gold Project at the eastern end of the Bea Mountain ridge. Mapping, supplemented by later drilling, indicates that mineralisation is located within a sheared ultramafic host unit bounded to the north and south by granite basement. A total of 3,935m of diamond drilling was completed in 48 diamond drill holes during two phases between 2000 and 2006. This drilling confirmed the presence of four principal high-grade lenses of gold mineralisation, named the North Zone, the Main Zone, the Ridge Zone and the Creek Zone, as well a zone of modest mineralisation called Macenta. The combined strike length is approximately 450m. During the first half of 2011 the Camp was upgraded in preparation of a 4,000m drilling programme which is now scheduled for Q4 2011.

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(c) Ndablama gold project, Liberia

The Ndablama prospect is located in the northeast corner of the Bea MDA property and is approximately 40 km northeast of the Company's New Liberty deposit. The Ndablama prospect 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. The anomalous soil zone of gold enrichment is defined by values of 150 to 3,000 ppb and is up to 600m wide in the south eastern portion, and approximately 200m wide for the majority of its northerly strike. The anomalous zone remains open to the north, south and east.

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

Exploration activities at Ndablama include extensive trenching and diamond drilling. Previously, the Company reported trench and diamond drill hole results which defined an area of 150 metres east – west by 900 metres north – south. This zone is referred to as the Central zone. Further trenching to the north and south east of the Central zone has highlighted additional mineralised zones, which are referred to as the North and East zones. The North and East zones both have approximate dimensions of 200 metres in a north – south direction. In all cases gold bearing rocks are associated with sheared, folded and altered amphibolites and talc-tremolite schists close to their contacts with granite dykes and pegmatites

To date a total of 63 trenches and 15 drill holes have been completed at the Ndablama prospect. Further trenching and channel sampling has been undertaken and focused predominantly over the Central and Eastern zones and potential structural splays which may link these two zones. A ground magnetics survey is planned for Q3 2011.

Once all the results from this comprehensive exploration programme have been received the Company will finalise the phase two diamond drilling programme of the Ndablama prospect planned for Q4 2011.

(d) Gondoja, Liberia

Further soil sampling work is in progress to cover the area from the Ndablama prospect to the Gondoja target within a structural corridor approaching 11.5km strike length. Forty line kilometres of soil gridding has been completed, and to date, 1,501 soil samples have been collected and sent for analysis. Results are pending.

(e) Sonfon Gold Project, Sierra Leone

The Sonfon project is subject to a joint venture agreement dated June 16, 2010 between Golden Star (the operator) and the Company, pursuant to which Golden Star and the Company hold 51% and 49% interests respectively. The 2011 Budget is \$1.7 million and the Company's share is \$0.8 million and includes 10,800m of reverse circulation drilling. The drilling has been completed and the results of the assays are awaited.

(f) Cameroon Gold Projects

The most advanced gold project in Cameroon is Batouri which has had \$4.5 million spent on it to-date. The Company has prepared an exploration programme for 2011 which will include ground work.

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3. SUMMARY OF PERFORMANCE

(a) SUMMARY OF SELECTED QUARTERLY FINANCIAL INFORMATION

The following is the selected financial information of the Company (unaudited). As the plan of Arrangement only completed on April 13, 2011, the current quarter is the only quarter for which financial information is available.

US Dollars	June 30, 2011	March 31, 2011
Loss and comprehensive loss for the period	3,838,187	-
Basic & diluted loss per share	0.030	-
Total assets	87,943,755	-

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

(b) RESULTS OF OPERATIONS

(i) CONSOLIDATED STATEMENT OF LOSS

Loss and comprehensive loss for quarter ended June 30, 2011 was \$3.8 million and is predominantly due to a share based payment charge of \$1.6 million, a fair value loss of \$0.9 million on the Company's investment in Stellar Diamonds and legal and professional fees of \$0.6 million relating to legal fees incurred on the Company's public offering.

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

Statement of financial position at June 30, 2011

Intangible assets of \$37.1 million as at June 30, 2011 relate to deferred exploration costs (\$31.4 million) and resource properties (\$5.7 million). The New Liberty Gold Project, in Liberia at \$26.8 million represents 85% of total intangible assets and is Aureus Mining's most advanced project.

Property, plant and equipment ("PPE") at \$0.9 million as at June 30, 2011 relates predominantly to the Company's fleet of vehicles in Liberia.

The Company's investment in Stellar Diamonds is carried at its fair value (derived from the prevailing market price) on the statement of financial position which was \$3.0 million at June 30, 2011. Changes in fair value are recorded in other comprehensive income.

Current liabilities of \$3.2 million as at June 30, 2010 is predominantly due to a significant creditor and accrual balance for drilling work performed in late May and June at New Liberty.

Liquidity, Capital Resources and Financial Instruments

The Company's primary source of funding has been the sale of equity securities. The Company is not in production and does not generate cash flows from operations. As at June 30, 2011 the Company had cash and cash equivalents of \$46.9 million and working capital of \$43.8 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 of the Company's cash and cash equivalents are invested with a leading multi-national bank with an A+ credit rating.

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Cash Flows for the three months ended June 30, 2011

Cash and cash equivalents amounted to \$46.9 million as at June 30, 2011.

Net cash used in operations amounted to \$0.6 million for the three month period ended June 30, 2011 and is mainly due to movement in working capital.

Net cash used in investing activities was \$2.0 million for the three month period ended June 30, 2011 and predominantly relates to deferred expenditure on the New Liberty Feasibility Study.

Net cash proceeds from financing activities was \$39.0 million for the three month period ended June 30, 2011 through the issue of 31.05 million common shares at a price of C\$1.30 per share. Additionally the Company received \$26,267 from the exercise of stock options.

(c) OTHER INFORMATION

(i) Outstanding share data

	<u>Shares</u>
Issued pursuant to the Arrangement	86,252,592
Shares cancelled	(444)
Shares issued in public offering	31,050,000
Exercise of stock options	<u>37,500</u>
Balance at June 30, 2011	<u>117,339,648</u>

(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 12 months.

(iii) Related party transactions

During the three months ended June 30, 2011, the Company incurred management and office service fees of \$27,504 (June 30, 2010 - nil) payable to Afferro Mining. The payable to related parties as at June 30, 2011 of \$164,415 includes the office and service fees payable to Afferro Mining and also other supplier payments made by Afferro Mining on the Company's behalf.

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

(iv) Off balance sheet arrangements

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

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(v) Operating segments

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

- Liberia exploration;
- Cameroon exploration;
- Sierra Leone exploration
- Corporate

Following is an analysis of the Group's results, assets and liabilities by reportable segment for the three month period ended June 30, 2011:

	Liberia exploration	Cameroon exploration	Sierra Leone exploration	Corporate	Total
	\$	\$	\$	\$	\$
Loss for the period	68,405	-	-	2,921,948	2,990,353
Segment assets	30,517,519	4,531,475	3,016,147	49,878,614	87,943,755
Segment liabilities	(991,558)	-	-	(2,214,412)	(3,205,970)
Depreciation of property, plant and equipment	59,370	-	-	-	59,370
Capital additions					
– property, plant and equipment	294,817	-	-	-	294,817
– intangible assets	3,459,591	14,061	-	-	3,473,652

(vi) Critical accounting estimates

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

The estimates and underlying assumptions are reviewed on an ongoing 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.

Significant balances and transactions affected by management estimates include, but not limited to, the carrying value of Company's investments, resource properties, deferred exploration costs, the calculation of the fair value of stock-based compensation and warrants as well as the recovery of assets. Actual results could differ from those estimates.

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.

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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.

4. QUALIFIED PERSON

The Company's Qualified Person as defined in Canadian National Instrument 43-101 responsible for preparing this Management Discussion and Analysis is David Reading, who holds a 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 CEO of Aureus Mining Inc. and consents to the inclusion in the announcement of the matters based on their information in the form and context in which it appears and confirms that this information is accurate and not false or misleading.

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

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

5. FORWARD-LOOKING STATEMENTS

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

6. TRENDS IN THE MINING SECTOR

After bottoming in early 2009, the industry recovered much more quickly than most would have predicted. Although the recovery remained fragile, the global economy improved markedly over the course of 2009 and into 2010. Metals prices improved steadily since bottoming in early 2009, and were again well above their long-term trends through most of 2010. Driven by the need to secure the supply of key commodities countries like China have been investing heavily around the world. This trend is causing some countries to rethink the sale of sovereign assets to foreign investors including sovereign wealth funds. Markets such as London's AIM have been hit hard over the last few years with very few new listings in the mining sector. Some markets such as Canada's TSX are recovering faster although the appetite of investors is still confined to commodities such as gold and silver, copper, iron ore and coal. Responding to rising metal prices most mining companies increased their exploration budget in 2010. Metals Economics Group's reports a 2010 exploration budget total of \$11.2 billion. Regionally, Latin America (led by Mexico, Peru, Chile, Brazil, and Argentina) was the top exploration destination in 2010, a position it has held for the better part of two decades, while Canada was the top country overall. Gold was the leading target, attracting more than half the global exploration budget, with copper a distant second.

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7. INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining a system of controls and procedures over the financial and non-financial information of Aureus Mining. Management is also responsible for the design and maintenance of effective internal control over financial reporting to provide reasonable assurance regarding the integrity and reliability of Aureus Mining's financial information and the preparation of its financial statements in accordance with IFRS.

Management maintains appropriate information systems, procedures and controls to ensure the integrity of the financial statements and that information used internally and disclosed externally is complete and reliable.

Management do not expect that Aureus Mining's disclosure controls and internal control procedures will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. The management of Aureus Mining has no knowledge of any fraud having been committed in Aureus Mining.

However, given the nature of the business and geographical displacement, management is committed to continuously mitigate any risks and systematically improve operating controls where and when possible in a cost effective manner. Management recognises the limitation of segregation of duties due to the size of the organisation and is committed to mitigating such risks by introducing compensatory controls.

8. RISKS AND UNCERTAINTIES

The following risk factors apply to the business of Aureus Mining and its subsidiaries post completion of the arrangement (the "Group"):

Primary Risk Factors:

(a) Ability to Raise External Finance

Mineral exploration and development requires the continual injection of capital and other sources of financing to fund activities. There is no assurance that the Group will be able to obtain adequate financing in the future or that such financing will be available on terms advantageous to the Group.

(b) Operating in Foreign Jurisdictions

Following completion of the Arrangement the Group's operations in Liberia, Cameroon and Sierra Leone will be exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. Changes, if any, in mining or investment policies or shifts in political attitude in any of the countries in which it operates may adversely affect business operations.

On 3 November 2010, the President of Liberia, Ellen Johnson-Sirleaf, dissolved her cabinet and new appointments were subsequently made. The full implications of such dissolution and the effect of the new appointments will not become apparent immediately. A general election is scheduled to take place in Liberia in November 2011 which may result in the election of a new government and changes to existing laws and regulations.

(c) Title to Mineral Properties

While Afferro undertook all the customary due diligence in the verification of title to the material mineral properties Aureus Mining will hold following completion of the Arrangement, this should not be construed as a guarantee of title. Such properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. The court systems in the foreign countries where the Group intends to

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operate may not provide an adequate forum for the recognition and enforcement of the legal rights of the Group.

(d) Commodity Prices

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

(e) Current Global Financial Conditions

The recent events in global financial markets have had a profound impact on the global economy. The volatility in global equities, commodities, foreign exchange, precious and base metals and a lack of market liquidity, may adversely affect the development of the Group.

(f) Exploration, Development and Production May Not Prove to be Successful

The proposed business operations of the Group are subject to risks and hazards inherent to the mining industry. The exploration for and the development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. It will be impossible to ensure that the Group's proposed exploration programmes will result in profitable commercial mining operations.

(g) Development of Prospective Projects requires Additional Licences and/or Permits

In some cases, the mineral property licences and/or permits to be held by the Group following the completion of the Arrangement do not currently provide for the development of a mine. Consequently, the Group will be required to obtain further licences and/or permits (mining, environmental and otherwise) from the respective government departments in the applicable countries of operation. While the Company currently expects that such licences/permits will be able to be obtained, when required, there can be no assurance that such licences/permits will ultimately be obtained.

(h) Licences are subject to Renewal

All tenements in which the Group will have interests following completion of the Arrangement are subject to renewal conditions. While the Group currently anticipates that subsequent renewals will be given as and when sought, there is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed.

Secondary Risk Factors

(i) Insurance Coverage may not cover all Potential Losses, Liabilities and Damage

The exploration, development and production of mineral properties involve numerous risks. It is not always possible to obtain insurance against all risks and the Group may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to companies in the mining industry on acceptable terms and, accordingly, the Group may not be insured against such risks.

(j) Mineral Resource Estimates

The Group cannot give any assurance that estimated mineral resources will be recovered if a decision is made to proceed to production or that they will be recovered at the volume, grade and rates estimated. The failure of the Group to achieve production estimates could have a material and adverse effect on any or all of their respective future cash flows, profitability, results of operations and/or financial condition. These production estimates are dependent on, among other things, the accuracy of mineral resource and mineral reserve estimates and the accuracy of assumptions regarding ore grades and recovery rates.

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(k) Mining Activities are subject to Environmental Risks and Regulations

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

(l) Mining Operations are subject to Government Regulation and Permitting

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

(m) Foreign Currency Exchange Rate Fluctuations

Fluctuations in exchange rates may give rise to foreign currency exposure, either favourable or unfavourable, which may impact financial results. While the Group may raise a large proportion of its equity financing in U.K. Pounds Sterling or Canadian Dollars, the Group's exploration costs following completion of the Arrangement will largely be denominated in U.S. dollars. From time to time, the Group may engage in currency hedging through vanilla forward contracts to offset the risk of exchange rate fluctuations.

(n) Mining is Inherently Dangerous

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

(o) Presence of Artisanal Miners

Some or all of the properties in which the Group will have an interest following completion of the Arrangement are inhabited by artisanal miners, which has the potential to delay and/or interfere with work on the properties and presents a potential security threat to its employees. The Company expects to have a policy of maintaining good relations with the local communities and the artisanal miners in order to minimise such risks.

(p) Non-Controlled Assets

Some of the assets in which the Group will have an interest following completion of the Arrangement are controlled and managed by joint venture partners who may have different business objectives. Management of non-controlled assets may not comply with the proposed Group's management and operating standards (including health, safety and environment standards) or controls and procedures. The failure by these joint venture partners to adopt appropriate standards, controls and procedures or their improper management of assets could affect the value of the joint venture and assets held by the joint venture. The Group intends to mitigate this risk by ensuring legal agreements are in place to protect its interests.

(q) Competitive Conditions

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

AUREUS MINING INC.
Management's Discussion and Analysis
For the three and six months ended June 30, 2011

9. OUTLOOK

Following the upgrade in the resource estimate at New Liberty, together with the Preliminary Economic Assessment ("PEA") which was released on December 14, 2010, the focus is to complete the definitive feasibility study ("DFS") by the end of 2011. Good progress is being made and the feasibility drilling is almost finished with over 21,000 metres of the 25,000 metre infill programme completed to date. The environmental and social impact assessment is scheduled to be completed by Q4, 2011.

There is exploration upside in Liberia especially at the targets proximal to New Liberty, including Ndablama and Weaju. The Company also has a land holding in Cameroon with the prospective Batouri project. Our partner, Golden Star will continue to explore the Sonfon licence in Sierra Leone.

The Company ends the quarter with cash and cash equivalents of \$46.9 million leaving the Company fully funded for its mid-term objectives of completing the feasibility study and exploration drilling programmes.