

AUREUS MINING INC.

**Management's Discussion and Analysis
For the quarter ended March 31, 2014**

AUREUS MINING INC.
Management's Discussion and Analysis
For the quarter ended March 31, 2014
(stated in US dollars)

The following discussion is management's assessment and analysis of the results and financial condition of Aureus Mining Inc. (the "Company" or "Aureus" or "Aureus Mining") prepared in accordance with International Financial Reporting Standards ("IFRS"), and should be read in conjunction with the accompanying condensed interim consolidated financial statements and related notes for the three months ended March 31, 2014 and 2013. This management discussion and analysis has been prepared based on information available to the Company as at May 12, 2014. Unless otherwise indicated all amounts are in US dollars.

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

1. OVERVIEW

(A) DESCRIPTION OF BUSINESS

Aureus Mining is an exploration and development 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") which is well progressed in the course of construction. The Company has a loyal and strong workforce and supports the local communities in which it operates by sourcing services and supplies, creating job opportunities and participating in social programmes. The Company is listed on the Toronto Stock Exchange ("TSX") (Ticker AUE) and the AIM Market of the London Stock Exchange ("AIM") (Ticker AUE).

(B) STRATEGY

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

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

A Strong Portfolio of Assets

The Company has a strong portfolio of gold assets:

- The fully financed New Liberty Gold Project (the "Project") in Liberia has a NI 43-101 compliant reserve estimate of 8.5 million tonnes grading 3.4 g/t for 924,000 contained ounces of gold in the proven and probable category and a NI 43-101 compliant resource estimate comprised of 9.8 million tonnes grading 3.6 g/t for 1,143,000 ounces in the measured and indicated category and 5.7 million tonnes grading 3.2 g/t for 593,000 ounces in the inferred category. The Project Definitive Feasibility Study ("DFS") has been completed and an NI 43-101 compliant technical report has been filed on SEDAR.
- A promising portfolio of exploration stage gold projects in Liberia and Cameroon, including the Ndablama Project with a NI 43-101 compliant resource estimate comprised of 6.8 million tonnes grading 2.1 g/t for 451,000 ounces in the inferred category and the Weaju Project 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

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

Technically Strong

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

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Fully financed through to production at New Liberty

In December 2013 the Company announced that it had signed the US\$ 88 million project finance loan facility agreement with Nedbank Limited (“Nedbank”) and Rand Merchant Bank (“RMB”), and has also signed a subordinated loan facility agreement for US\$ 12 million with RMB Resources. These loan facilities will assist with the financing of the development of the Company’s New Liberty Gold Project (“New Liberty” or “the Project”), located within the Southern Block of the Company’s 100% owned Bea Mountain Mining licence in Liberia. First drawdown occurred in early Q2 2014 upon satisfaction of all conditions precedent and the balance of New Liberty capital expenditures will be funded from these loan facilities.

(c) ON-GOING PROJECTS

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

Country, Project & Ownership	Q1 2014 Progress	Future Plans
Liberia New Liberty 90% ¹	<p><u>Development</u></p> <p>Construction of the New Liberty Gold Mine continued on schedule and first gold remains on target for Q1 2015. Work on the civils and foundations progressed well with the concrete pour of the mill base completed in March</p> <p>Ball mill fabrication completed and the mill is currently en route to New Liberty along with other key mechanical equipment and plant steelwork</p> <p>Erection and commissioning of the tower crane completed</p> <p>A key focus of the construction activities in Q1 has been the work on the two Marvoe Creek Dams and the Tailings Dam Wall</p> <p>Construction of the Mine Accommodation Camp progressed well with the camp now operational and housing a large proportion of the personnel</p> <p>The construction of the RAP houses and communal buildings progressed well. The school has been in full use since January 2014. 31 families have been relocated to date</p> <p>The community based carpentry business providing the roof trusses, door and window frames, has continued to supply the building project. Good progress was made with brick making</p> <p><u>Exploration</u></p> <p>Regional mapping was undertaken in the near-mine area to further clarify the lithological and structural interpretation of the local geology. This included further mapping in and around the near-mine anomalies</p>	<p><u>Development</u></p> <p>Plant construction to continue in line with schedule and on budget with target first gold for Q1 2015</p> <p>Capital expenditures from Q2 2014 to be funded from project finance loan facilities</p> <p>Plans and detailed schedules to be finalised in readiness for mining</p> <p><u>Exploration</u></p> <p>Geological follow-up of the large West Mafa soil gold anomaly with the completion of trenching and preparation for possible drilling</p>
Liberia Ndablama 90% ¹	<p>Phase 4 drilling – continued with 12 holes completed</p> <p>2,135 drill core samples were analysed for gold</p> <p>Logging of cores completed for the 12 holes</p>	<p>Continue with phase 4 drilling campaign in Q2 2014</p> <p>Complete in-fill RC drilling programme</p>

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Country, Project & Ownership	Q1 2014 Progress	Future Plans
	<p>20 petrographic samples were analysed, all results received</p> <p>Geological mapping on-going at Ndablama Central and North zones with new trench excavations totalling 729m , and 8 new pits</p> <p>Infill soils at Ndablama South and North totalling 151 samples were analysed and all results received</p> <p>Soil sampling was carried out at Ndablama south</p> <p>54 soil samples were analysed and all results received</p>	<p>Mapping to continue to the north of Ndablama</p> <p>Continue infill trenching and pitting at Far North to identify new drill targets</p> <p>Petrographic results to be analysed</p> <p>Ndablama South soil results to be followed up with trenching/ channel sampling</p>
<p>Liberia Weaju</p> <p>90%¹</p>	<p>A re-logging of core was completed and a new geological map and model was produced</p>	<p>Plan new drilling programme to test the high grade plunge model</p> <p>A new regional soils grid will follow up on identified BLEG-stream sediment anomalies</p>
<p>Liberia Leopard Rock</p> <p>100%</p>	<p>No field work was performed in Q1 2014</p>	<p>Phase 2 drill plan reviewed and pending approval</p>
<p>Liberia Gondoja</p> <p>90%¹</p>	<p>No field work was performed in Q1 2014</p>	<p>On-going target generative work</p>
<p>Liberia Koinja and Gbalidee,</p> <p>90%¹</p>	<p>Analysis of trench results with wide anomalous zones identified</p>	<p>Continue with infill trenches on specific areas to identify drill targets</p> <p>Continue with geological map production</p>
<p>Liberia Silver Hills</p> <p>90%¹</p>	<p>No field work was carried out in Q1 2014</p> <p>Reinterpretation of mineralisation potential resulting from previous work done in Q4 2013 on going</p>	<p>To complete reinterpretation of previous results</p> <p>Plan regional mapping and soils for the northern part</p> <p>Extend soil grid to the NE towards Beau and to the SW towards New Liberty</p>
<p>Liberia Yambesei</p> <p>100%</p>	<p>Regional mapping in progress on the Yambesei license with emphasis on the Yambesei shear corridor</p> <p>72 lithological samples were collected and analysed. All results received. Results indicate several additional regional targets on the Yambesei shear</p> <p>Soil sampling (800x100m) continued to extend the Gold corridor soil grid over 15km to the north east</p>	<p>Complete mapping on the Yambesei license</p> <p>Newly identified targets to be followed up</p> <p>Continue soil sampling</p> <p>Continue BLEG sampling</p>

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Country, Project & Ownership	Q1 2014 Progress	Future Plans
	BLEG sampling on going	
Cameroon Batouri 100%	Detailed re-logging of historic drilling cores underway and including: Distinction of alteration and deformation types Re-interpretation along and across sections by identifying and following similar geological-alteration-structural-grades entities	Execute a ground geophysics survey at Amndobi Design new drilling at Kambele, Dimako and Amndobi Geological and structural mapping to continue

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

2. PROJECTS

(A) NEW LIBERTY GOLD PROJECT, LIBERIA

Introduction

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

The Company holds its interests in the New Liberty Gold Project through its subsidiary Bea Mountain Mining Corporation (“Bea”). During 2013 the Government of Liberia (“GoL”) ratified a Restated and Amended Mineral Development Agreement (“Restated and Amended MDA”) for its Bea Mountain mining licence, which covers 457 km² and includes the New Liberty Gold Project (the “New Liberty Gold Project” or the “Project”) in the Southern Block, along with the Ndablama, Gondoja and Weaju exploration targets in the Northern Block.

On July 29, 2009 Bea was granted a Class A Mining Licence (“Bea Mining Licence”) within the Bea MDA by the Government of Liberia. The Bea Mining Licence permits mining within a 457 km² area which encompasses the New Liberty Gold Project.

Reserve Estimate

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

The reserves support an open pit operation with an average annual production rate of 1.1 million tonnes of ore over an eight year production life. Plant production over the first six years averages 119,000 ounces per annum. All of the reserve at New Liberty is located within 220 metres of surface and is extractable by open pit mining methods.

The total reserve estimate of 8.5 million tonnes grading 3.4 g/t (for 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.

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The reported reserve estimate is shown in the following table:

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

Notes

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

New Liberty 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 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

Development update for Q1 2014

A key focus for the first quarter of 2014 was to progress with the construction of the foundations and concrete structures of the plant, so that the erection of the steelwork could commence as per the schedule. The construction of the TSF dam wall and the building of the two Marvoe Creek Dam walls and the construction of the spillway on the Marvoe Creek Diversion Channel ("MCDC") progressed well.

Construction of the new Relocation Action Plan ("RAP") village built to relocate the 325 dwellings to be moved has progressed well.

The bulk of the civil works on the MCDC, plant site and mine accommodation camp have been completed. The pouring of concrete for the ball mill foundations was undertaken using a continuous pour undertaken during March 2014.

The manufacture of the mill components was completed on schedule and all of the mill components will be shipped from South Africa to Liberia and are due to arrive in the first week of June 2014.

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The civil works for the primary crushers, secondary crushers and screens were completed by the end of March 2014 for handover for the commencement of steel erection. The CIL bases were handed over to the SMPP contractor in April 2014 when the steel work commenced. All of the equipment being manufactured is on schedule.

Exploration

The main focus continues to be on the interpretation of the structures controlling the New Liberty mineralisation. The dry season has been used to complete regional mapping in the area around New Liberty and the West Mafa anomaly, some 6km to the east.

The plan is to trench the most prospective areas to establish the nature of the mineralisation and then prepare ground for drilling later in the year.

(B) NDABLAMA GOLD PROJECT, LIBERIA

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

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

Phase 4 drilling commenced in the middle of Q4 2013 with 50 holes planned for 10,000 meters. Drilling concentrated in the Central Zone with some of the holes planned to connect the North and the South Zones and test down dip continuity of mineralization. By the end of Q4, 10 holes were drilled and all results received. Phase 4 drilling continued in Q1 2014 with a further 12 holes drilled.

Drilling and trench results to date have outlined multiple gold intercepts associated with three mineralised zones referred to as the North Zone, Central Zone and South East Zone. In each zone the mineralised system strikes in a northerly direction and dips westwards at shallow angles ranging between 30 and 45 degrees. The North Zone is outlined over 300 metres and hosts multiple zones of three to ten metres down to depths of 60 metres. The Central Zone has been defined for 500 metres and down dip for 150 metres and is open in all directions. Multiple mineralised intervals have been intersected with widths of three to over 40 metres. The South East Zone can be followed for 200 metres and hosts thin zones of 3 to 10 metres which can be traced down dip for up to 100 metres and are still open down dip to the west. In addition, Q1 2014 results present the potential to connect all three mineralized zones. Phase 4 drilling will continue in Q2 2014 along-side in-fill RC program with the aim to increase and raise the resource to an indicated category.

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

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In November 2013 an Inferred Mineral Resource of 451,000 ounces at 2.1 g/t Au was estimated using a 0.5 g/t cut-off grade. The Ndablama resource estimate was prepared by AMC Consultants (UK) Limited in accordance with the requirements of National Instrument 43-101 "Standards of Disclosure for Mineral Project", of the Canadian Securities Administrators ("NI-43-101").

Mineral Resource	Tonnes (million)	Grade (g/t)	Contained Gold (koz)
Inferred	6.8	2.1	451

- (1) Mineral Resources for the Ndablama deposit are reported at a cut-off grade of 0.5 g/t Au
- (2) The effective date of the Ndablama gold deposit mineral resource estimates is 11 November 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, sociopolitical, 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

Ndablama North is located between Koinja to the north east, and the Ndablama target to the south, and is identified by a series of soil anomalies that extend from Ndablama to the Yambesei shear corridor.

(C) WEAJU GOLD PROJECT, LIBERIA

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

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

In November 2012 the Company commenced exploration activities at Weaju involving an airborne LiDAR survey, geological surface mapping, soil geochemistry for gold and a diamond drilling programme. At the end of March 2013 the Company completed a phase one drilling programme of 62 holes for approximately 8,726 metres. Results from the first 47 holes from this programme were reported in March 2013 with the remaining 15 reported in June 2013.

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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 resource estimate was prepared by AMC Consultants (UK) Limited in accordance with the requirements of National Instrument 43-101 “Standards of Disclosure for Mineral Project”, of the Canadian Securities Administrators (“NI-43-101”). This was then published in an NI43-101 report in December 2013.

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 Ndablama and Weaju gold deposit mineral resource estimates is 11 November 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, sociopolitical, 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

(D) LEOPARD ROCK, LIBERIA

During 2011 the company entered into an agreement with Mansion Minerals Limited to purchase all of the shares of Archaean Gold (Liberia) Inc. (“Archaean Gold”), a company holding the exploration rights to a licence area covering 89 km². The Archaean Gold exploration licence is contiguous with and immediately south of the Company’s Bea Mountain mining licence and hosts the south eastern extension to the gold bearing rocks associated with the Ndablama prospect. The shear structure hosting the Leopard Rock target can be traced in the north west to Ndablama over a distance of 3 km.

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

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

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

(E) GONDOJA, LIBERIA

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

The Company’s exploration teams undertook geological mapping, trenching and diamond drilling programmes in 2012. A total of nine trenches were excavated for 789 metres and a diamond drilling programme was completed involving 13 holes (2,672 metres).

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

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

Gold in soil anomalies have been defined for over four kilometres in a north east direction in this area. It is related to the Yambesei shear corridor and represents the north east continuation of the Koinja-Gbalidee soil anomalies.

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

(F) KOINJA AND GBALIDEE, LIBERIA

Koinja and Gbalidee are located on the Yambesei shear corridor and are part of an 8 km continuous zone of gold in soil anomalies that extends up to Gondoja.

At the Gbalidee target, located two kilometres south east of Gondoja, 4 trenches for 237 metres and 5 diamond drill holes totalling 780 metres were completed in 2012. A total of 884 drill sample results were received in 2012. The geology of Gbalidee is very similar to that of Gondoja. To date less than 15% of the gold corridor has been drill tested.

Detailed geological mapping and trenching are required to further define the full potential of this corridor.

(G) SILVER HILLS, LIBERIA

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

Soil results were integrated with the field data. Anomalism is associated with the greenstone belts (altered amphibolites and ultramafics) and trends seem to be structurally controlled. The Western soil anomalies have a main east west trend with duplication. There is a north west trend inflexion observed which is related to the regional dolerite event. North east trending anomalies are also observed suggesting influence of the sinistral north east shear that is seen in the North Central Zone. Eastern Zone soil anomalies have a regular north east trend and additional targets have been generated for future work.

To date, the work completed at Silver Hills underlines the presence of regional scale gold mineralisation trends. The Silver Hills project may correspond to an intermediate mineralisation province between the Ndablama Gold corridor to the north east and the New Liberty gold mine project to the south west.

(H) YAMBESEI, ARCHEAN WEST, MABONG, MAFA WEST

In November 2013 the Company increased its contiguous ground holdings around its New Liberty Project. The Company's ground holding portfolio has now increased from 547 km² to 1,470 km². The four new exploration licences were issued by the Ministry of Land, Mines and Energy and are 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.

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

In Q1 2014 regional mapping on the Yambesei license confirmed additional potential along greenstone belts including the Mafa and Yambesei shears as well as the NE extension from Gondoja. New regional targets were defined based on the presence of artisanal workings and anomalous lithosample results.

Soil sampling (800x100m) is progressing on the Yambesei licence to extend the Gold corridor grid 15km to the north east. That grid will cover several newly identify targets including Welikua and Diabobo prospects.

To date, significant progress has been made on regional understanding of the lithological and structural setting of the Yambesei licence and gold mineralisation. Late dolerite dykes probable impact on the regional shears and associated mineralisation is indicated by dextral rotation and offsetting.

Prospectivity assessment and structural analysis of the other licences is ongoing. During Q2 2014, regional mapping will be completed so that integrated geology and structural maps can be produced for all the company's tenement.

(I) CAMEROON

The Batouri licence (168km²) is located 436 km east of Yaoundé, the administrative capital of Cameroon. A renewal of the license was granted in November 2013 for a two year period. 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 (3.5km long), ii) Dimako-Mongonam (3.5km long) and iii) Amndobi (5km long).

In Q1 2014 exploration work was focused on detailed core re-logging. The work was recommended in order to produce a new interpretation of the mineralisation and determine Kambele and Dimako potential to host an economic orebodies.

A ground IP or ground magnetic survey is planned to be conducted at the Amndobi prospect followed by a first pass RC drill programme.

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3. SUMMARY OF PERFORMANCE

(A) SUMMARY OF SELECTED QUARTERLY FINANCIAL INFORMATION

US\$'000 except loss per share	Quarter ended March 31, 2014	Quarter ended December 31, 2013	Quarter ended September 30, 2013	Quarter ended June 30, 2013
Loss for the quarter	(1,358)	(5,075)	(830)	(609)
Basic & diluted loss per share	(0.005)	(0.02)	(0.004)	(0.003)
Total comprehensive loss for the quarter	(1,110)	(1,726)	(1,218)	(1,143)
Total assets	170,975	166,076	150,155	152,293
	Quarter ended March 31, 2013	Quarter ended December 31, 2012	Quarter ended September 30, 2012	Quarter ended June 30, 2012
Income / (loss) for the quarter	(907)	458	(523)	(4,915)
Basic & diluted income / (loss) per share	(0.004)	0.003	(0.004)	(0.041)
Total comprehensive income / (loss) for the quarter	(845)	214	(679)	(6,799)
Total assets	153,843	153,122	78,590	78,968

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, 2014

The comprehensive loss for the quarter ended March 31, 2014 was US\$ 1.1 million, compared to a loss of US\$ 0.8 million in the quarter ended March 31, 2013. The increase in loss is predominantly due to a decreased warrant derivative liability gain recorded in the quarter.

The comprehensive loss for the quarter ended March 31, 2014 is predominantly due to on-going corporate expenses, a share based payment charge of US\$0.3 million (Q1 2013 – US\$ 0.3 million), wages and salaries of US\$0.6 million (Q1 2013 – US\$0.4 million) offset by a foreign exchange gain of US\$ 0.1 million (Q1 2013 – loss of US\$0.8 million) and a fair value gain of US\$0.3 million (Q1 2013 – loss of US\$0.3 million) on the Company's investment in Stellar Diamonds which is marked to market.

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Legal and professional expenses are in line with the comparative quarter and totalled US\$ 0.3 million (Q1 2013 – US\$ 0.4 million). Legal and arrangement fees directly attributable to the project finance loan facility totalling US\$1.1 million have been recorded as a pre-payment.

Other expenses of US\$ 0.3 million (Q1 2013 - US\$ 0.3 million) include stock market costs of US\$ 27,000, office rental and management costs of US\$ 45,000, travel and subsistence expenses of US\$ 86,000, conferences, marketing and public relations costs of US\$ 71,000 and general and administrative costs of US\$64,000.

The foreign exchange gain for the quarter ended March 31, 2014 was US\$ 0.1 million (Q1 2013 – loss of US\$ 0.8 million). The gain predominantly represents the gain realised on the settlement of South African Rand denominated creditors and the Company's pound sterling cash balances.

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

Statement of financial position at March 31, 2014

Intangible assets of US\$ 26.0 million as at March 31, 2014 (December 31, 2013 US\$ 24.4 million) relate to deferred exploration and evaluation costs incurred on the Company's projects. Additions to intangible assets in the quarter to March 31, 2014 were US\$ 1.6 million (quarter to March 31, 2013 - US\$ 3.1 million) and predominantly related to the diamond drilling programme at the Ndablama project.

Property, plant and equipment ("PPE") of US\$ 118.1 million as at March 31, 2014 (December 31, 2013 \$ 96.4 million) relates predominantly to mining and development costs on the New Liberty Project. An additional US\$ 21.8 million was capitalised to New Liberty mining and development costs during the quarter which includes costs incurred on earthworks and civils (US\$ 4.7 million), mechanical supply (US\$5.1 million), structural supply and installation (US\$3.2 million), consultants including EPCM contractor (US\$ 3.0 million), and capitalised wages and salaries (US\$ 0.8 million).

The Company's investment in Stellar Diamonds is carried at its fair value (derived from the prevailing market price) on the statement of financial position which was US\$ 0.8 million at March 31, 2014 (December 31, 2013 US\$ 0.5 million).

Trade and other receivables of US\$ 7.6 million as at March 31, 2014 (December 31, 2013 US\$ 5.4 million) includes an advance payment of US\$ 5.0 million to the Company's earthworks and civils contractor. The Company has a performance bond covering the prepaid amount. Also included in trade and other receivables is US\$2.0 million of prepaid arrangement and legal fees attributable to the project finance loan facility. These amounts will be offset against the loan facility on first drawdown and will be amortised over the tenor of the loan using the effective interest rate method.

Current liabilities of US\$ 12.5 million as at March 31, 2014 (December 31, 2013 US\$ 6.9 million) and includes accruals and trade payables arising predominantly from New Liberty development activities.

Liquidity, capital resources and financial instruments

The Company's primary source of funding to date has been the issue of equity securities. The Company is not in production and does not generate cash flows from operations. As at March 31, 2014 the Company had cash and cash equivalents of US\$ 18.5 million included within the working capital balance of US\$ 13.5 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 (99.7%) of the Company's cash and cash equivalents are invested with a leading multi-national bank with a Standard & Poor's A credit rating.

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Cash Flows for the quarter ended March 31, 2014

Net cash used in operations amounted to US\$ 1.7 million for the quarter ended March 31, 2014 (quarter ended March 31, 2013 - US\$ 2.0 million) and is due predominantly to corporate expenses, movements in working capital and realised foreign exchange gains/losses.

Net cash used in investing activities was US\$ 19.3 million for the quarter ended March 31, 2014 (quarter ended March 31, 2013- US\$ 8.2 million) and predominantly relates to development expenditures on the New Liberty Project and exploration drilling at Ndablama.

Net cash proceeds from financing activities were US\$ 0.1 million for the quarter ended March 31, 2014 (quarter ended March 31, 2013 - US\$ 0.1 million) relating to the exercise of stock options. The Company issued 415,000 new common shares following the exercise of share options at a weighted average exercise price of C\$ 0.35.

(C) OTHER INFORMATION

(i) Outstanding share data

	Shares	Amount \$'000
Balance at December 31, 2012	221,235,043	112,977
Exercise of stock options	205,625	121
Share issued on private placement	30,900,000	15,823
Share issue costs	-	(763)
Balance at December 31, 2013	252,340,668	128,158
Exercise of stock options	415,000	133
Balance at March 31, 2014	252,755,668	128,291

As at May 12, 2014 the Company had 286,130,668 shares issued and fully paid.

(ii) Going concern

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

(iii) Subsequent events

On 22 April, 2014, the Company completed a transaction to sell 33,375,000 Units (as defined below) at a price of £0.27 per Unit for gross proceeds of approximately £9.0 million (approximately US\$ 15.0 million). Each Unit is comprised of one common share of the Company (each, a "Common Share") and one-half 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 £0.378 (or the prevailing C\$ equivalent thereof) up to and including 22 October 2017.

On December 17, 2013 the Company entered into an agreement for an US\$ 88 million project finance loan facility with Nedbank Limited ("Nedbank") and Rand Merchant Bank ("RMB") supported by Export Credit Insurance Corporation of South Africa Limited ("ECIC"), (the "Senior Facility"), and also entered into a subordinated loan facility agreement for US\$ 12 million with RMB Resources (the "Subordinated Facility"). These loan facilities will assist in financing the development of the Company's New Liberty Gold Project.

The Senior Facility bears interest at the United States LIBOR rate plus a 1.8% margin plus a 2.5% ECIC

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premium for a six year term and the Subordinated Facility bears interest at the United States LIBOR rate plus 7.5% for a six and a half year term.

Subsequent to the quarter end, all conditions precedent were met on the Senior Facility and Subordinated Facility and the first drawdown on the Senior Facility for US\$32.4 million occurred. Upon satisfaction of all conditions precedent 11,124,528 million warrants with an exercise price of £0.42788 and a term of five years were issued to RMB Resources.

The Senior Facility is secured by charges over the assets of the Company's Liberian subsidiary ("Bea Mountain Mining Corporation" or "Bea") and charges over the shares in Bea and its holding companies and guaranteed by the Company.

On May 6, 2014 the Company appointed Mr. Loudon Owen to its Board of Directors. He will be replacing Mr. David Beatty, who has resigned as a Director, having served on the Aureus board since 2011.

(iv) Related party transactions

During the three months ended March 31, 2014, the Company incurred environmental consulting fees of \$37,928 (quarter ended March 31, 2013, \$6,000) payable to a company with a common director and \$7,750 (quarter ended March 31, 2013 - \$15,750) was payable to a director for consulting services performed outside the directorship role. The payable to related parties as at March 31, 2014 was \$20,619 (December 31, 2013, \$54,589).

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

(v) Off balance sheet arrangements

Other than the NPI interests disclosed in Section 2(C) above, the Company does not have any off-balance sheet arrangements and does not contemplate having any in the foreseeable future.

(vi) Operating segments

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

- Liberia development (New Liberty);
- Liberia exploration;
- Cameroon exploration; and
- Corporate.

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Following is an analysis of the Group's results, assets and liabilities by reportable segment for the quarter ended March 31, 2014:

	Liberia development (New Liberty)	Liberia exploration	Cameroon exploration	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loss/(gain) for the period	-	63	7	1,288	1,358
Segment assets	124,289	21,100	5,994	19,592	170,975
Segment liabilities	11,690	345	-	525	12,560
Depreciation of property, plant and equipment	-	57	9	9	75
Capital additions					
– property, plant and equipment	21,793	22	-	-	21,815
– intangible assets	-	1,457	89	-	1,546

(vii) Critical accounting estimates

In the application of the Company's accounting policies, as disclosed in note 2.14 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.

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

Share based payments and warrants

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

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

Carrying value of non-current assets

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

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

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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 expenditures. Because of the above-mentioned uncertainties, actual future cash flows could materially differ from those estimated.

4. QUALIFIED PERSON

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

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

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

5. FORWARD-LOOKING STATEMENTS

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

6. INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for the design and effectiveness of internal controls over financial reporting (as such term is defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109")), to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada.

The Company's CEO and CFO are also responsible for the design and effectiveness of disclosure controls and procedures (as such term is defined in NI 52-109) to provide reasonable assurance that material

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information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers.

There have been no changes in the Company's internal control over financial reporting during the quarter ended March 31, 2014 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

7. OUTLOOK

The Company has had a very strong start to the year, progressing well with the construction of New Liberty and reaching financial close on the project finance loan facility on which the first drawdown was made shortly after quarter end. The Company's balance sheet was further strengthened in April 2014 with the raising of US\$ 15 million of equity.

The Company's focus for the remainder of 2014 will be to continue to progress the development of New Liberty on budget and on time for first gold pour by the end of Q1 2015. Construction of the process plant has commenced and the ball mill is scheduled to arrive at site in late Q2 2014.

Throughout 2014 exploration will continue on the Company's exciting license portfolio with drilling to continue at Ndablama during the current field season and target generative work to continue on the remainder of the Company's targets and licenses.