AVESORO RESOURCES INC. (formerly Aureus Mining Inc.)

Management's Discussion and Analysis
For the quarter and year ended December 31, 2016

Dated March 28, 2017

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For the year ended December 31, 2016
(stated in US dollars)

The following discussion is management's assessment and analysis of the operating results, financial condition and future prospects of Avesoro Resources Inc. (formerly Aureus Mining Inc.) (the "Company" or "Avesoro") prepared in accordance with the requirements of Canadian National Instrument 51-102. This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the accompanying audited consolidated financial statements and related notes for the years ended December 31, 2016 and 2015 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, This MD&A has been prepared based on information available to the Company as at March 28, 2017. The information provided herein supplements and discusses, but does not form part of, the audited consolidated financial statements for the year ended December 31, 2016 and 2015. 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.avesoro.com.

1. OVERVIEW

(A) DESCRIPTION OF BUSINESS

Avesoro, 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 ("Bea MDA") in Liberia, West Africa (the "New Liberty Gold Mine"). The Company is listed on the Toronto Stock Exchange (the "TSX") (Ticker ASO) and the AIM Market of the London Stock Exchange (the "AIM") (Ticker ASO).

(B) OVERALL PERFORMANCE OF THE BUSINESS

(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. Avesoro's 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.

Avesoro 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

Avesoro's 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 which has produced over 70,000 ozs of gold since production commenced and a promising portfolio of exploration stage gold projects in Liberia and Cameroon, including the Ndablama and Weaju Projects situated within close proximity to New Liberty on the same mining licence.

Technically Strong

The Company has experienced production and exploration teams in the countries in which it operates, who understand the geological settings and have the flexibility to work across the region. 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 Avesoro Jersey Limited ("AJL"), formerly MNG Gold Jersey Ltd., to strengthen the Company's balance sheet and fund working capital as it completed 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 AJL 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 AJL ("the Promissory Note"), raising gross proceeds of $15 million.

On July 15, 2016 the Company closed the final tranche of the equity financing with AJL pursuant to which the Company issued 331,111,209 new Shares at a price of $0.045302 per Share to AJL, raising gross proceeds of $15 million.

Further, the Promissory Note issued by the Company to AJL 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) concurrent with the closing of the Final Tranche of the equity financing. An aggregate of 662,222,429 Shares were issued pursuant to the two tranches and the automatic conversion of the Promissory Note following which AJL became the majority shareholder of the Company.

On December 6, 2016, the Company issued 4,110,000,000 shares at a price of 1.5 pence per share raising net proceeds of $75 million, with AJL subscribing for $60 million of these new shares increasing their ownership to 73.5% of the issued and outstanding share capital of the Company.

AJL becoming a major shareholder provides Avesoro with an exciting future as it ramps up production at New Liberty and aims to optimise the asset to deliver on its full potential. AJL has strong financial backing, operational experience and is an existing operator in Liberia.

(stated in US dollars)

2. PROJECTS

(A) NEW LIBERTY GOLD MINE, LIBERIA

Introduction

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

The Company holds its interests in the New Liberty Gold Mine through its subsidiary Bea Mountain Mining Corporation ("Bea"). 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 Government of Liberia ("GoL"). The Bea Mining Licence permits mining within the 478 km^2 area which encompasses the New Liberty Gold Mine. The GoL holds a 10% free carry interest in the Bea Mining Licence.

In September 2013, the GoL ratified a Restated and Amended Mineral Development Agreement ("Restated and Amended MDA") for the Bea Mining Licence, which covers 478 km^2 and includes the New Liberty Gold Mine, along with the Ndablama Project (as defined below), Silver Hills, Gondoja, the Weaju Project (as defined herein) and Leopard Rock exploration targets.

Operational review for the financial year and quarter ended December 31, 2016 ("Q4 2016")

Operating data	Unit	Year ended December 31, 2016	Post commercial production March 1 to December 31, 2016	Three months ended December 31, 2016	Three months ended December 31, 2015
Ore mined	Kt	996	804	228	235
Waste mined	Kt	8,965	7,861	3,115	1,831
Total mined	Kt	9,961	8,665	3,343	2,066
Strip ratio	waste:ore	9.0	9.8	13.7	7.8
Ore milled	Kt	842	674	269	205
Feed grade	g/t Au	2.82	2.74	2.49	2.33
Recovery	%	83.2	83.9	87.7	61.6
Gold ounces produced	oz	63,556	49,730	18,872	9,481
Gold ounces sold	oz	62,901	50,264	17,781	8,653
Average realised price	US$/oz	1,246	1,266	1,227	1,109
Operating cash cost, pre-shutdown	US$/oz sold	n/a	1,688	1,938	n/a
All-in-sustaining cash cost including shutdown costs	US$/oz sold	n/a	1,930	2,067	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.

Mining activities

Material mined during the year totalled 9,961,522 tonnes, including 996,150 tonnes of ore at an average grade of 3.0 g/t. During May 2016, five new 100-tonne capacity Komatsu HD785 rigid haul trucks and one PC1250 excavator were commissioned and added to the mining fleet, however mining activities throughout H1 2016 were hampered by low equipment availability, including reduced drill rig availability which in turn affected the rate of drilling and blasting ability leading to a lack of broken ore stock ready for mining. During July 2016, a new Pantera DP1500i drill rig was delivered to site with aims of remedying the shortfall in drill availability.

During Q3 2016, the Company the made the decision to transition to owner operator mining operations to reduce on-going equipment costs and increase the availability of the mining equipment. In September 2016, the mining services contract, which had previously been held by MonuRent (as defined herein), was novated to Atmaca Services Liberia Inc ("ASLI") (a Liberian company wholly owned by Avesoro Holdings). As part of the transaction ASLI acquired the heavy mining equipment and inventory on-site at New Liberty from MonuRent and the MonuRent employees were transferred to ASLI.

In December 2016, following an equity fund raise by the Company, the Company completed the full transition to an owner-operator mining model with the termination of the mining services contract and the acquisition of mining equipment and inventory from ASLI by Bea Mountain Mining Corporation ("BMMC"), a wholly owned local subsidiary of the Company.

Following the complete transition to in-house mining operations in 2016, mining activities continued to improve at New Liberty with total material mined during Q4 2016 of 3,342,469 tonnes, a 76% increase on the previous quarter, including 227,557 tonnes of ore at an average grade of 2.61 g/t, and 3,114,913 tonnes of waste, a 95% increase on the previous quarter.

The increase in tonnes mined during both Q3 and Q4 over the prior quarters has been driven largely by operational improvements, including additional operator training and supervision together with increased equipment availabilities. Since the transition to owner-operator mining operations, the Company has benefitted from a reduced unit mining cost of 40% as well as improved equipment availabilities and mining rates.

Following the successful transition to owner-operator mining, the Company turned its focus to bringing a number of additional outsourced activities in-house and further optimising the entire operation. These activities include both procurement and logistics services that were previously outsourced.

During the fourth quarter a third party geotechnical consultant was contracted to undertake a geotechnical review of the general condition of the walls in the Larjor and Kinjor pits and to check if the design assumptions developed during the Definitive Feasibility Study ("DFS") remained correct and valid. No major flaws were raised during the review and the Company expects the findings from the report to be delivered during Q1 2017. These findings will be fed into the revised LOM schedule that the Company intends to publish in the second half of 2017.

Plant processing operations

With regards to processing operations, during April 2016, the Company identified an issue with operation of the detoxification circuit, whereby 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"). The Company continued with processing operations, however with modifications made to the plant so that process water operated in a closed circuit resulting in zero discharge from the TSF, whist a solution for the detoxification issues was sought.

As previously reported, 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) resulting in the Company temporarily suspending processing operations and 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 that were undertaken post the event, including a health assessment of the local community, indicate that there was 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"). Additionally during the plant stoppage, the Company completed various preventative maintenance programmes, including performing a full reline of the ball mill, which was previously scheduled to be undertaken at the end of June 2016. This reline 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.

On June 6, 2016, the Company received a permit from the Environmental Protection Agency ("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 following the restart of processing operations at New Liberty on June 30, 2016, the Company had been operating under a Provisional Approval from the Liberian Ministry of Lands, Mines and Energy (the "MLME"). On November 10, 2016, the Company received confirmation that it had satisfied all of the operating conditions stipulated by the MLME in its temporary operating permit regarding the detoxification circuit, including the TSF operating consistently within its design limits and the Company was granted formal approval to return to normal operations and from this point was no longer operating under a Provisional Approval permit.

Design modifications and expansion works at the TSF continued to progress to budget and schedule throughout H2 of 2016, with the Stage 1 downstream embankment raise and surface water management upgrade work underway and expected to be completed during Q2 2017, prior to the onset of the 2017 wet season.

Throughout the second half of 2016, processing operations at New Liberty began to stabilise, with a 123% increase in mill throughout between Q2 and Q3 2016, and a further 22% increase between Q3 and Q4 2016. With these stable operating conditions throughout Q3 and Q4 of 2016, improvements in both financial and operational performance began. Process plant utilisation for Q4 2016 increased to 91%, a 25% increase on the previous quarter, and a 23% increase for H2 2016 over H1 2016. This was achieved through the recruitment of additional experienced process plant operations staff to supplement the existing operations team, a proactive maintenance schedule as well as incremental improvement to the detoxification circuit and process plant pipes, pumps and valves. These improvements included modifications to the ore grind size and some process improvements to the mill.

Ore processed during Q4 2016 totalled 269,081 tonnes (a 22% increase on the previous quarter) at an average feed grade of 2.09 g/t with gold recovery levels increasing to 88%, a 13% increase over the previous quarter. This resulted in gold production of 18,872 ounces in Q4 2016, a 34% increase over the previous quarter, and total gold produced in 2016 of 63,556 ounces.

Optimisation activities and infrastructure improvements continued to progress at New Liberty, with upgrade works to the TSF to increase its capacity and to improve surface water management continuing with the design work undertaken by a specialist third party tailings and geotechnical design consultant completed and agreed and early stage construction commenced during the period costing a total of $0.2 million. It is anticipated the construction of the downstream embankment raise and surface water management berms will continue until Q2 2017.

Two additional PSA oxygen plants costing $0.4 million were ordered during Q4 2016 and are due to be delivered to site and commissioned during Q1 2017. It is expected that upon commissioning of these units, gold recovery levels within the process plant will further increase towards original design specification of 93% recovery. Additionally, during Q4 2016, a further HP500 short head cone crusher was ordered which is expected to be delivered to site during Q3 2017. This addition to the process plant will further improve the mill feed grind size, which whilst reducing on-going processing reagent usage will also allow for a future increase in mill throughput.

Cash costs in throughout 2016 were above budget and were negatively impacted by the high mining costs incurred prior to the termination of the mining services contract, the below planned gold production and costs incurred during the temporary plant shut down. Significant cost improvements are being seen in the first quarter of 2017 as the Company continues to bring various activities in-house.

Exploration

During the year, the Company changed its accounting policy with respect to exploration and evaluation costs in line with the AJL policy. The Group now charges exploration and evaluation costs to the consolidated statement of income until a decision is taken that a mining property is economically feasible, after which subsequent expenditures are capitalised as intangible assets. Once a feasibility study is completed the intangible assets are re-classed to property, plant and equipment as mining and development assets.

Prior to this change in policy, exploration and evaluation costs were capitalised by property as intangible assets until the completion of a feasibility study, at which point the capitalised costs were re-classed to property, plant and equipment as mining and development assets.

Exploration spend throughout 2017 is forecast to total US$5 million and be focussed upon discovering additional mineable near mine satellite deposits.

New Liberty

Exploration spend for 2016: $394,000 (Q4 2016: $47,000)

Throughout H1 2016 and early Q3 2016, the majority of exploration work conducted by the Company was reconnaissance and target generation based work consisting of desktop analysis and interpretation of existing data combined with detailed geological field mapping activities with no resource drilling being undertaken during the year.

During Q4 2016, exploration activities focused on grass roots activities on mining exploration licences ("MEL") and following up on identified targets on the Bea MDA. Pitting and geological mapping continued around New Liberty, Silver Hills and the western portion of the Bea MDA licence as well as on the West Mafa license and Camp Mount ground. This work aimed to test major structures within 15 km of the mine, with the aim of discovering mineable satellite resources within truckable distance of New Liberty.

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 to follow up on anomalous areas on major structures identified by previous pitting.

Throughout late Q4 2016, work focused along the strike of the Belgium target at Silver Hills with pitting and mapping following on from existing identified zones of mineralisation along a north-east trending shear. Mapping along strike will continue throughout Q1 2017 with the aim of extending the strike of mineralisation as well as examining possible other zones of mineralisation ready for future drill testing

Additionally, a regional soil sampling program has been started on the southwest of the Yambesei MEL following up on BLEG stream sample anomalies linked to the Mafa shear zone.

(B) NDABLAMA GOLD PROJECT, LIBERIA

Exploration spend for 2016: $377,000 (Q4 2016: $105,000)

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

In December 2014 an updated mineral resource of 386,000 oz at 1.6 g/t gold Indicated and 515,000 oz at 1.7 g/t gold Inferred was estimated at a 0.5 g/t cut off. The Ndablama Project resource estimate was prepared by AMC Consultants (UK) Limited and disclosed 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%.

During Q4 2016 work was undertaken to map other potential structures near to Ndablama which can be followed up in future.

(C) WEAJU GOLD PROJECT, LIBERIA

Exploration spend for 2016: $75,000 (Q4 2016: $24,000)

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 Q4 2016 further mapping continued along the southwest of extension of Weaju, with the aim of identifying continuation of the two zones of mineralisation previously identified.

(D) LEOPARD ROCK, LIBERIA

Exploration spend for 2016: $71,000 (Q4 2016: $24,000)

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.

(E) GONDOJA, LIBERIA

Exploration spend for 2016: $63,000 (Q4 2016: $4,000)

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 in preparation for future drilling.

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

Exploration spend for 2016: $175,000 (Q4 2016: $35,000)

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 completed in Q3 2016 and has been completed over Gondoja, Musa and Gbalidee.

(G) SILVER HILLS, LIBERIA

Exploration spend for 2016: $412,000 (Q4 2016: $135,000)

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. Channel samples highlighted the potential for high grade zones, associated with intense silicification along strike of previously sampled areas.

Work focused along the strike of the Belgium target during Q4 2016 with pitting and mapping following on from existing identified zones of mineralisation along a north-east trending shear. Mapping along strike will continue in Q1 2017 with the aim of extending the strike of mineralisation as well as examining possible other zones of mineralisation ready for future drill testing.

(H) MATAMBO CORRIDOR, LIBERIA

Exploration spend for 2016 (excluding licence acquisition of $613,000): $291,000 (Q4 2016: $72,000)

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 km^2), Cape Mount (96.6 km^2) and Cape Mount East (67.7 km^2), 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.

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 work 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 6,645,070 common shares of the Company.

Geological mapping has 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. Pitting and infill mapping was completed during Q4 2016 southwest of Bangoma with further pitting planned in Q1 2017.

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

Exploration spend for 2016: $122,000 (Q4 2016: $12,000)

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 km^2), Archean West (112.6 km^2), Mabong (36.6 km^2) and Mafa West (15.6 km^2). In 2016, upon renewal of the exploration licences, and as per the Mining Law of Liberia, certain areas of ground were relinquished from within the licence areas with the Yambesei licence being reduced to a size of 473 km^2 and Archaen West exploration licence reducing to a size of 56 km^2

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, Lofa and Mafa 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, pitting is underway at 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 intrusive with better grades found at depth, this work will continue in Q1 2017.

At the Yambesei Licence a regional soils grid is underway to examine BLEG stream sediment anomalies, looking for mineralisation along the Mafa Shear, this will continue into Q1 2017.

(I) CAMEROON

Exploration spend for 2016: $190,000 (Q4 2016: $31,000)

The Batouri licence (168 km^2) is located 436 km east of Yaoundé, the administrative capital of Cameroon. 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.

An application for the renewal of the licence was made in November 2015 and is currently in progress If an application for renewal of a mining licence is not processed before its expiry date, title to the mining licence shall continue until otherwise notified.

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. SUMMARY OF ANNUAL AND QUARTERLY PERFORMANCE

(A) SUMMARY OF SELECTED ANNUAL INFORMATION

US$'000 except loss per Common Share	Year ended December 31, 2016	Year ended December 31, 2015 (Restated)	Year ended December 31, 2014 (Restated)
Revenue	63,612	-	-
Loss per Common Share, basic and diluted (US$)	(0.100)	(0.115)	(0.038)
Total assets	227,243	245,318	212,412
Total non-current financial liabilities	82,949	99,121	74,921
Dividends declared	-	-	-

(B) SUMMARY OF SELECTED QUARTERLY FINANCIAL INFORMATION

US$'000 except loss per Common Share	Quarter ended December 31, 2016	Quarter ended September 30, 2016 (Restated)	Quarter ended June 30, 2016 (Restated)	Quarter ended March 31, 2016 (Restated)
Gold sales	21,826	18,839	14,695	8,253
Loss for the quarter	(73,636)	(22,878)	(9,740)	(6,736)
Loss per Common Share, basic and diluted	(0.036)	(0.021)	(0.018)	(0.012)
Total comprehensive income/(loss) for the quarter	(73,406)	(22,956)	(9,873)	(6,673)
Total assets	227,243	249,388	251,270	244,097

(stated in US dollars)

	Quarter ended December 31, 2015 (Restated)	Quarter ended September 30, 2015 (Restated)	Quarter ended June 30, 2015 (Restated)	Quarter ended March 31, 2015 (Restated)
Profit/(Loss) for the quarter	(34,876)	(321)	(4,103)	(3,153)
Profit/(Loss) per Common share, basic and diluted	(0.085)	(0.001)	(0.011)	(0.009)
Total comprehensive income/(loss) for the quarter	(34,978)	(536)	(4,063)	(3,471)
Total assets	245,318	258,369	245,065	231,310

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

(C) RESULTS OF OPERATIONS

(i) CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

Quarter ended December 31, 2016 ("Q4 2016") as compared to December 31, 2015

The loss for Q4 2016 was US$73.6 million and comprises mainly of the impairment of New Liberty of US$42.5 million, gross loss from New Liberty operations of US$25.1 million, corporate, administrative and professional expenses of US$3.3 million and interest charges of US$2.6 million. This compares to a loss of US$34.9 million in the quarter ended December 31, 2015 ("Q4 2015") which comprises mainly of the impairment charges of US$31.1 million, write-down of the amounts receivable from the Company's earthworks and civils contractor of US$2.5 million and corporate and administrative expenses of US$1.8 million.

The comprehensive loss for Q4 2016 amounted to US$73.4 million (Q4 2015: US$35 million).

Revenues of US$21.8 million (Q4 2015: US$nil) was generated from the sale of 17,781 ounces of gold. Commercial production was declared on March 1, 2016 so there is no comparative revenue.

Cost of sales of US$46.9 million (Q4 2015: US$nil) relating to production costs and mine depreciation have been recognised in the income statement during the quarter. Production costs include costs associated with mining, processing and mine administration of US$28.5 million, royalties, freight and refining of US$0.7 million, decrease in inventories of US$6.6 million and termination fee on the mining services contract of US$4.5 million to transition into an owner-operator mining model. Depreciation amounted to US$6.7 million or US$354 per ounce produced.

Administrative and other expenses of US$3.3 million was US$2.2 million higher than Q4 2015 mainly due to higher professional fees by US$1.5 million related to the successful arbitration with the Company's earthworks and civils contractor and higher depreciation by US$0.2 million as the comparative period included a downward adjustment to reflect the change in the depreciation policy to straight-line basis. Foreign exchange loss of US$0.2 million is mainly due to the reduced value of the bank accounts held in pound sterling and compares with a gain of US$0.7 million in Q4 2015 which arose mainly from the settlement and decline in the value of South African Rand payables.

The derivative liability gain of US$0.2 million (Q4 2015: US$0.5 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$2.6 million (Q4 2015: US$nil) 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 fees related to the change in ultimate control of the Company. All other items of profit and loss are relatively consistent.

Year ended December 31, 2016 vs year ended December 31, 2015

The loss for the year ended December 31, 2016 was US$113 million (2015: US$42.5 million).

Gross loss from New Liberty operations of $48.2 million (2015: US$nil) and interest expense of US$8.6 million (2015: US$nil) have arisen following the start of commercial production in March 2016.

Corporate and administrative expenses increased by US$6.5 million to US$12 million due to professional fees incurred on the successful arbitration with the earthworks and civils contractor of US$3.5 million, transaction fees related to the equity financing with Avesoro Jersey Limited of US$1.3 million and consequent change of control payments of US$1.8 million.

The decrease in exploration costs to US$2.7 million (2015: US$3.9 million) is mainly due costs incurred on the settlement of the Weaju claims made in the prior year.

The increase in derivative liability gain by US$0.6 million to US$1.1 million is mainly due to decline in the Company share price.

Mine operations falling below expectations led to an impairment charge on New Liberty of US$42.5 million (2015: US$31.1 million).

A provision on the amounts receivable from the Company's earthworks and civils contractor of US2.5 million is also included in the loss for 2015. The Company has been awarded this amount and other costs through an arbitration process and it continues to vigorously pursue the recovery of such amount.

The total comprehensive loss for the year ended December 31, 2016 was US$112.9 million (2015: US$43 million).

The variation in comprehensive loss presented above for the last three years 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, foreign exchange gains and losses, stock based compensation charges and changes in the fair value of derivative liabilities. All other items of comprehensive loss are relatively consistent.

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

Statement of financial position at December 31, 2016 vs. December 31, 2015

Trade and other receivables increased from US$0.8 million as at December 31, 2015 to US$5.8 million as at December 31, 2016 predominantly due to advance payments to suppliers, gold sales receivable and increase in UK VAT and Canadian HST receivable.

Inventories of US$16.4 million at December 31, 2016 (2015: US$14.3 million) comprised of 1,483 ounces of gold doré (US$1.7 million), gold in circuit (US$1.5 million), ore stockpile (US$3.7 million) and consumables (US$9.4 million). Gold inventories decreased by US$6.1 million due to the processing of gold in circuit and ore stockpile built up at the end of 2015 but mining consumables increased by US$8.1 million mainly due to stocks acquired from ASLI of US$7.5 million.

Property, plant and equipment of US$191.1 million as at December 31, 2016 (December 31, 2015: US$222.2 million) relates predominantly to New Liberty Gold Mine assets of US$160.4 million, mining equipment acquired from ASLI of US$15.4m, assets held as finance leases of US$13 million and mine closure and rehabilitation cost of US$2.1 million. An additional US$27.7 million was capitalised in 2016 which relates mainly to the mining equipment acquired from ASLI, leased mining equipment (US$4.5 million), increase in mine closure and rehabilitation costs (US$0.9 million), water diversion works (US$1.6 million) and costs capitalised prior to the declaration of commercial production, net of gold sales (US$3 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$55 thousand at December 31, 2016 (December 31, 2015: US$83 thousand).

Current liabilities of US$37 million as at December 31, 2016 (December 31, 2015: US$33.3 million) includes trade and other payables of US$14.2 million (December 31, 2015: US$19.6 million) arising mainly from New Liberty mining and plant operations and including US$1.3 million payable to a related party (see Section D (iv)(a)), current portion of borrowings of US$20.3 million (December 31, 2015: US$11.3 million), finance lease liabilities of US$2.4 million (December 31, 2015: US$1.2 million) and derivative liability of US$0.1 million (December 31, 2015: US$1.2 million) being the fair value of the warrants issued.

Non-current liabilities of US$85.3 million (December 31, 2015: US$100.5 million) includes bank borrowings of US$73.2 million (December 31, 2015: US$91.5 million), finance lease liabilities of US$9.8 million (December 31, 2015: US$7.7 million) and provision for rehabilitation of New Liberty mine of US$2.3 million (December 31, 2015: US$1.4 million). The finance lease liabilities are in respect of mining equipment, power generators and a fuel storage facility at New Liberty.

Borrowings include a Senior Facility of US$85.6 million, a Subordinated Facility of US$12 million and related interest. The Company paid $12.4 million of the Senior Facility during the year ended December 31, 2016 (2015: $nil).

Liquidity, Capital Resources and Financial Instruments

As at December 31, 2016, the Company had cash and cash equivalents of US$13.4 million and a working capital deficiency of US$0.9 million which is expected to be remedied through cash inflows from operations.

During the current quarter and year, the Company had negative operating cash flows as a consequence of the issues detailed in the Operational Review section above.

In July 2016 the Company received credit approval from the Lenders for a four month default waiver up to October 14, 2016 and standstill agreement during which time the Company worked with the Lenders (as defined herein) 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 default waiver and standstill agreement has been extended up to March 31, 2017 to allow time for the completion of the legal documentation required to amend the facilities and document the guarantees.

Subsequent to the year end the Company agreed with its Lenders various amendments to its project finance facilities. The amendments include improved conditions and rescheduled repayment terms of its existing facilities in exchange for the provision of a personal guarantee from Mehmet Nazif Gűnal, Non-Executive Chairman of the Company, and corporate guarantees from the Avesoro Holdings Limited group, the beneficial owner of 73.5% of the Company's issued equity. As at the date hereof the legal documentation of the amended loan agreements and guarantees was in progress and there is a reasonable expectation that this will be completed, however, there can be no absolute certainty, failing which, the loans may be called into default and security enforced.

The first repayment under the rescheduled agreement is on March 31, 2018 and the Senior Facility loan tenor is extended by two years until January 31, 2022. The tenor on the Subordinated Facility has been extended to the earlier of 12 months following the repayment of the Senior Facility or January 31, 2023. It is expected that the new financing terms agreed with the Company's lenders (subject to final documentation) and the operational and financial improvements that are being seen at the New Liberty Gold Mine will be sufficient to fund expected commitments for 2017.

Future obligations and their maturities are given below:

At December 31, 2016	Less than one year $'000	Between one and five years $'000	Over five years $'000
Trade and other payables	14,227	-	-
Finance lease liability	3,902	11,842	420
Borrowings principal *	21,660	75,910	-
Operating commitments	5,560	-	-

*Note borrowings do not reflect the debt principal repayment holiday agreed with the Lenders which re-classes the less than one year amount to between one and five years.

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

(stated in US dollars)

The majority (c.99%) of the Company's cash and cash equivalents are invested with a leading multi-national bank with a Standard & Poor's A- long-term credit rating.

Cash Flows for the year ended December 31, 2016 vs. December 31, 2015

Net cash used from operations during the period amounted to US$40.1 million (year ended December 31, 2015: US$8 million) and is due predominantly to cash outflows from the New Liberty operations, exploration costs, corporate expenses and movements in operating working capital. The increase in the cash used from operations is due to the start of commercial production from March 1, 2016. Cash outflow at New Liberty prior to this date was included in the investing activities.

Net cash used in investing activities during the period was US$39.2 million (year ended December 31, 2015: US$73.3 million) and predominantly relates to mine development cost, mining equipment acquired from ASLI, pre-commercial production operating costs at New Liberty including finance charges partly off-set by proceeds from pre-production gold sales.

Net cash inflows from financing activities during the year of US$85.7 million (year ended December 31, 2015: US$55.7 million) was generated from the net proceeds of the equity financings during the year of US$92.7 million and proceeds from the issuance of Promissory Note of US$12.3 million, offset by payments to reduce borrowings of US$12.4 million and financing charges of US$6.9 million. Net cash raised from financing activities was predominantly expended on trade creditors which are included in operating activities and pre-production operating liabilities which are included in investing activities.

(D) OTHER INFORMATION

(i) Outstanding Share Data

As at the date hereof, the Company had an unlimited number of common shares authorized for issuance with 5,324,759,001 Common Shares issued and outstanding.

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

	Number	Exercise Price	Expiry Date
Stock Options	124,269,550	C$0.03-C$1.05	Jan 2017 – Dec 2021
Warrants	60,472,175	GBP0.07-GBP0.378	Oct 2017 – Apr 2019

(ii) Going concern

As at December 31, 2016, the Company had cash and cash equivalents of US$13.4 million, net current liabilities of US$0.9 million.

On January 31, 2017, the Company announced it had received approval of a revised term sheet from the credit committees of Nedbank Limited and FirstRand Bank Limited (acting through its Rand Merchant Bank division) (collectively the "Lenders"). The revisions include improved conditions and rescheduled repayment terms of its existing project finance facilities with the Lenders in exchange for the provision of a personal guarantee from Mehmet Nazif Gűnal, Non-Executive Chairman of the Company, and corporate guarantees from the Avesoro Holdings Limited group, the beneficial owner of 73.5% of the Company's issued equity.

The Company's Lenders have extended the default waiver and standstill agreement announced on December 15, 2016 until March 31, 2017 to allow time for the completion of the legal documentation required to amend the facilities and document the guarantees.

The first repayment under the rescheduled agreement is on March 31, 2018 and the Senior Facility loan tenor is extended by two years until January 31, 2022. The tenor on the Subordinated Facility has been extended to the earlier of 12 months following the repayment of the Senior Facility or January 31, 2023.

As at the date hereof the finalisation of the legal documentation to amend the loan facilities was still in progress. There is a reasonable expectation that this will occur, however there can be no absolute certainty that the repayment terms will be amended 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.

(iii) Subsequent events

On January 24, 2017, the arbitration claim brought against the Company by International Construction & Engineering (Seychelles) ("ICE") with respect to ICE's contract to carry out civil and earth works at New Liberty Gold Mine was dismissed by the tribunal constituted to determine it. Further, the Company has been successful in the majority of its counterclaim and has been awarded its legal costs.

As detailed above, on January 31, 2017, the Company announced it had received approval of a revised term sheet from the credit committees of its Lenders and as at the date hereof legal documentation of the amended loan agreements and guarantees is in progress.

(iv) Related party transactions

(a) Termination of mining services contract and acquisition of mining assets

On September 6, 2016 the mining services contract (the "Contract") between BMMC, the Company's wholly owned subsidiary, and MonuRent (Liberia) Limited ("MonuRent") together with all underlying supplier contracts was novated to Atmaca Services (Liberia) Inc. ("ASLI"), a Liberian company that is wholly owned by AJL. All terms of the Contract remained the same.

As part of the novation agreement with MonuRent, ASLI paid to MonuRent cash of $15.4 million to take ownership of the mining equipment leased to BMMC, $7.1 million cash for inventory, $9.7 million cash for invoiced receivables and $4.5 million cash as a contract novation fee.

On December 6, 2016 BMMC terminated the mining services contract with ASLI and completed the acquisition of mining equipment and inventory from ASLI in exchange for a payment of $36.7 million, equal to the amount paid by ASLI to MonuRent.

ASLI invoiced BMMC a total of $7.4 million for the lease and maintenance of mining equipment in accordance with the Contract from September 6 to December 6, 2016 of which $6.1 million was paid in 2016 leaving an outstanding payable as at December 31, 2016 of $1.3 million.

(b) Other purchases of goods and services

The Company provided/(purchased) the following services from related parties:

	Year ended December 31, 2016 $'000	Year ended December 31, 2015 $'000
Recharge of employee costs	122	-
Drilling services	(66)	-
Travel charges	(20)	-
Environmental consultancy services	(70)	(29)

Included in trade and other receivables is a receivable from AJL of $122 thousand as at December 31, 2016 (2015: $nil) which represents recharged employment costs.

Included in trade and other payables is $86 thousand payable to related parties as at December 31, 2016 (2015: $4 thousand) which represents services provided to the New Liberty mine.

(c) Equity financing

AJL's participation in the financing of the Company during the year are disclosed in Section 1 (C).

(v) Off balance sheet arrangements

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

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

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

(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.

Following is an analysis of the Company's results, assets and liabilities by reportable segment for the year ended December 31, 2016:

	New Liberty operations $'000	Liberia exploration $'000	Cameroon exploration $'000	Corporate $'000	Total $'000
Loss for the year	(103,015)	(2,980)	(125)	(6,870)	**(112,990)**
Gold sales	63,612	-	-	-	**63,612**
Production costs					
- Mine operating costs	(80,209)	-	-	-	**(80,209)**
- Change in inventories	(1,875)	-	-	-	**(1,875)**
- Impairment of inventories	(4,933)	-	-	-	**(4,933)**
	(87,017)	-	-	-	**(87,017)**
Depreciation	(15,948)	(377)	(12)	(22)	**(16,359)**
Other costs					
- Termination fee	(4,500)	-	-	-	**(4,500)**
- Shutdown costs	(4,383)	-	-	-	**(4,383)**
	(8,883)	-	-	-	**(8,883)**
Segment assets	216,567	503	72	10,101	**227,243**
Segment liabilities	(121,483)	(69)	-	(715)	**(122,267)**
Capital additions	27,714	30	-	-	**27,744**

Following is an analysis of the Group's results, assets and liabilities by reportable segment for the three month period ended December 31, 2016:

	New Liberty operations $'000	Liberia exploration $'000	Cameroon exploration $'000	Corporate $'000	Total $'000
Profit/(Loss) for the period	(70,139)	(2,693)	56	(861)	**(73,637)**
Gold sales	21,826	-	-	-	**21,826**
Production costs					
- Mine operating costs	(29,199)	-	-	-	**(29,199)**
- Change in inventories	(6,550)	-	-	-	**(6,550)**
	(35,749)	-	-	-	**(35,749)**
Depreciation	(6,675)	(91)	-	(7)	**(6,773)**
Other costs					
- Termination fee	(4,500)	-	-	-	**(4,500)**

(vii) Non-IFRS financial measures

Cash Costs

Operating cash costs and all-in-sustaining cash costs are a common financial performance measure in the mining industry but have 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 December 31, 2016**	**Three months ended December 31, 2016**
Gold ounces sold	50,264	17,781
Mine operating costs excluding royalty, freight and refining	78,016	27,901
Change in inventories	1,875	6,550
Impairment of inventory	4,933	-
Total operating cash costs - pre-shutdown	84,824	34,451
Operating costs during plant shutdown*	4,383	-
Total operating cash costs - post-shutdown	89,207	34,451
Total operating cash costs per ounce sold - pre-shutdown *	1,688	1,938
Total operating cash costs per ounce sold - post-shutdown	1,775	1,938
Total production cash costs	89,207	34,451
Royalty, freight and refining	2,194	728
Corporate administrative costs **	4,489	1,133
Share based compensation	646	331
Sustaining exploration	290	47
Accretion and depreciation on reclamation provision	180	67
Total all-in sustaining costs	97,006	36,758
Total all-in sustaining costs per ounce sold	1,930	2,067

* Plant processing operations were suspended from May 7 to June 29, 2016 as a consequence of operating problems with the detoxification circuit in the process plant.

** Corporate administrative costs exclude non-recurring arbitration costs with the Company's earthworks and civils contractor and transaction costs related to the AJL equity financing and subsequent change of control.

EBITDA and Adjusted EBITDA

A non-IFRS financial measure, the Company calculates EBITDA as net profit or loss for the period excluding finance costs, income tax expense, depreciation and impairment charges of long-lived assets.

EBITDA does not have a standardised meaning prescribed by IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. EBITDA excludes the impact of cash costs of financing activities and taxes and the effects of changes in working capital balances and therefore is not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate EBITDA differently.

Adjusted EBITDA is a non-IFRS financial measure calculated by excluding one-off costs or credits relating to non-routine transactions from EBITDA. It excludes other credits and charges, that individually or aggregate, if of a similar type, are of a nature or size that requires explanation in order to provide additional insight into the underlying business performance.

In US$'000	**Year ended December 31, 2016**	**Quarter ended December 31, 2016**
Loss for the period	(112,990)	(73,606)
Impairment of New Liberty	42,473	42,473
Finance costs	8,576	2,584
Depreciation	16,359	6,773
EBITDA	**(45,582)**	**(21,776)**
Plant shutdown costs	4,383	-
Termination fees paid to ASLI	4,500	4,500
Transaction fees related to AJL financing	1,285	-
Contractual change of control payments	1,486	-
Professional fees related to the arbitration with ICE	3,520	1,027
Adjusted EBITDA	**(30,408)**	**(16,249)**

(viii) Critical accounting estimates

In the application of the Company's accounting policies, as disclosed in Note 3.23 of the Company's annual financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Carrying value of New Liberty cash generating unit

The ability of the Company to realise the carrying values of the cash generating unit is contingent upon future profitable production or proceeds from the New Liberty Gold Mine and influenced by operational, legal and political risks and future gold prices.

Management makes the judgements necessary when considering impairment at least annually with reference to indicators in IAS 36. 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 with key inputs that include gold reserves, 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. Note 7 outlines the significant inputs used when performing impairment test on the New Liberty cash generating unit.

New Liberty reserve estimates

The Group estimates its ore reserves and mineral resources in accordance with the National Instrument 43 -101 "Standards of Disclosure for Mineral Projects" of the Canadian Securities Administrators. Reserves determined in this way are used in the calculation of depreciation of mining assets, as well as the assessment of the carrying value of the New Liberty cash generating unit and timing of mine closure provision. Uncertainties inherent in estimating ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. The failure of the Company to achieve production estimates could have a material and adverse effect on any or all of its future cash flows, profitability, results of operations and/or financial condition.

Declaration of commercial production

Management used its judgement to declare commercial production at New Liberty effective March 1, 2016 following a 60-day period of process plant operations in line with both design specifications and management expectations in terms of throughput capacity and gold recovery.

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.

Capitalisation of exploration and evaluation costs

Exploration and evaluation costs are expensed as incurred until a decision is taken that a mining property is economically feasible, after which subsequent expenditures are capitalised as intangible assets. Management estimates the economic feasibility of a property using key inputs such as gold resources, future gold prices, production levels, production costs and capital expenditure.

Inventories

Valuations of ore stockpile and gold in circuit require estimations of the amount of gold contained in, and recovery rates from, the various works 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.

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.

4. NI 43-101 STATEMENT AND 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 30 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. Mr. Pryor has reviewed and approved the scientific and technical information contained in this MD&A, and consents to the inclusion in this MD&A of the matters based on their information in the form and context in which it appears and confirms that this information is accurate and not false or misleading.

Assay and sampling information are taken from the Company's database as prepared on the New Liberty Gold Mine site by the project geologists. Drill core is split on site and sent under custody to internationally recognised assayers.

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

The Company has had prepared an NI 43-101 compliant technical report dated March 25, 2015 and titled "*New Liberty Gold Project, Bea Mountain Mining Licence Southern Block, Liberia, West Africa, Definitive Project Plan*" regarding the New Liberty Project which is available under the Company's SEDAR profile at www.sedar.com.

5. FORWARD-LOOKING STATEMENTS

Certain information contained in this MD&A herein 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 or projected 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. Forward-looking 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 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, expectations regarding operating parameters, plans regarding optimization work (including the timing thereof), construction activities, power supply and infrastructure development, 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, 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, and the Company's expectation that all licences/permits will be able to be obtained.

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 Avesoro 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 Avesoro's progress with any remediation plans; that Avesoro will have access to any additional capital if required; interest rates and foreign exchange rates; mineral resource and mineral reserve estimates; geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral resources and mineral reserves) and cost estimates on which the mineral resource and mineral reserve estimates are based; the parameters and assumptions employed in the DFS, (including but not limited to, those relating to construction, future mining and operating costs, processing and recovery rates, net present values and internal rates of return, timing for the commencement of production, tax and royalty rates, future gold prices, metallurgical rates, pit design, operations and management, grades, the base case analysis and the proposed budget for further exploration plans and objectives); the supply and demand for commodities and precious and base metals and the level and volatility of the prices of gold; market competition; the ability of the Company to raise sufficient funds from capital markets and/or debt to meet its future obligations and planned activities; the 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 Avesoro 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 Avesoro's reputation; the quantum of any claims, fines or penalties that may become payable by Avesoro and the risk that current sources of funds are insufficient to fund any such liabilities; risks that Avesoro 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 Avesoro on terms acceptable to Avesoro or at all; the inability of the Company to obtain required financing when needed and/or on acceptable terms or at all; risks that the cost of implementing the Mine Plan and the operating cash costs of the New Liberty Gold Mine exceed those estimated in the mine plan**;** risks related to operating in West Africa; health risks associated with the mining workforce in West Africa; risks related to the Company's title to its mineral properties; adverse changes in commodity prices; risks related to current global financial conditions; risks that the Company's exploration for and development of mineral deposits may not be successful; risks normally incidental to exploration and development of mineral properties; the inability of the Company to obtain, maintain, renew and/or extend required licences, permits, authorizations and/or approvals from the appropriate regulatory authorities and other risks relating to the legal and regulatory framework in Liberia, including adverse changes in applicable laws; competitive conditions in the mineral exploration and mining industry; risks related to obtaining insurance or adequate levels of insurance for the Company's operations; uncertainty of mineral resource and reserve estimates; the inability of the Company to delineate additional mineral resources; risks related to environmental regulations; uncertainties in the interpretation of results from drilling; uncertainties in the estimates and assumptions used, and risks in the methodologies employed, in the DFS and that the completion of additional work at the New Liberty Gold Mine could result in changes to the forecasts, estimates and expectations contained in the DFS; risks related to the legal systems in Liberia; risks related to the tax residency of the Company; the possibility that future exploration, development or mining results will not be consistent with expectations; delays in construction; inflation; changes in exchange and interest rates; risks related to the activities of artisanal miners; actions of third parties that the Company is reliant upon; lack of availability at a reasonable cost or at all, of plants, equipment or labour; the inability to attract and retain key management and personnel; political risks; the inability to enforce judgments against the Company's directors and officers; risks related to the Ebola crisis; and future unforeseen liabilities and other factors.

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

Avesoro 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, adverse movements in gold prices and foreign exchange and liquidity risk. 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 ("ICFR" 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 ("DC&P" as such term is defined in NI 52-109) to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers.

The Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have each evaluated the design and operating effectiveness of the Company's DC&P and ICFR as of December 31, 2016 and, in accordance with the requirements established under NI 52-109, the CEO and CFO have each concluded that these controls and procedures have been designed and operate to provide reasonable assurance that material information relating to the Company is made known to them by others within the Company and that the information required to be disclosed in reports that are filed or submitted under Canadian securities legislation are recorded, processed, summarized and reported within the time period specified in those rules.

Based upon the results of that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that as of the end of the period covered by this MD&A, the Company's disclosure controls and procedures were effective.

The Company's CEO and CFO have used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework to evaluate the design and operation of the Company's ICFR as of December 31, 2016 and have concluded that these controls and procedures have been designed and operated effectively to provide reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

During the year ended December 31, 2016, there were no changes in the Company's DC&P or ICFR that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting

8. OUTLOOK

The continued focus of the management team is to stabilise and then improve both operational and financial performance at New Liberty. The Company's management team are currently focused on undertaking a comprehensive review of the Company's cost base to continue to improve cash costs and operating margins.

The Company confirms that it remains committed to maintaining its listing on both the AIM and TSX markets, and its management team intends to produce a revised life of mine plan later in 2017 following completion of the on-going operational and financial performance reviews.