AUREUS MINING INC.

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

The following discussion is management's assessment and analysis of the results and financial condition of Aureus Mining Inc. (the "Company" or "Aureus" or "Aureus Mining") prepared in accordance with International Financial Reporting Standards ("IFRS"), and should be read in conjunction with the accompanying consolidated financial statements and related notes for the nine months ended September 30, 2012. This management discussion and analysis has been prepared based on information available to the Company as at November 14, 2012. Unless otherwise indicated all amounts are in US dollars.

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

1. OVERVIEW

(a) DESCRIPTION OF BUSINESS AND COMPANY HISTORY

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

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

Aureus Mining has recently filed an NI 43-101 compliant feasibility study on its New Liberty Gold Project in Liberia and has recently announced it has entered into an underwriting agreement to raise approximately $80 million through an equity issue.

(b) PLAN OF ARRANGEMENT

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

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

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

(c) STRATEGY

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

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

(stated in US dollars)

A Strong Portfolio of Assets

The Company has a strong portfolio of gold assets:

- The New Liberty Gold Project (the "Project") in Liberia has a National Instrument 43-101 ("NI 43-101") compliant reserve estimate of 8.7 million tonnes grading 3.3 g/t for 910,000 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 Feasibility Study ("FS") has been completed and an NI 43-101 compliant technical report has been filed on SEDAR.
- A promising portfolio of exploration stage gold projects in Liberia and Cameroon.

Experienced Board

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

Technically Strong

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

(d) ON-GOING PROJECTS

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

Country	Project	2012 Progress	Q4 2012 Plans	Project Ownership
Liberia	New Liberty	7,864m of exploration drilling completed 4,242m of feasibility drilling completed 50km^2 of soil sampling completed IP gradient survey completed and processed Processing of airborne geophysics data completed NI 43-101 compliant feasibility study filed	Continue soil sampling on a regional grid Drill data and multi-element assay results collation and analysis Continue pitting on the geophysics targets Re-logging of core for alteration structure Detailed geological mapping and structural interpretation in pit area	90%[1]
Liberia	Ndablama	Results received for all drill holes and soils in Q3 Generated new exploration targets for grassroots work in Q4	Geological and structural mapping to continue in Q4 3D geology and mineralization model completed. Plan infill drilling programme using new model for Q1 2013 Soil sampling exercise to be	90%[1]

(stated in US dollars)

Country	Project	2012 Progress	Q4 2012 Plans	Project Ownership
			executed across new targets	
Liberia	Weaju	Camp preparation ahead of phase 2 drilling campaign completed	Phase 2 drilling programme due to commence in Q4 2012	90%[1]
Liberia	Leopard Rock	Results for all drill holes and 435 soil samples received for 33 km^2 area of the southern license area. 1.65km^2 of IP gradient array geophysics was completed and interpreted for gap area between Leopard Rock and Ndablama	Review of drill and soils data for phase 2 drill planning 3D geology and mineralization model completed Plan infill drilling programme using new model in Q1 2013 Plan pitting programme to test the new geophysics target from the IP data in the gap area (eastern zone)	100%
Liberia	Gondoja	Phase 1 drilling completed for 2,850m Trenching completed for 788m Results received for all 13 drill holes and 8 trenches	Preliminary geology and ore model underway Phase 2 drilling to be planned	90%[1]
Liberia	Gbalidee	Phase 1 drilling completed for 771m and 5 drill holes	Review and assess results of the drilling in Q4 2012	90%[1]
Cameroon	Batouri	Continued target exploration in the north of the Batouri project with collection of over 800 soil samples. Soil sampling began in the South of the license	Further trenching and pitting programmes for target identification in both the North and South of the license prior to commencement of drilling	100%

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

2. EXPLORATION PROJECTS

(a) New Liberty Gold Project, Liberia

Introduction

The key asset in the Aureus portfolio is the New Liberty Gold Project upon which the Company has completed a feasibility study and is in the process of financing. New Liberty is a greenfield development with the advantage of having excellent access from the capital and main port of Liberia, Monrovia. From the capital there is predominantly paved road covering the 100 kilometres to the project site, providing excellent all year round access.

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

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

Reserve Estimate

On October 1, 2012, the Company announced the completion of the feasibility study which incorporated an update to the Company's previously announced maiden reserve for the New Liberty Gold Project of 910,000 ounces grading at 3.3 g/t.

The reserves support an open pit operation with an average annual production rate of 1.1 million tonnes of ore over an eight year production life. Plant production over the first four years averages 120,000 ounces per annum. All of the reserve at New Liberty is located within 220 metres of surface and is extractable by open pit mining methods.

The total reserve estimate of 8,680,000 tonnes grading 3.3 g/t (for 910,000 ounces) is comprised of 700,000 tonnes grading 4.4 g/t (for 99,500 ounces) in the proven category and 7,980,000 tonnes grading 3.2 g/t (for 810,000 ounces) in the probable category, as detailed in the table below. The proven and probable ore reserves are contained within open pits of depths between 180 and 220 metres below surface. The ore body is still open at depth.

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	8.0	3.2	810
Total Proven and Probable	**8.7**	**3.3**	**910**

Notes

1. CIM definitions were used for mineral reserves
2. A cut-off of 0.8 g/t AU is applied for all zones
3. Due to rounding, some columns or rows may not add up exactly to the computed totals

Resource Estimate

A mineral resource estimate ("MRE") was undertaken by AMC in accordance with the requirements of NI 43-101. The MRE incorporates all the results from drilling as at April 4, 2012, being 438 holes for 65,276 metres and was calculated on the basis of a 1.0 g/t cut-off grade.

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

Mineral Resource	Tonnes (million)	Average Grade (g/t)	Contained Gold (koz)
Measured	0.7	4.77	100
Indicated	9.1	3.55	1,043
Subtotal M+I	**9.8**	**3.63**	**1,143**
Inferred	5.7	3.2	593

Notes

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

Progress in Q3 2012

Feasibility Study

A feasibility study for the development of New Liberty (the "FS") was completed during the third quarter and announced on October 1, 2012. The main conclusions from the FS demonstrate a pre-tax IRR of 37% at an average gold price of US$ 1,400 / oz, average annual production of 120,000oz per annum over the first four years at 3.7g/t head grade, with initial capital costs of $ 140m.

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

Highlights of the FS are:

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

Gold Price (US$/oz)	Pre-tax NPV (US$M)	Post-tax NPV (US$M)	Pre-tax IRR (%)	Post-tax IRR (%)	Capital payback (years)
1,400 average	234	187	37	33	2.2
1,750 flat	444	334	52	45	1.8

- Average annual gold production of 120,000 oz over the first four years of production at an average grade of 3.7g/t with total gold production of 846,000 oz over the eight year mine life
- Life of mine ("LOM") operating cash cost will average US$ 685 / oz, using contract mining
- Initial capital cost estimate of US$ 140 million (excluding contingency)
- Total revenue is US$ 1.2 billion and pre-tax cash flow of US$ 338 million based on an average gold price of US$ 1,400 / oz
- The Feasibility work was completed to within a 10% cost accuracy based on firm tenders received from suppliers and contractors
- Proven and Probable Reserve of 8.7 Mt at 3.3g/t for 910 koz of contained gold, which is an increase of 4% from the initial Reserve statement in February 2012
- Open pit mine and gold plant designed to treat 1.1 Mtpa of primarily unweathered ore. The plant design incorporates two stage crushing, ball milling, gravity concentration and a Carbon-in-Leach ("CIL") circuit for a full steady state recovery rate of 93%
- Experienced senior management team being developed. GM Construction, a Metallurgical Manager and an Environmental Manager were all recruited in the last 12 months

- 25 year, renewable, Mineral Development Agreement and mining licence in place and EIS permit expected in early Q4 2012 following the completion and submission of the EIA to the Environmental Protection Agency of Liberia in July 2012.

An environmental and social impact assessment has been submitted to the Environmental Protection Agency of Liberia and the Company received its environmental permit in October 2012.

The Company has recently announced an offering of common shares and associated share purchase warrants to raise approximately $80 million to fund the Project capital expenditure. There is strong interest in financing the balance of the Project from various banks and financial institutions. Indicative financing terms have been received from a number of financial institutions, giving the Company significant optionality on debt financing. The project development and construction is planned to commence in Q1 2013, with full production commencing in Q1 2015.

Exploration

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

A regional airborne geophysics survey was conducted over the Bea Mountain property and the Archaen property in Q1 and processing of the airborne geophysics data was completed in Q2. A total of 6 targets were identified for follow-up.

In Q2 2012, 3,550m of exploration diamond drilling was undertaken to explore newly identified geophysical targets. 11 holes returned anomalous gold intersections.

A total of $60km^2$ of soil sampling lines have been completed at New Liberty. 6,617 samples were taken in 2012 of which 4592 were submitted to the laboratory for analysis after some compositing. All results have been received and are being interpreted. Soil sampling continued on the regional soil block at a 400m by 50m grid spacing.

Results for gold in soils show two anomalies, one significant anomaly west of NL strike extension and another one to the north east of the pit.

Field activities recommenced in October after the rainy season.

The pitting programme focused on the geophysics and soil geochemical anomalies will continue into Q4 2012 and Q1 2013.

(b) Ndablama gold project, Liberia

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

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

Exploration activities at Ndablama include extensive trenching and diamond drilling. Previously, the Company reported trench and diamond drill hole results which defined an area of 150 metres east – west by 900m north

– south. This zone is referred to as the Central zone. Further trenching to the north and south east of the Central zone has highlighted additional mineralised zones, which are referred to as the North and East zones.

A total of 3,317m of phase 2 drilling was completed in Q2 at Ndablama. No drilling was done in Q3 due to the rains.

Plans going forward are to create a 3D geology and resource model to aid in further exploration. Infill drill holes will be planned with the new model.

Line cutting and soils sampling programme will be planned and executed within new targets to test for gold in Q4 2012.

(c) Weaju gold project, Liberia

The Weaju deposit is situated 30 kilometres east north east of the New Liberty Gold Project at the eastern end of the Bea Mountain ridge. Mapping, supplemented by later drilling, indicates that mineralisation is located within a sheared ultramafic host unit bounded to the north and south by granite basement. To date a total of 3,935 metres of diamond drilling has been completed in 48 diamond drill holes. This drilling confirmed the presence of four principal high-grade lenses of gold mineralisation, named the North Zone, the Main Zone, the Ridge Zone and the Creek Zone, as well a zone of modest mineralisation called Macenta. The combined strike length is approximately 450 metres. During H1 2012, a review of the geological model and historic diamond drill data was completed and a revised phase 2 drilling programme of 8,000 metres is now scheduled for Q4 2012.

On July 26, 2012, the Company announced settlement of Weaju legacy mining claims from the Weajue Hill Mining Corporation ("WHMC"). As part of the settlement, WHMC agreed to release all claims pertaining to the legacy mining rights covering 1.7km^2 of the total 457km^2 Class A Bea Mountain Mining Licence in Liberia and received an initial payment of US$1.3m and the share equivalent of US$1.2m in common shares of the Company. Upon the completion of a feasibility study for the Weaju project, WHMC will receive payments equivalent to US$5 per ounce of measured, indicated and inferred resources, as disclosed in the feasibility study, within the claims area and the surrounding 200 metre perimeter ("Payable Area"). If commercial production is achieved within the Payable Area, WHMC will receive a one-time payment equivalent to 2.5% of the net present value (8% discount rate) of a project within the Payable Area, and also receive a 7.5% net profit interest ("NPI") on life-of-mine production within the Payable Area.

(d) Leopard Rock, Liberia

During 2011 the company entered into an agreement with Mansion Minerals Limited to purchase all of the shares of Archaean Gold (Liberia) Inc. ("Archaean Gold"), a company holding the exploration rights to a license area covering 89 km^2. The Archaean Gold exploration license is contiguous with and immediately south of the Company's Bea Mountain mining license and hosts the south eastern extension to the gold bearing rocks associated with the Ndablama prospect. The shear structure hosting the Leopard Rock target can be traced in the North West to Ndablama over a distance of 3 km.

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

Results have been received for all the drill holes and they were plotted and interpreted. A review of all data sets has been completed on sections to aid in planning a phase 3 drilling programme scheduled for Q2 2013.

Gold results were received for soil samples collected over a 33 km^2 area south of the project (967 samples).
A review and assessment of the results was done and new soil programs planned for Q4 2012.

Ground geophysical survey was completed at the gap between Leopard Rock and Ndablama covering an area of 1.65km^2. Processing of this data is now complete and new targets have been identified for further investigation in Q4 2012.

A geology and mineralization model was completed in Q3 2012. This was done to help aid further in exploration planning and understand the geology and structural setting of the area. Infill drilling programme for phase 3 will be planned this Q3.

A grassroots programme of pitting will be planned to test for the identified eastern zone (sulphides) from the processed IP geophysics data.

(e) Gondoja, Liberia

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

In 2011, 600 metres of trenching was completed on the anomalous soil sampling zones. A first phase drilling programme of 13 holes totalling 2,850m was completed at the end of Q2 2012. A trenching programme of 8 trenches for a total length of 788m was also completed at the end of Q2 2012.

A preliminary model of the ore and geology will be created to appropriately define their orientations then a phase 3 drilling will be planned based on the characteristics of the geology and ore models.

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

Gbalidee is one of the anomalous zones that was trenched and drilled in late Q2 and early Q3 2012.

5 drill holes were completed in Gbalidee in Q3 for a total of 771 metres. Future work will consist of drilling the outstanding planned drill holes.

(f) Cameroon Gold Projects

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

During the quarter 103 pits (561m and 322 samples) and 2 trenches for (146m and 166 samples) were dug to define the mineralization in saprolite and better understand the geological setting over the license (Amndobi and Dimako prospects). 335 soil samples have been also collected to check regional anomaly in the southwest along the NNE structure.

In the north, latest results show consistent mineralization across three trenches, in sheared granite. In the south (Dimako), pits and trenches were targeting vuggy hematite pyrite quartz veins. Gold workings are spread in this zone.

To date 156 pits (830m and 546 samples) and 7 trenches (646m and 662 samples) have been dug; and 834 soil and 16 rock samples have been collected.

(stated in US dollars)

(g) Sonfon Gold Project, Sierra Leone

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

3. SUMMARY OF PERFORMANCE

(a) SUMMARY OF SELECTED QUARTERLY FINANCIAL INFORMATION

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

US Dollars	**Quarter ended September 30, 2012**	**Quarter ended June 30, 2012**	**Quarter ended March 31, 2012**
Loss for the period	(522,778)	(4,914,825)	(894,992)
Basic & diluted loss per share	(0.004)	(0.041)	(0.008)
Total comprehensive income / (loss) for the quarter	(678,620)	(6,798,773)	1,042,984
Total assets	78,590,268	78,967,577	83,526,605
	Quarter ended December 31, 2011	**Quarter ended September 30, 2011**	**Quarter ended June 30, 2011**
Loss for the period	(729,272)	(3,779,505)	(2,990,353)
Basic & diluted loss per share	(0.006)	(0.032)	(0.030)
Total comprehensive income / (loss) for the quarter	(1,310,550)	(4,673,027)	(3,838,187)
Total assets	82,389,824	83,898,944	87,943,755

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

(b) RESULTS OF OPERATIONS

(i) CONSOLIDATED STATEMENT OF INCOME

Quarter ended September 30, 2012

The comprehensive loss for quarter ended September 30, 2012 was $0.7 million, compared to a loss of $4.7 million in the quarter ended September 30, 2011. The variation in quarterly loss and comprehensive loss is predominantly due to a fair value adjustment to the Company's investment in Stellar Diamonds, share-based payment charges and foreign exchange variances.

The comprehensive loss for the quarter ended September 30, 2012 is predominantly due to on-going corporate expenses, a share based payment charge of $0.2 million (2011 - $0.4 million), offset by a foreign exchange gain of $0.8 million (2011 – loss of $2.2 million).

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

Statement of financial position at September 30, 2012

Intangible assets of $63.1 million as at September 30, 2012 relate to resource properties ($7.0 million) and deferred exploration costs ($56.1 million). The New Liberty Gold Project in Liberia with a carrying value of $48.3 million represents 86% of deferred exploration costs and is Aureus Mining's most advanced project.

Additions to resource properties in the quarter to September 30, 2012 were $2.5 million attributable to the Weaju settlement, as discussed in Section 2c above, representing a cash payment of $1.3 million and the issue of 1,550,930 shares with a fair value of $1.2 million.

Additions to deferred exploration costs in the quarter to September 30, 2012 were $4.0 million. Deferred exploration costs included $0.9 million of capitalised wages and salaries representing those employees of the Company whose activity is directly related to project exploration and development. $1.6 million of consultant and professional fees were capitalised to deferred exploration costs and predominantly represent feasibility study costs.

Property, plant and equipment ("PPE") at $1.0 million as at September 30, 2012 relates predominantly to the Company's fleet of vehicles in Liberia and Cameroon.

The Company's investment in Stellar Diamonds is carried at its fair value (derived from the prevailing market price) on the statement of financial position which was $1.6 million at September 30, 2012. Changes in fair value are recorded in other comprehensive income.

Current liabilities of $2.4 million as at September 30, 2012 are predominantly due to trade payables for feasibility study related work during August and September.

Liquidity, Capital Resources and Financial Instruments

The Company's primary source of funding has been the issue of equity securities. The Company is not in production and does not generate cash flows from operations. As at September 30, 2012 the Company had cash and cash equivalents of $12.5 million included within the working capital balance of $10.5 million.

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

As disclosed below, subsequent to the period end, the Company announced it had entered into an underwriting agreement to raise gross proceeds of approximately $80 million through an offering of units.

(stated in US dollars)

Cash Flows for the nine months ended September 30, 2012

Net cash used in operations amounted to $2.4 million for the nine months ended September 30, 2012 and is due predominantly to corporate expenses, movements in working capital and realised foreign exchange gains/losses.

Net cash used in investing activities was $17.2 million for the nine months ended September 30, 2012 and predominantly relates to deferred exploration expenditure on the New Liberty feasibility study, exploration programmes and the $1.2 million Weaju cash settlement payment.

Net cash proceeds from financing activities were $1.1 million for the nine months ended September 30, 2012 relating to the exercise of stock options.

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

(c) OTHER INFORMATION

(i) Outstanding share data

	Shares	Amount $
On incorporation	-	-
Issued pursuant to the Arrangement	86,252,592	-
Shares cancelled	(444)	-
Shares issued in public offering	31,050,000	41,485,392
Share issuance costs	-	(2,753,408)
Exercise of stock options	527,654	333,282
Balance at December 31, 2011	117,829,802	39,065,266
Exercise of stock options	1,648,686	1,059,530
Issue of common shares	1,550,930	1,202,322
Balance at September 30, 2012	**121,029,418**	**41,327,118**

As at November 14, 2012 the Company had 121,535,043 shares issued and fully paid.

(ii) Going concern

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

(iii) Related party transactions

During the three months ended September 30, 2012, the Company incurred management and office service fees of $90,000 (period ended September 30, 2011, $134,996) payable to Afferro Mining and environmental consulting fees of $44,459 (period ended September 30, 2011, $10,694) payable to a Company with a common Director. The payable to related parties as at September 30, 2012 was $374,320 (December 31, 2011, $28,554).

(stated in US dollars)

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

(iv) Off balance sheet arrangements

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

(v) Operating segments

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

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

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

	Liberia exploration and development	Cameroon exploration	Sierra Leone exploration	Corporate	Total
	$	$	$	$	$
Loss/(gain) for the period	52,053	24,217	-	446,508	522,778
Segment assets	59,409,923	5,090,277		14,090,068	78,590,268
Segment liabilities	1,300,353	55,977	-	1,085,876	2,442,206
Depreciation of property, plant and equipment	61,163	11,305	-	13,126	85,594
Capital additions – property, plant and equipment	8,070	12,874	-	62,105	83,049
– intangible assets	6,432,174	98,936	-	-	6,531,110

(viii) Critical accounting estimates

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

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

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

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

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

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

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

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

(iv) Subsequent Event

On 2 November, 2012, the Company entered into an underwriting agreement to sell 15,000,000 Units (as defined below) at a price of C$0.80 per Unit pursuant to a short form prospectus offering in Canada for gross proceeds of C$12.0 million (the "Prospectus Offering") and 84,700,000 Units at a price of £0.50 per Unit pursuant to a concurrent private placement offering to investors in jurisdictions outside of Canada for gross proceeds of approximately £42.4 million (the "Private Placement", and together with the Prospectus Offering, the "Offering"). Pursuant to the Offering the Company will raise aggregate gross proceeds of approximately US$80 million, to be applied to the development of the New Liberty Gold Project in Liberia and for general corporate purposes.

Each Unit is comprised of one common share of the Company (each, a "Common Share") and one-quarter of one common share purchase warrant of the Company (each whole common share purchase warrant, a "Warrant"). Each Warrant will entitle the holder thereof to purchase one Common Share at a price of £0.625 (or the prevailing C$ equivalent thereof) for a period of 18 months from the date on which the Offering closes.

On November 8, 2012 the Company's Chief Operating Officer, Martin White left the Company to pursue other interests.

4. QUALIFIED PERSON

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

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

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

5. FORWARD-LOOKING STATEMENTS

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

6. INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

7. OUTLOOK

The Company has now completed its FS, recruited a General Manager of construction and has received the environmental permit for the New Liberty Gold Project. These milestones, along with the recent fund raising of approximately $80 million, pave the way for construction of New Liberty to begin in the first quarter of 2013. Now that the equity funding for New Liberty has been secured, the Company's focus is to secure the remaining financing required for the Project and has commenced formal due diligence with a number of financial institutions.

Management believes that there is significant further exploration potential in Liberia, especially at the targets proximal to New Liberty, including Ndablama, Weaju, Leopard Rock and the Gondoja concession. Exploration drilling in Liberia is scheduled to re-commence in Q4 2012 following the end of the rainy season, and will focus on the underexplored Weaju area.

The Company also maintains a land holding in Cameroon including the prospective Batouri project which now has an experienced exploration team in place.