

AUREUS MINING INC.

**Management's Discussion and Analysis
For the quarter ended June 30, 2016**

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For the quarter ended June 30, 2016
(stated in US dollars)

The following discussion is management's assessment and analysis of the operating results and financial condition and future prospects of Aureus Mining Inc. (the "Company" or "Aureus" or "Aureus Mining") prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, and should be read in conjunction with the accompanying consolidated financial statements and related notes for the three and six months ended June 30, 2016. This management discussion and analysis has been prepared based on information available to the Company as at August 5, 2016. Unless otherwise indicated all amounts are in US dollars.

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

1. OVERVIEW

(A) DESCRIPTION OF BUSINESS

Aureus Mining, is a West African focused gold producer engaged in the exploration, development and operation of gold mining assets. The Company's main asset is the New Liberty Gold mine located within the licence area subject to the Bea Mountain Mineral Development Agreement in Liberia, West Africa (the "New Liberty Gold Mine"), which has a proven and probable reserve of 924 koz grading 3.4 g/t, a measured and indicated reserve of 1.143 Moz grading 3.6 g/t, and an inferred reserve of 593 koz grading 3.2 g/t. The Company has an aggregate exploration portfolio of 1,683 km² located on major gold bearing structures having a total resource base of 2.8 Moz grading 2.5 g/t (1.5 Moz grading 2.7 g/t measured and indicated and 1.3 Moz grading 2.2 g/t inferred). The Company is listed on the Toronto Stock Exchange (the "TSX") (Ticker AUE) and the AIM Market of the London Stock Exchange (the "AIM") (Ticker AUE).

(B) VISION

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

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

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

(C) KEY STRENGTHS

Aureus' key strengths are detailed as follows:

A Strong Portfolio of Assets

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

- The New Liberty Gold Mine in Liberia has a NI 43-101 - *Standards of Disclosure for Mineral Projects* ("NI 43-101") compliant reserve estimate of 8.5 million tonnes grading 3.4 g/t for 924,000 contained ounces of gold in the proven and probable category and a NI 43-101 compliant resource estimate comprised of 9.8 million tonnes grading 3.6 g/t for 1,143,000 ounces in the measured and indicated category and 5.7 million tonnes grading 3.2 g/t for 593,000 ounces in the inferred category. The Project

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Definitive Feasibility Study ("DFS") has been completed and an NI 43-101 compliant technical report has been filed on SEDAR.

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

Technically Strong

The Company has experienced production and exploration teams in the countries in which it operates, who have an understanding of the geological settings and have the flexibility to work across the region in areas where the geological setting is well understood. The Company employs up-to-date technological tools to better focus its exploration efforts.

Supportive Majority Shareholder

On June 14, 2016 the Company entered into an agreement for an equity financing with MNG Gold Jersey Ltd. ("MNG Gold") to strengthen the Company's balance sheet and fund working capital as it completes the restart of the processing plant at the New Liberty Gold Mine.

On June 21, 2016 the Company closed the Initial Tranche of the equity financing with MNG Gold pursuant to which the Company issued 59,533,674 new common shares in the Company ("Shares") at a price of \$0.045302 per Share and a promissory note for the aggregate principal amount of US\$12,303,006 to MNG Gold ("the Promissory Note"), raising gross proceeds of \$15 million.

On July 15, 2016 the Company closed the Final Tranche of the equity financing with MNG Gold pursuant to which the Company has issued 331,111,209 new Shares at a price of \$0.045302 per Share to MNG Gold, raising gross proceeds of \$15 million.

Further, the Promissory Note issued by the Company to MNG Gold pursuant to the Initial Tranche of the equity financing automatically converted into 271,577,546 Shares (also at a price of \$0.045302 per Share) upon closing of the Final Tranche of the equity financing and receipt of the required TSX approval. An aggregate of 662,222,429 Shares have been issued pursuant to the two tranches and the automatic conversion of the Promissory Note following which MNG Gold became a 55% shareholder of the Company.

MNG Gold becoming a major shareholder will provide Aureus with an exciting future as it restarts production at New Liberty and aims to optimise the asset to deliver on its full potential. MNG Gold has strong financial backing, operational experience and is an existing operator in Liberia. This transaction has recapitalised the Company and places it in a much stronger position to move forward.

2. PROJECTS

(A) NEW LIBERTY GOLD MINE, LIBERIA

Introduction

The key asset in Aureus' portfolio is the New Liberty Gold Mine, which declared commercial production on March 1, 2016. The New Liberty Gold Mine is a greenfield development and has the advantage of being easily accessible from Monrovia, Liberia's capital city which is also home to Liberia's main commercial port facility. A

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tarmac road predominantly covers the 100 kilometre route from Monrovia to the New Liberty Gold Mine which provides excellent all year round access.

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

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

Reserve Estimate

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

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

The total reserve estimate of 8.5 million tonnes grading 3.4 g/t (for 923,716 ounces) is comprised of 0.7 million tonnes grading 4.4 g/t (for 99,470 ounces) in the proven category and 7.8 million tonnes grading 3.3 g/t (for 824,246 ounces) in the probable category, as detailed in the table below. The proven and probable ore reserves are contained within open pits of depths between 180 and 220 metres below surface. The ore body is still open at depth.

The reported reserve estimate is shown in the following table:

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

Notes

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

New Liberty Gold Mine Resource Estimate

A mineral resource estimate (“MRE”) was undertaken by AMC Consultants UK Limited (“AMC”) in accordance with the requirements of NI 43-101. The MRE incorporates all of the results from drilling as at April 4, 2012, being 438 holes for 65,187 metres and was calculated on the basis of a 1.0 g/t cut-off grade.

The total resource estimate is comprised of 651,000 tonnes grading 4.77 g/t (for 100,000 ounces) in the measured category, 9,145,000 tonnes grading 3.55 g/t (for 1,043,000 ounces) in the indicated category, and 5,730,000 tonnes grading 3.2 g/t (for 593,000 ounces) in the inferred category, as detailed in the table below.

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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

Operational review for the quarter ended June 30, 2016

Operating data	Unit	Post commercial production	Three months ended June 30,	
		March 1 to June 30, 2016	2016	2015
Ore mined	Kt	273	202	112
Waste mined	Kt	3,148	2,545	1,801
Total mined	Kt	3,421	2,747	1,913
Strip ratio	waste:ore	11.5	12.6	16.0
Ore milled	t	183,183	99,438	n/a
Feed grade	g/t Au	2.8	2.5	n/a
Recovery	%	88	85	n/a
Gold ounces produced	oz	16,327	8,274	n/a
Gold ounces sold	oz	18,343	11,731	n/a
Average realised price	US\$/oz	1,251	1,253	n/a
Operating cash cost, pre-shutdown	US\$/oz sold	1,196	1,287	n/a
All-in-sustaining cash cost including shutdown costs	US\$/oz sold	1,627	1,894	n/a

Note

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

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

During Q2 2016, mining operations continued at New Liberty with 2,747,266 tonnes mined including 201,774 tonnes of ore at a grade of 3.58 g/t au. Excavation work continued on the flood diversion trench and bund along the southern final pit limit to prepare for continuing mining operations throughout the wet season, with an additional 259,501 tonnes of material moved during the quarter and leaving approximately 15,000 tonnes remaining. Mining operations continued to focus upon both the Kinjor and Larjor starter pits and opening access to fresh rock before the onset of the wet season in late Q2 / early Q3 2016.

During May 2016, five new 100-tonne capacity Komatsu HD785 rigid haul trucks and one PC1250 excavator were commissioned and added to the New Liberty mining fleet by MonuRent, the New Liberty mining fleet and

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equipment maintenance provider. Despite this, mining activities throughout the period were hampered by low equipment availability, including poor drill rig availability affecting the rate of drilling and blasting ability. This had a knock on effect leading to a lack of broken ore stock ready for mining. A new Pantera DP1500i drill rig and also a contractor rig arrived on site during July 2016 to remedy the shortfall in drill availability.

As previously reported, during May 2016, the Company temporarily suspended processing operations at the New Liberty gold mine as a consequence of operating problems with the detoxification circuit in the process plant. The detoxification circuit had not been operating to original design specifications, and as a result higher concentrations of cyanide WAD (weak acid dissociated cyanide) were contained within the process effluent being discharged to the tailings storage facility ("TSF"). During April 2016, when the issue with the detoxification circuit was identified, the Company continued operations with process water in a closed circuit resulting in zero discharge from the TSF, whilst a solution for the detoxification issues were sought. The onset of earlier than expected heavy rainfall in early May inadvertently resulted in a small overflow of tailings effluent from the TSF onto the wetlands area (within the mining lease area).

As a result of the overflow, the process plant was immediately shut down on May 7, 2016 and the Company began conducting remediation work to rectify the issues in the detoxification circuit and to manage future water discharge from the TSF. A number of international consultants were contracted to assess downstream impacts of the incident and investigations to date indicate that there has been no adverse impact on any human settlement as the discharge took place within the mining lease and some five kilometres from the nearest settlement.

During the suspension of processing operations the Company focused upon the completion of various modifications to the process plant and detoxification circuit, with the assistance of technical specialists including experienced detoxification experts Maelgwyn Mineral Services Africa ("MMSA"). Modifications included the optimisation of the performance of the gravity circuit, through to the replacement and installation of a new larger sized gravity screen, which aims to separate and recover a higher proportion of gold and metal sulphides within the gravity circuit and increase the feed to the Falcon concentrator, a step which will reduce the level of metal sulphides reporting to the Carbon in Leach ("CIL") and detoxification circuits of the process plant.

Additionally, adjustments were made to the pre-oxidation circuit to incorporate the addition of a further pre-oxidation tank to increase residence time within the CIL circuit. Additionally, the capacity of the pressure swing adsorption ("PSA") oxygen plant was increased to provide supplementary oxygen to both the CIL and detoxification circuits. The reagent dosing systems of the detoxification circuit were also redesigned by MMSA and the optimisation of reagent consumption including copper sulphate and sodium metabisulfite within the circuit is ongoing following the restart of the process plant in July 2016. All modifications were undertaken in accordance with the International Cyanide Management Code and various operational reviews have been carried out on site by international consultants including TSF experts Knight Piésold Consulting (UK).

During the period of plant suspension, the Company completed various preventative maintenance programmes, including performing a full relining of the ball mill, which was previously scheduled to be undertaken at the end of June 2016. This relining involved the mill being fitted with more heavy duty Weir-Polymet liners than those originally supplied as well as improved lifters and grates, with the aim of improving mill liner life and reducing future mill downtime.

Alongside the process plant modifications, the Company developed a comprehensive start-up plan to recommence processing operations at New Liberty as soon as the remedial actions on the detoxification circuit of the Process Plant were completed. The start-up plan was submitted to the Ministry of Lands, Mines and Energy of Liberia ("MLME") and the Environmental Protection Agency of Liberia ("EPA").

On June 6, 2016 the Company received a permit from the EPA granting permission to recommence discharges from the TSF. This permit covers all discharge of TSF water into the wetlands, discharge from the wetlands and

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discharge outside of the mining lease. Additionally, approval to discharge existing and current water from the TSF was granted and this was commenced on June 9, 2016. MLME granted the Company approval to commence with the plant restart process on June 17, 2016.

At the date hereof, the process plant restart procedure is currently underway and includes scheduled periods of plant downtime to allow for performance testing and further optimisation activities, and a gradual ramp-up in processing operations towards achieving plant name plate capacity of 146 tonnes of Run of Mine ore ("ROM") per hour and steady state operations over a period of approximately 60 days.

During the quarter, 99,438 tonnes of ore were milled at an average feed grade of 2.54g/t, resulting in the production of 8,274 ounces of gold. Gold sales for Q2 2016 were 11,731 ounces which generated sales revenue of \$14.7 million. The average realised gold price for the quarter was \$1,253 per ounce.

During the period, the Company and its consultant, SRK Consulting (UK) Limited ("SRK"), completed a number of mine plan scenarios at varying gold price levels and these plans were submitted to Nedbank Limited ("Nedbank"), Rand Merchant Bank ("RMB") and the Export Credit Insurance Corporation of South Africa Limited ("ECIC") (together, the "Lenders") as the basis for discussions with the Company to mutually agree an appropriate debt repayment schedule, expected to be concluded in October 2016.

As a part of the US\$30 million equity financing with MNG Gold completed in July 2016, the Company received credit approval from the Lenders for a four month default waiver and standstill agreement during which time the Company will work with the Lenders to reschedule the debt repayment profile. The waivers encompass all existing, as well as future breaches of the loan documentation that may occur during the standstill period, and a deferral by the Lenders of all principal and interest payments during this time.

Exploration

During Q2 2016, exploration activities focused on the near mine potential around the New Liberty Gold Mine with pitting and regolith mapping undertaken around the western portion of the Bea Mining Licence. This work aimed to test major structures around the mine.

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

The results from some of the pits along major structures have shown that there are several new targets with indicators of gold mineralisation which were not previously detected during soil sampling programmes. Further pitting is ongoing to follow this gold anomalism along with detailed field based geological mapping to constrain the anomalism, with the aims of finding concealed mineralisation along major and secondary structures close to the New Liberty Plant site.

Other areas of structural and regolith interest have been selected for detailed regolith and geological mapping throughout the rest of the year.

(B) NDABLAMA GOLD PROJECT, LIBERIA

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

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

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

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

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

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

Throughout the quarter, pitting on additional soil anomalism was undertaken to the west of the Ndablama target to test additional areas of mineralisation which have not been previously identified.

(C) WEAJU GOLD PROJECT, LIBERIA

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

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

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

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

In Q2 2016 mapping along the southwestern area of the Weaju Project revealed the potential to increase the strike of mineralisation for a further 800 meters to the southwest. Additional mapping and sampling will be completed to better define the surface expression of mineralisation.

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(D) LEOPARD ROCK, LIBERIA

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

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

Leopard Rock South is a continuation of the Leopard Rock projection, and is identified by a series of gold anomalies to the south and west of Leopard Rock. Throughout the period, pitting work has been undertaken to test the surface continuation of mineralisation following on from detailed mapping of the Ndablama Project, the results of which will enable further follow up work in Q3 2016.

(E) GONDOJA, LIBERIA

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

Gondoja was mapped in detail as part of a campaign to map the Yambesei shear zone, this has enabled the tracing of mineralisation at surface and put the soil anomalies into a geological context. Pitting was undertaken along the entire extent of the Yambesei shear zone and identified the continuation of mineralised zones.

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

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

Detailed mapping of the 8 kilometre extent of the Yambesei shear zone was completed during Q4 2015. Pitting along the entire length of the Yambesei shear was continued in Q2 2016 and has been completed over Gondoja, Musa and Gbalidee. Further follow up work will be completed later in the year once field activities recommence after the rainy season.

(G) SILVER HILLS, LIBERIA

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

Work focused along the strike of the Belgium target during Q2 2016 with pitting and mapping exploration techniques undertaken along from the strike extent of mineralisation. This mineralisation is highlighted by a north-east trending shear, and has the potential to extend over 3 km up to the Bruges target located in the north-east. Detailed regolith mapping and pitting was undertaken during the quarter connecting Belgium target to the Antwerp target, and locating several areas with subdued soils anomalism due to covering with ferricrete and residual soils. Channel samples highlighted the potential for high grade zones, associated with intense silicification along strike of previously sampled areas.

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(H) MATAMBO CORRIDOR, LIBERIA

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

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

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

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

During Q2 2016 geological mapping covered the majority of the 15 km gold corridor. The Bomafa, Bangoma, Saanor prospects were all mapped and sampled. Locating a main band of greenstone which underlies the soil anomalism with lithosamples confirming multiple bands of mineralisation at surface. Work on the area will continue after the rainy season on further testing the areas with identified mineralisation.

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

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

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

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

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

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(I) CAMEROON

The Batouri licence (168 km²) is located 436 km east of Yaoundé, the administrative capital of Cameroon. A renewal of the licence was granted in November 2013 for a two year period, the licence renewal is currently in process. The licence is a window of the Pan-African north equatorial fold belt composed of Paleo-Proterozoic and Neoproterozoic series and known as a result of collision between the West African craton and Congo craton. The region is affected by the Central African Shear Zone system generally following a north-east to south-west trend, and along which syn to post-tectonic granitoid plutons are common. The auriferous zones within the granite are considered to be controlled by the shear zone.

The Batouri project is defined by three prospects; i) Kambele (3.5 km long), ii) Dimako-Mongonam (3.5 km long) and iii) Amndobi (5 km long).

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

3. UPDATE ON EBOLA

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

Liberian health authorities quickly traced, isolated and monitored the health of identified contacts of the three confirmed cases, over 100 in all, and stepped up infection prevention and control measures in health facilities and the impacted community. On April 29, 2016, Liberia began a 42-day period of increased surveillance – amounting to two 21-day incubation cycles of the virus. Following this period, on June 9, 2016, the WHO declared Liberia free of EVD for the fourth time. The country is now in a 90 day period of heightened surveillance to ensure that any new cases are identified quickly and contained before spreading.

The surrounding countries of Sierra Leone and Guinea declared the end of Ebola human-to-human transmission on March 17, 2016 and on June 1, 2016 respectively following the last flare ups.

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4. SUMMARY OF PERFORMANCE

(A) SUMMARY OF SELECTED QUARTERLY FINANCIAL INFORMATION

US\$'000 except loss per Common Share	Quarter ended June 30, 2016	Quarter ended March 31, 2016	Quarter ended December 31, 2015	Quarter ended September 30, 2015
Profit/(loss) for the quarter	(9,235)	(5,629)	(56,991)	522
Profit/(loss) per Common Share, basic and diluted	(0.017)	(0.010)	(0.139)	0.001
Total comprehensive income/(loss) for the quarter	(9,368)	(5,566)	(57,093)	307
Total assets	288,557	280,879	280,994	316,160
	Quarter ended June 30, 2015	Quarter ended March 31, 2015	Quarter ended December 31, 2014	Quarter ended September 30, 2014
Loss for the quarter	(2,172)	(2,697)	(831)	(286)
Loss per Common share, basic and diluted	(0.006)	(0.008)	(0.003)	(0.001)
Total comprehensive loss for the quarter	(2,133)	(3,015)	(1,078)	(434)
Total assets	302,011	287,217	266,974	258,781

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

(B) RESULTS OF OPERATIONS

(i) CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

Quarter ended June 30, 2016 ("Q2 2016")

The loss for Q2 2016 was US\$9.2 million, compared to US\$2.2 million in the quarter ended June 30, 2015 ("Q2 2015"). The increase in quarterly loss is predominantly due to loss from operations at New Liberty of US\$5.4 million including costs during the temporary suspension of processing operations of \$4.4 million, increase in administrative and other expenses of \$0.9 million due to the arbitration process with the Company's earthworks and civils contractor, finance charges of US\$2.5 million partly off-set by the change in the fair value of the derivative liability from a loss of \$1 million in Q2 2015 to a gain of \$0.9 million in Q2 2016.

The comprehensive loss for Q2 2016 amounted to US\$9.4 million (Q2 2015: US\$2.1 million).

Revenues of US\$14.7 million (Q2 2015: US\$nil) were generated from the sale of 11,731 ounces of gold.

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Cost of sales of US\$15.7 million relating to production costs and mine depreciation have been recognised in the income statement during the quarter. Production costs of US\$13.5 million (Q2 2015: US\$nil) include costs associated with mining, processing, refining, royalties and mine administration of US\$18.1 million and a credit of US\$4.7 million for the increase in inventories. Depreciation during the period was US\$2.3 million, or US\$273 per ounce produced.

Costs incurred during the temporary suspension of plant processing operations from May 7 to June 30, 2016 amounted to US\$4.4 million.

Administrative and other expenses of US\$2.2 million was US\$0.9 million higher than Q2 2015 due to an increase in legal and professional expenses of US\$1.1 million relating to the arbitration process with the Company's earthworks and civils contractor off-set by a reduction of share based payments of US\$0.2 million.

The derivative liability gain of US\$0.9 million (Q2 2015: loss of US\$1 million) relates to the decrease in fair value of the warrants mainly as a result of the decline in the Company share price.

Interest expense of US\$2.5 million represents the effective interest on Tranches A and B of the Senior Facility, Subordinated Facility, finance lease liabilities and the unwinding of the discount on the mine closure provision.

The variation in profit and loss over the eight quarters disclosed above is predominantly driven by impairment charges, the declaration of commercial production on March 1, 2016 following which all revenues and costs of sales are recognised in the income statement rather than capitalised and the shutdown of plant processing operations in Q2 2016. All other items of profit and loss are relatively consistent.

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

Statement of financial position at June 30, 2016

Trade and other receivables increased from US\$0.8 million as at December 31, 2015 to US\$1.3 million as at June 30, 2016 predominantly due to prepaid insurance costs and increase in UK VAT receivable.

Inventories of US\$19.9 million includes 139 ounces of gold doré (US\$0.1 million), gold in circuit (US\$2.4 million), ore stockpile (US\$14.3 million) and consumables (US\$3.1 million).

Intangible assets of US\$37.3 million as at June 30, 2016 (December 31, 2015: US\$35.7 million) relate to the exploration and evaluation costs incurred on the Company's projects. Additions to intangible assets in Q2 2016 were US\$0.5 million (Q2 2015: US\$1.0 million) predominantly for near mine exploration at New Liberty (US\$0.1 million), Silver Hills (US\$0.1 million), Cape Mount (US\$0.1 million) and Ndablama (US\$0.1 million).

Property, plant and equipment of US\$225.1 million as at June 30, 2016 (December 31, 2015: US\$222.2 million) relates predominantly to New Liberty Gold Mine assets of US\$213.5 million, diesel-powered generators and fuel storage facility at New Liberty held as finance leases of US\$9.2 million and mine closure and rehabilitation cost of US\$1.6 million. An additional US\$2.8 million was capitalised during Q2 2016 which relates mainly to deferred stripping costs (US\$1.2 million), water diversion works (US\$0.8 million), construction works at the RAP village (US\$0.2 million), lifter bars and grates for the mill (US\$0.3 million) and new larger sized gravity screen (US\$0.1 million).

The Company's investment in Stellar Diamonds of 615,855 shares is carried in the statement of financial position at its fair value (derived from the prevailing market price) which was US\$48 thousand at June 30, 2016 (December 31, 2015: US\$83 thousand).

Current liabilities of US\$58.7 million as at June 30, 2016 (December 31, 2015: US\$33.3 million) includes trade and other payables of US\$24 million (December 31, 2015: US\$19.6 million) arising mainly from New Liberty

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mining and plant operations, the Promissory Note payable to MNG Gold of US\$11.9 million (December 31, 2015: US\$nil), current portion of borrowings of US\$20.5 million (December 31, 2015: US\$11.3 million), finance lease liabilities of US\$1.5 million (December 31, 2015: US\$1.2 million) and derivative liability of US\$0.8 million (December 31, 2015: US\$1.2 million) being the fair value of the warrants issued.

Non-current liabilities of US\$94.2 million (December 31, 2015: US\$100.5 million) includes borrowings of US\$85.5 million (December 31, 2015: US\$91.5 million), finance lease liabilities of US\$7.0 million (December 31, 2015: US\$7.7 million) and provision for rehabilitation of New Liberty mine of US\$1.7 million (December 31, 2015: US\$1.4 million).

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

Liquidity, Capital Resources and Financial Instruments

As at June 30, 2016, the Company had cash and cash equivalents of US\$4.2 million, net current liabilities of US\$33.3 million and approximately US\$19 million of debt repayments due in the next twelve months.

During the current quarter, the Company had negative operating cash flows as a consequence of the issues detailed in the Operational Review section above. As a result, the Company has required the continuing support of its creditors and Lenders.

The recent equity financing with MNG Gold helped compensate for the loss of revenue from gold sales during the temporary suspension of plant processing operations enabling the payment of creditors and has strengthened the Company's balance sheet. With the re-start of plant processing operations in July 2016, it is expected that operating cash flows will fund the New Liberty Gold Mine operations going forward.

A number of mine plan scenarios, which aims to improve the Company's working capital position and involves a pit optimisation exercise to develop the most economic ultimate pit-shell, pit phasing and ramp design for the Project based on the current operational status and gold price environment, has been presented and will form the basis of discussions between the Company and the Lenders to mutually agree an appropriate revised debt repayment schedule. Based on discussions and the support received to date, there is a reasonable expectation that this will be achieved, however, there can be no absolute certainty that the negotiations will be successful, failing which, the loans may be called into default and security enforced. During the quarter, the Company received credit approval from the Lenders for a four month default waiver and standstill agreement during which time the Company will work with the Lenders to reschedule the debt repayment profile. The waivers encompass all existing, as well as future breaches of the loan documentation that may occur during the standstill period, and a deferral by the Lenders of all principal and interest payments during this time.

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

The majority (c.91%) of the Company's cash and cash equivalents are invested with a leading multi-national bank with a Standard & Poor's A- long-term credit rating.

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Cash Flows for the six months ended June 30, 2016

Net cash generated from operations during the period amounted to US\$5.6 million (six months ended June 30, 2015: US\$11.4 million used in operations) and is due predominantly to cash inflows from gold sales and increases in operating payables offset by corporate expenses. This cash generated from operations was expended on pre-production operating liabilities which are included in investing activities.

Net cash used in investing activities during the period was US\$21.7 million (six months ended June 30, 2015: US\$32 million) and predominantly relates to pre-commercial production operating costs at New Liberty including finance charges and exploration costs partly off-set by proceeds from pre-production gold sales.

Net cash inflows from financing activities during the period of US\$13.2 million was generated from the proceeds of the Initial Tranche of the equity financing with MNG in exchange for the issuance of new shares (US\$2.7 million) and Promissory Note payable to MNG Gold (\$12.3 million) offset by finance charges of US\$1.8 million.

(C) OTHER INFORMATION

(i) Outstanding Share Data

As at the date hereof, the Company had an unlimited number of common shares authorized for issuance with 1,204,039,001 Common Shares issued and outstanding following completion of the equity financing with MNG Gold Jersey Limited on July 15, 2016.

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

	Number	Exercise Price	Expiry Date
Stock Options	25,874,112	C\$0.097-C\$1.05	Jan 2017 – Jan 2021
Warrants	60,472,175	GBP0.07-GBP0.378	Oct 2017 – Apr 2019

(ii) Going concern

As at June 30, 2016, the Company has net current liabilities of US\$33.3 million and has approximately US\$19 million of debt repayments due in the next twelve months. The net current liability position is as a result of commissioning and ramp up issues at New Liberty during the second half of 2015 and early 2016 and the recent plant stoppage required to optimise the detoxification circuit.

The Company has completed a number of mine plan scenarios at varying gold price levels and these plans have been submitted to the Lenders as the basis for discussions with the Company, to mutually agree an appropriate debt repayment schedule. The Company also received credit approval from the Lenders for a four month default waiver and standstill agreement during which time the Company will work with the Lenders to reschedule the debt repayment profile. The waivers encompass all existing, as well as future breaches of the loan documentation that may occur during the standstill period, and a deferral by the Lenders of all principal and interest payments during this time.

Based on discussions and the support received to date, there is a reasonable expectation that an appropriate debt repayment schedule will be achieved, however there can be no absolute certainty that the negotiations will be successful or that the Company will be able to generate the necessary funds to repay the debt as it currently falls due.

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

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The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

(ii) Subsequent events

On July 15, 2016 the Company closed the Final Tranche of the equity financing with MNG Gold pursuant to which the Company has issued 331,111,209 new Shares at a price of \$0.045302 per Share to MNG Gold, raising gross proceeds of \$15 million.

Further, the Promissory Note issued by the Company to MNG Gold pursuant to the Initial Tranche of the equity financing with MNG Gold automatically converted into 271,577,546 Shares (also at a price of \$0.045302 per Share) upon closing of Final Tranche and receipt of the required TSX approval. An aggregate of 662,222,429 Shares have been issued pursuant to the two tranches and the automatic conversion of the Promissory Note and MNG Gold became a 55% shareholder of the Company.

(iii) Related party transactions

During the six months ended June 30, 2016, the Company incurred environmental consulting fees of \$57,485 (six months ended June 30, 2015: \$3,891) payable to a company with a common director. During the three months ended June 30, 2016, the Company incurred environmental consulting fees of \$36,625 (three months ended June 30, 2015: \$nil) payable to a company with a common director. The payable to related parties as at June 30, 2016 was \$36,625 (December 31, 2015: \$3,535).

(iv) Off balance sheet arrangements

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

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

Other than the NPI interests disclosed above and the 10% free carry interest of the GoL in the Bea Mining Licence, the Company does not have any off-balance sheet arrangements and does not contemplate having any in the foreseeable future.

(v) Request for arbitration

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

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

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

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(vi) Operating segments

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

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

The following is an analysis of the Group's results, assets and liabilities by reportable segment for the three months ended June 30, 2016:

	New Liberty operations	Liberia exploration	Cameroon exploration	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loss for the period	(8,695)	(88)	(6)	(446)	(9,235)
Gold sales	14,695	-	-	-	14,695
Production costs					
- Mine operating costs	(18,114)	-	-	-	(18,114)
- Change in inventories	4,659	-	-	-	4,659
	(13,455)	-	-	-	(13,455)
Depreciation	(2,255)	(89)	(6)	(4)	(2,354)
Plant shutdown costs	(4,383)	-	-	-	(4,383)
Segment assets	246,407	31,981	6,123	4,046	288,557
Segment liabilities	(138,006)	(330)	-	(14,561)	(152,897)
Capital additions					
- property, plant and equipment	2,801	-	-	-	2,801
- intangible assets	-	508	47	-	555

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(vii) Non-IFRS financial measures

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

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

In US\$'000 except per ounce figures	Post commercial production March 1 to June 30, 2016	Three months ended June 30, 2016
Gold ounces sold	18,343	11,731
Mine operating costs excluding royalty, freight and refining	24,969	17,573
Change in inventories	(5,645)	(4,659)
Impairment of inventory	2,607	2,179
Total operating cash costs - pre-shutdown	21,931	15,093
Operating costs during plant shutdown	4,383	4,383
Total operating cash costs - post-shutdown	26,313	19,475
Total operating cash costs per ounce sold - pre-shutdown	1,196	1,287
Total operating cash costs per ounce sold - post-shutdown	1,435	1,660
Total production cash costs	26,313	19,475
Royalty, freight and refining	823	541
Corporate administrative costs	2,376	1,975
Share based compensation	178	117
Sustaining exploration	100	72
Accretion and depreciation on reclamation provision	55	38
Total all-in sustaining costs	29,845	22,218
Total all-in sustaining costs per ounce sold	1,627	1,894

(vii) Critical accounting estimates

In the application of the Company's accounting policies, as disclosed in note 3.21 of the Company's annual financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting

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estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following critical IFRS accounting policies and estimates are relevant to the presentation of the Company's audited consolidated financial statements for the period ended June 30, 2016:

Share based payments and warrants

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

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

Carrying value of non-current assets

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

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

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

Provisions for mine closure and rehabilitation costs

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

Inventories

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

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4. QUALIFIED PERSON

The Company's Qualified Person is Mark J. Pryor, who holds a BSc (Hons) in Geology & Mineralogy from Aberdeen University, United Kingdom and is a Fellow of the Geological Society of London, a Fellow of the Society of Economic Geologists and a registered Professional Natural Scientist (Pr.Sci.Nat) of the South African Council for Natural Scientific Professions. Mark Pryor is an independent technical consultant with over 25 years of extensive global experience in exploration, mining and mine development and is a "Qualified Person" as defined in National Instrument 43-101 "Standards of Disclosure for Mineral Projects" of the Canadian Securities Administrators and has reviewed and approved this management discussion and analysis.

5. FORWARD-LOOKING STATEMENTS

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

With respect to forward looking information contained in this MD&A, assumptions have been made regarding, among other things: general business, economic and mining industry conditions; that Aureus will be able to advance and complete any remediation, rehabilitation and restoration activities that may be required within expected timeframes; that there will be no significant delay or other material impact on the expected timeframes for completion of any remediation and restoration of the New Liberty Gold Mine and the recommencement of processing operations; that any required permits, approvals and arrangements to proceed with planned remediation and restoration will be obtained in a timely manner; that there will be no interruptions that will materially delay Aureus' progress with any remediation plans; that Aureus will have access to any additional

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capital if required; interest rates and foreign exchange rates; mineral resource and mineral reserve estimates; geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral resources and mineral reserves) and cost estimates on which the mineral resource and mineral reserve estimates are based; the parameters and assumptions employed in the DFS, (including but not limited to, those relating to construction, future mining and operating costs, processing and recovery rates, net present values and internal rates of return, timing for the commencement of production, tax and royalty rates, future gold prices, metallurgical rates, pit design, operations and management, grades, the base case analysis and the proposed budget for further exploration plans and objectives); the supply and demand for commodities and precious and base metals and the level and volatility of the prices of gold; market competition; the ability of the Company to raise sufficient funds from capital markets and/or debt to meet its future obligations and planned activities; the business of the Company including the continued exploration of its properties; the political environments and legal and regulatory frameworks in Liberia and Cameroon with respect to, among other things, the ability of the Company to obtain, maintain, renew and/or extend required permits, licences, authorizations and/or approvals from the appropriate regulatory authorities and the ability of the Company to continue to obtain qualified staff and equipment in a timely and cost-efficient manner to meet its demand. Assumptions used in the preparation of such information, although considered reasonable by Aureus at the time of preparation, may prove to be incorrect.

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

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against the Company's directors and officers; risks related to the Ebola crisis; and future unforeseen liabilities and other factors.

Disclosure herein of exploration information and of mineral resources and mineral reserves is derived from the respective technical reports. Information relating to "mineral resources" and "mineral reserves" is deemed to be forward looking information as it involves the implied assessment based on certain estimates and assumptions that the mineral resource and mineral reserves can be profitable in the future. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. By their nature, mineral resource and reserve estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such mineral resource estimates are inaccurate or are reduced in the future, this could have a material adverse impact on the Company. Accordingly, readers should not place undue reliance on forward looking information. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty that may be attached to inferred mineral resources, it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration.

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

6. RISKS AND UNCERTAINTIES

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

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

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

7. INTERNAL CONTROL OVER FINANCIAL REPORTING

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

The Company's CEO and CFO are also responsible for the design and effectiveness of disclosure controls and procedures (as such term is defined in NI 52-109) to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers.

AUREUS MINING INC.
Management's Discussion and Analysis
For the quarter ended June 30, 2016
(stated in US dollars)

8. OUTLOOK

The Company confirms that it remains committed to maintaining its listing on both the AIM and TSX markets, however, the immediate focus of the management team is to stabilise and then improve both operational and financial performance at the New Liberty Mine.

The Company's management team is currently undertaking a comprehensive review of the Company's cost base with a view to improving cash costs and operating margins. Following the completion of the operational and financial performance reviews and the achievement of steady state operations at New Liberty, management intends to produce a new life of mine plan for the Project.

Notwithstanding the closing of the previously announced US\$30 million equity financing transaction with MNG Gold, as announced on July 15, 2016, management believes that the Company remains undercapitalised to deliver to its full potential and is likely to require further funding for capital investment activities to deliver improvements in operational performance. MNG Gold intends to be a long-term supportive shareholder of the Company and fully expects to support the Company in any future funding endeavours that may arise from the conclusions of the on-going performance reviews.