

**AVESORO RESOURCES INC.**

**Management's Discussion and Analysis  
For the quarter ended June 30, 2017**

**Dated August 10, 2017**

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**(stated in US dollars)**

The following discussion is management's assessment and analysis of the operating results, financial condition and 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 MD&A and should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements and related notes for the quarters ended June 30, 2017 and 2016 ("interim financial statements") which have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". This management discussion and analysis has been prepared based on information available to the Company as at August 10, 2017. The information provided herein supplements and discusses, but does not form part of, the interim financial statements for the quarters ended June 30, 2017 and 2016. Unless otherwise indicated all amounts are in US dollars.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company's website at [www.avesoro.com](http://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 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.

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***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.

During the period ended June 30, 2017, the Company borrowed \$15.6 million from its majority shareholder, AJL, to meet liabilities arising on the termination of legacy procurement contracts, make advanced payments to suppliers to secure lower unit cost pricing and to accelerate the acquisition of capital items that will increase process plant throughput.

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.

**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.

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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 km<sup>2</sup> 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 km<sup>2</sup> area which encompasses the New Liberty Gold Mine. The GoL holds a 10% free carry interest in the Bea Mining Licence.

**Operational review for the quarter ended June 30, 2017 ("Q2 2017")**

		Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Post commercial production March 1 to June 30, 2016
<b>Operating data</b>	<b>Unit</b>				
Ore mined	Kt	214	202	538	273
Waste mined	Kt	3,565	2,545	7,536	3,148
Total mined	Kt	3,779	2,747	8,073	3,421
Strip ratio	waste:ore	16.7	12.6	14.0	11.5
Ore milled	Kt	295	99	575	183
Feed grade	g/t Au	2.00	2.50	1.98	2.80
Recovery	%	88	85	88	88
Gold ounces produced	oz	15,825	8,274	30,735	16,327
Gold ounces sold	oz	15,382	11,731	31,390	18,343
Average realised price	US\$/oz	1,255	1,253	1,243	1,251
Operating cash cost *	US\$/oz sold	1,035	1,660	1,043	1,435
All-in-sustaining cash cost *	US\$/oz sold	1,600	1,894	1,543	1,627

*Note*

\* - 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 effective March 1, 2016.

During Q2 2017 construction work was completed on the Tailings Storage Facility ("TSF") upgrade and continued at the Heavy Mining Equipment ("HME") workshops, where electrical works and interior fit out continued to progress towards completion. Within the mine camp, additional senior accommodation blocks and the installation of a water treatment facility neared completion following the completion of the upgraded mess facilities in Q1 2017. Concrete foundation works for the weighbridge and additional warehousing facilities also commenced during the quarter, with an expected completion date during Q3 2017.

*Open Pit Mining Operations*

During Q2 2017 total material movement (waste rock and ore) achieved was 3,779kt of which 214kt tonnes was ore and 3,565kt was waste rock. This represents a decrease of 39% in ore production and 10% in waste movement respectively from Q1 2017 and is attributable to a transition from free-dig oxide material into fresh rock within the Marvoe pit with the latter requiring drilling and blasting prior to excavation. Despite the reduction

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in ore mined, mined ore grades averaged 2.64 g/t in Q2 2017, an increase of 19% on the previous quarter. As at June 30, 2017 the run of mine ("ROM") ore stockpile totalled approximately 100,000 tonnes and an average grade of 1.33 g/t.

During Q1 and Q2 2017, the Company focused on opening access to, and the stripping of a new Marvoe pit, whilst catching up on the previously postponed waste pushbacks. As a result, the strip ratio achieved during the quarter was 16.7:1 (Waste:Ore) an increase from the 11:2 achieved in Q1 2017.

During the quarter Blast Monitoring Technology ("BMT") was used to monitor eight ore blasts in both Larjor and Marvoe Pits with aims to optimise ore blasts and better understand ore loss and dilution levels experienced at New Liberty. This technology tracks the effects of altered blasting parameters on ore movement and heave for use in adjusting future ore blast designs to limit any movement.

*Processing Operations*

Process plant performance remained stable throughout Q2 2017, with a record quarterly plant throughput of 295,000 tonnes of ore achieved, an increase of 5% on the previous quarter and a direct result of the plant optimisations and upgrades put into place over the previous 6-month period. During the period, the mill throughput was increased from 145 tonnes per hour to 175 tonnes per hour and the mill is performing well.

Plant feed grades averaged 2.0 g/t throughout the quarter and plant utilisation reached a record 97% during June 2017. Gold recovery for the quarter reduced to 88%, predominantly due to a high proportion of transitional ore from the Marvoe pit within the plant feed during May 2017, resulting in gold production for the quarter of 15,825 ounces, an increase of 6% on Q1 2017.

Various maintenance programmes were undertaken throughout the quarter including a planned mill reline during late May 2017, during which time the relining of the mill inlet, shell and the discharge grate were completed, alongside the re-routing of pipes within the mill area in preparation for the recommissioning of the vertimill. During this planned downtime a large amount of planned maintenance works were completed, including the draining of the thickener tank for cleaning and mechanical inspection of the rake, alongside various repairs to the detoxification tanks.

Towards the end of June, a belt sampler was commissioned within the process plant in order to better sample the feed grade of the ore being fed into the mill. Construction of foundation works and footings for a new conveyor to service the additional secondary crusher have commenced.

**Exploration**

**New Liberty**

*Exploration spend for Q2 2017: \$27,000 (Q2 2016: \$120,000)*

Throughout Q2 2017, the focus has been on developing drill targets with the objective of discovering satellite pits within 5 to 10km radius of the New Liberty processing plant for near mine ounces. Several targets were explored in more detail by means of near-subsurface investigation in the form of manual pitting to test for mineralization in weathered rock.

Additional work continued along strike to the west of the Belgium target at Silver Hills involving detailed mapping of lithology and regolith and subsequent interpretation which was used to guide a pitting program. This has led to identifying the continuity of the 1km Belgium drill target to the west for approximately another kilometre as well as indication of parallel mineralized structures thus expanding the scope of drilling target on the prospect.

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**(B) NDABLAMA GOLD PROJECT, LIBERIA**

*Exploration spend for Q2 2017: \$126,000 (Q2 2016: \$84,000)*

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.

<b>Mineral Resource</b>	<b>Tonnes (million)</b>	<b>Grade (g/t)</b>	<b>Contained Gold (koz)</b>
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 Q2 2017, an environmental study of possible impact from planned resource conversion drilling was carried out with anticipated impact highlighted and strategy for mitigation measures started and ongoing.

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**(C) WEAJU GOLD PROJECT, LIBERIA**

*Exploration spend for Q2 2017: \$22,000 (Q2 2016: \$16,000)*

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.

<b>Mineral Resource</b>	<b>Tonnes (million)</b>	<b>Grade (g/t)</b>	<b>Contained Gold (koz)</b>
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

Detail mapping of regolith and geology with the objective of outlining strike extension of prospective host rocks and structures with the potential for additional gold mineralization have been deferred to Q4 2017.

**(D) LEOPARD ROCK, LIBERIA**

*Exploration spend for Q2 2017: \$9,000 (Q2 2016: \$8,000)*

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.

Detail mapping with the objective of expanding current drill target as the result of desktop review in Q1 2017 has been deferred for Q4 2017.

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**(E) GONDOJA, LIBERIA**

*Exploration spend for Q2 2017: \$6,000 (Q2 2016: \$19,000)*

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.

The target is drill ready and awaiting execution of a drill program which has the potential to improve the project economics of the Ndablama-Pressure Shadow area.

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

*Exploration spend for Q2 2017: \$18,000 (Q2 2016: \$43,000)*

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. Desktop integration of all datasets from mapping, geological interpretation and geophysical datasets has been completed. The targets are awaiting execution of a drill program to test continuity of mineralization encountered to date from surface mapping and pitting.

**(G) SILVER HILLS, LIBERIA**

*Exploration spend for Q2 2017: \$22,000 (Q2 2016: \$149,000)*

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.

In Q2 2017 detail mapping of geology and regolith gave rise to test pitting to test possible mineralisation in saprolite. Results of this exercise have increased the strike length of the current 1km Belgium drill target by approximately another kilometre to the west and also identified potential parallel structures thus identifying areas for expanding planned drilling programme.



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**(H) MATAMBO CORRIDOR, LIBERIA**

*Exploration spend for Q2 2017: \$79,000 (Q2 2016: \$66,000)*

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 to as Cape Mount West (116.6 km<sup>2</sup>), Cape Mount (96.6 km<sup>2</sup>) and Cape Mount East (67.7 km<sup>2</sup>), 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.

During Q2 2017, mapping and pitting along strike towards the northeast and southwest of the 15km long gold in soil anomaly referred to as the "Matambo Corridor" continued with the objective of tracing mineralization beyond the 15km strike length of the Matambo Corridor. Rock chip sampling and channel sampling from manually excavated prospecting pits show continuity of mineralization thereby extending the strike of the mineralized corridor for drill testing.

Desktop interpretation of previous regolith data in addition to field validation is being integrated with soil geochemical and other data sets to optimize and upgrade drill targets. A tentative reconnaissance drill programme to trace continuity of mineralization encountered from surface work at depth is pending execution.

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

*Exploration spend for Q2 2017: \$33,000 (Q2 2016: \$4,000)*

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<sup>2</sup>), Archean West (112.6 km<sup>2</sup>), Mabong (36.6 km<sup>2</sup>) and Mafa West (15.6 km<sup>2</sup>). 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

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areas with the Yambesei licence being reduced to a size of 473 km<sup>2</sup> and Archaen West exploration licence reducing to a size of 56 km<sup>2</sup>.

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.

On the West Mafa license, pitting was completed over 3km of strike with results showing anomalism associated with rheological contrast and alteration associated with mineralization. This work has outline a target for drill testing for possible satellite ounces for the New Liberty plant.

In the Yambesei License, two BLEG targets have been sampled to test highland catchment areas for surface expression of possible mineralization. Regolith and fact geological mapping was carried out simultaneously and interpreted. Partial assay results have been received with other pending for interpretation within the regolith context. Pitting test was also carried out over historical soil anomaly in the north western part of the property with assay results pending.

BLEG analytical results are pending for the Archean West license to determine anomalous highland catchment areas for soil sampling.

Infill soil sampling on a 200 X 50m spacing was carried out on the Mabong license to trace continuity of previous anomalous values encountered on wide spaced 800 X 50m spaced soil traverses. Assay results are pending.

**(I) CAMEROON**

*Exploration spend for Q2 2017: \$37,000 (Q2 2016: \$47,000)*

The Batouri licence (168 km<sup>2</sup>) 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 approved in April 2017.

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.

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**4. SUMMARY OF PERFORMANCE**

**(A) SUMMARY OF SELECTED QUARTERLY FINANCIAL INFORMATION**

<b>US\$'000 except loss per Common Share</b>	<b>Quarter ended June 30, 2017</b>	<b>Quarter ended March 31, 2017</b>	<b>Quarter ended December 31, 2016</b>	<b>Quarter ended September 30, 2016</b>
Gold sales	19,313	19,699	21,826	18,839
Loss for the quarter	(9,478)	(9,555)	(73,636)	(22,878)
Loss per Common Share, basic and diluted	(0.002)	(0.002)	(0.036)	(0.021)
Total comprehensive loss for the quarter	(9,708)	(9,521)	(73,406)	(22,956)
Total assets	222,958	221,092	227,243	249,388
	<b>Quarter ended June 30, 2016</b>	<b>Quarter ended March 31, 2016</b>	<b>Quarter ended December 31, 2015</b>	<b>Quarter ended September 30, 2015</b>
Gold sales	14,695	8,253	-	-
Loss for the quarter	(9,740)	(6,736)	(34,876)	(321)
Loss per Common share, basic and diluted	(0.018)	(0.012)	(0.085)	(0.001)
Total comprehensive loss for the quarter	(9,873)	(6,673)	(34,978)	(536)
Total assets	251,270	244,097	245,318	258,369

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

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**(B) RESULTS OF OPERATIONS**

**(i) CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME**

*Quarter ended June 30, 2017 ("Q2 2017") as compared to quarter ended June 30, 2016 ("Q2 2016")*

The loss for Q2 2017 was US\$9.5 million and comprises mainly of the operating loss from New Liberty of US\$4.7 million, exploration costs of US\$0.4 million, corporate, administrative and professional expenses of US\$1.6 million and interest charge of US\$2.9 million. This compares to a loss of US\$9.7 million in Q2 2016 which comprises mainly of the operating loss from New Liberty, including costs during the temporary suspension of processing operations, of US\$5.4 million, exploration costs of US\$0.5 million, corporate, administrative and professional expenses of US\$2.2 million and interest charge of US\$2.5 million.

The comprehensive loss for Q2 2017 amounted to US\$9.7 million (Q2 2016: US\$9.9 million).

Revenues for Q2 2017 of US\$19.3 million (Q2 2016: US\$14.7 million) was generated from the sale of 15,382 ounces of gold. The temporary plant shutdown limited the gold sales in Q2 2016 to 11,731 ounces.

Cost of sales of US\$24 million (Q2 2016: US\$20.1 million) relating to production costs of US\$16.6 million (Q2 2016: US\$13.5 million) and mine depreciation of US\$7.4 million (Q2 2016: US\$2.3 million) have been recognised in the income statement during the quarter. Production costs include costs associated with mining, processing and mine administration of US\$16 million, royalties, freight and refining of US\$0.6 million and an increase in inventories of US\$0.1 million. Costs during the temporary suspension of processing operations in Q2 2016 amounted to US\$4.4 million. Depreciation amounted to US\$7.4 million or US\$469 per ounce produced.

Administrative and other expenses of US\$1.6 million was US\$0.6 million lower than Q2 2016 mainly due to reduced professional fees due to non-recurring comparative quarter costs associated with the successful arbitration with the Company's earthworks and civils contractor partly off-set by increases in share based payments of US\$0.2 million and other expenses of US\$0.2 million due to office dilapidation costs.

Exploration expenditure declined by US\$0.1 million to US\$0.4 million in Q2 2017.

The derivative liability loss of US\$0.01 million (Q2 2016: gain of US\$0.9 million) relates to the increase in fair value of the warrants mainly as a result of the rise in the Company share price.

Interest expense of US\$2.9 million (Q2 2016: 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, costs of sales and interest expense are recognised in the income statement rather than capitalised and fees related to the change in ultimate control of the Company.

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

**Statement of financial position at June 30, 2017 vs. December 31, 2016**

Trade and other receivables increased from US\$5.8 million as at December 31, 2016 to US\$14.5 million as at June 30, 2017 predominantly due to increased gold sales receivable, advance payments to suppliers and increase in receivable from related parties.

Inventories of US\$15.1 million at June 30, 2017 (December 31, 2016: US\$16.4 million) comprised of 825 ounces of gold doré (US\$0.9 million), gold in circuit (US\$3.5 million), ore stockpile (US\$1.3 million) and consumables (US\$9.4 million). Gold inventories decreased by US\$1.2 million mainly due to reduced ore stockpiles and gold doré partly off-set by an increase in gold in circuit held at the end of the period.

Property, plant and equipment of US\$189.3 million as at June 30, 2017 is US\$1.8 million lower than the balance as at December 31, 2016 of US\$191.1 million. It predominantly comprises the New Liberty Gold Mine assets of US\$152.3 million, capitalised stripping costs of US\$8.8 million in relation to the Kinjor cutback and opening of the Marvoe pit, mining and other equipment of US\$13.2 million, assets held as finance leases of US\$11.7 million and mine closure and rehabilitation costs of US\$2 million. An additional US\$5.4 million was capitalised in Q2 2017 which relates mainly to the capitalised stripping cost of US\$3.2 million, upgrade works on the processing plant of US\$0.6 million, upgrade works on the TSF of US\$0.4 million and construction of additional accommodation blocks and offices of US\$0.3 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\$50 thousand at June 30, 2017 (December 31, 2016: US\$55 thousand).

Current liabilities of US\$27.3 million as at June 30, 2017 (December 31, 2016: US\$37 million) includes trade and other payables of US\$14.4 million (December 31, 2016: US\$14.2 million) arising mainly from New Liberty mining and plant operations, current portion of borrowings of US\$9.3 million (December 31, 2016: US\$20.3 million), finance lease liabilities of US\$3.4 million (December 31, 2016: US\$2.4 million) and derivative liability of US\$0.3 million (December 31, 2016: US\$0.1 million) being the fair value of the warrants issued.

Non-current liabilities of US\$109.3 million (December 31, 2016: US\$85.3 million) includes bank borrowings of US\$82.5 million (December 31, 2016: US\$73.2 million), a shareholder loan of US\$15.6 million (December 31, 2016: US\$nil), finance lease liabilities of US\$8.9 million (December 31, 2016: US\$9.8 million) and provision for rehabilitation of New Liberty mine of US\$2.4 million (December 31, 2016: US\$2.3 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 (together the Company's "Loan Facilities"). The movement in current and non-current borrowings is mainly due to the amendment of the Loan Facilities as further discussed on the following Liquidity, Capital Resources and Financial Instruments section.

During the period ended June 30, 2017, the Company borrowed \$15.6 million from its majority shareholder, AJL to meet liabilities arising on the termination of legacy procurement contracts, make advanced payments to suppliers to secure lower unit cost pricing and to accelerate the acquisition of capital items that will increase process plant throughput. Refer to Section D(iv) for further information.

**Liquidity, Capital Resources and Financial Instruments**

As at June 30, 2017, the Company had cash and cash equivalents of US\$2.8 million and a working capital of US\$6.3 million.

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On March 31, 2017, the Company finalised the amendment of its Loan Facilities. The revisions include improved conditions and rescheduled repayment terms of the Loan Facilities with the Company's Lenders in exchange for the provision of a personal guarantee from Mehmet Nazif Gnal, Non-Executive Chairman of the Company, and corporate guarantees from the Avesoro Holdings Limited group which owns 73.5% of the Company's issued equity.

The rescheduled repayment structure provides no further capital repayments until March 31, 2018 and the Senior Facility loan tenor extended by two years until January 31, 2022, whilst 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.

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.

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 six months ended June 30, 2017 ("H2 2017") vs. June 30, 2016 ("H2 2016")**

Net cash used in operations during H2 2017 amounted to US\$7.4 million (H2 2016: net cash generated of US\$4.8 million) and is due predominantly to net operating cash outflows at New Liberty, exploration costs, corporate expenses and movements in operating working capital. The net cash generated from operations in H2 2016 was due to gold sales at New Liberty being mainly expended on pre-production operating liabilities which were included in investing activities.

Net cash used in investing activities in H2 2017 was US\$12.6 million (H2 2016: US\$20.9 million) relates mainly to payments for capitalised stripping cost, accommodation and office construction and upgrade works on the TSF and the plant.

Net cash from financing activities in H2 2017 of US\$9.3 million (H2 2016: US\$13.2 million) was in respect of proceeds from a shareholder loan of US\$15.6 million partly off-set by financing charges on the Loan Facilities and finance leases of US\$6.3 million.

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**(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	126,854,265	C\$0.03-C\$0.72	Jan 2018 – Apr 2022
Warrants	60,472,175	GBP0.07-GBP0.378	Oct 2017 – Apr 2019

**(ii) Going concern**

The interim consolidated financial statements have been prepared on a going concern basis. As at June 30, 2017, the Company has net current assets of \$6.3 million and has approximately \$10 million of debt repayments due in the next twelve months.

On March 31, 2017, the Company finalised the amendment of its Loan Facilities. The revisions include improved conditions and rescheduled repayment terms of the Loan Facilities with the Company's Lenders in exchange for the provision of a personal guarantee from Mehmet Nazif Gunal, Non-Executive Chairman of the Company, and corporate guarantees from the Avesoro Holdings Limited group which owns 73.5% of the Company's issued equity.

The rescheduled repayment structure provides no further capital repayments due until March 31, 2018 and the Senior Facility loan tenor extended by two years until January 31, 2022, whilst 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.

The Company's forecasts and projections, considering the above amended loan agreements show that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, it continues to adopt the going concern basis of accounting in preparing the consolidated financial statements.

**(iii) Subsequent events**

None

**(iv) Related party transactions**

**(a) AJL loan**

The Company has borrowed US\$15.6 million from its majority shareholder, AJL, to meet liabilities arising on the termination of legacy procurement contracts, make advanced payments to suppliers to secure lower unit cost pricing and to accelerate the acquisition of capital items that will increase process plant throughput. Interest charged on the loan for the three and six months ended June 30, 2017 amounted to US\$0.05 million.

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(b) Guarantee on the Loan Facilities

In exchange for the revised and improved conditions and rescheduled repayment terms of the Loan Facilities (see Note 8) a personal guarantee was provided by Mehmet Nazif Günal, Non-Executive Chairman of the Company and corporate guarantees were provided by the Avesoro Holdings Limited group which owns 73.5% of the Company's issued equity.

(c) Provision/(purchases) of goods and services

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

	Three months ended		Six months ended	
	June 30, 2017 \$'000	June 30, 2016 \$'000	June 30, 2017 \$'000	June 30, 2016 \$'000
Recharge of services	2,000	-	2,000	-
Recharge of employee costs	109	-	214	-
Drilling services	(234)	-	(377)	-
Travel services	(7)	-	(15)	-
Environmental services	-	(36)	-	(57)

Included in trade and other receivables is a receivable from related parties of \$2,536,000 as at June 30, 2017 (December 31, 2016: \$122,000) which mainly represents recharged services and employee costs.

Included in trade and other payables is \$369,000 payable to related parties as at June, 2017 (December 31, 2016: \$86,000) which represents services provided to the New Liberty mine.

**(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.

**(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.



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Following is an analysis of the Group's results, assets and liabilities by reportable segment for the three months ended June 30, 2017:

	<b>New Liberty operations</b>	<b>Liberia exploration</b>	<b>Cameroon exploration</b>	<b>Corporate</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Loss for the period	(7,744)	(385)	(37)	(1,312)	<b>(9,478)</b>
Gold sales	19,313	-	-	-	<b>19,313</b>
Production costs					
- Mine operating costs	(16,687)	-	-	-	<b>(16,687)</b>
- Change in inventories	121	-	-	-	<b>121</b>
	(16,567)	-	-	-	<b>(16,567)</b>
Depreciation	(7,428)	(66)	-	(5)	<b>(7,499)</b>
Segment assets	219,718	195	60	2,986	<b>222,959</b>
Segment liabilities	(135,802)	(111)	-	(708)	<b>(136,621)</b>
Capital additions – property, plant and equipment	5,372	-	-	-	<b>5,372</b>

Following is an analysis of the Group's results, assets and liabilities by reportable segment for the six months ended June 30, 2017:

	<b>New Liberty operations</b>	<b>Liberia exploration</b>	<b>Cameroon exploration</b>	<b>Corporate</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Loss for the period	(15,375)	(902)	(99)	(2,656)	<b>(19,032)</b>
Gold sales	39,012	-	-	-	<b>39,012</b>
Production costs					
- Mine operating costs	(32,833)	-	-	-	<b>(32,833)</b>
- Change in inventories	(1,229)	-	-	-	<b>(1,229)</b>
	(34,062)	-	-	-	<b>(34,062)</b>
Depreciation	(14,179)	(147)	(3)	(10)	<b>(14,339)</b>
Capital additions – property, plant and equipment	12,580	-	-	-	<b>12,580</b>

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**(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	<b>Quarter ended June 30, 2017</b>	<b>Quarter ended March 31, 2017</b>	<b>Quarter ended December 31, 2016</b>	<b>Six months ended June 30, 2017</b>
Gold ounces sold	<b>15,382</b>	16,008	17,781	<b>31,390</b>
Mine operating costs excluding royalty, freight and refining	<b>16,038</b>	15,480	27,901	<b>31,519</b>
Change in inventories	<b>(121)</b>	1,350	6,550	<b>1,229</b>
Total operating cash costs	<b>15,917</b>	16,830	34,451	<b>32,748</b>
Total operating cash costs per ounce sold	<b>1,035</b>	1,051	1,938	<b>1,043</b>
Total production cash costs	<b>15,917</b>	16,830	34,451	<b>32,748</b>
Royalty, freight and refining	<b>649</b>	665	728	<b>1,315</b>
Corporate administrative costs *	<b>1,010</b>	929	1,133	<b>1,938</b>
Share based compensation	<b>314</b>	276	331	<b>590</b>
Capitalised stripping and sustaining capital	<b>6,588</b>	4,992	-	<b>11,580</b>
Sustaining exploration	<b>27</b>	29	47	<b>56</b>
Accretion and depreciation on reclamation provision	<b>101</b>	96	67	<b>197</b>
Total all-in sustaining costs	<b>24,606</b>	23,817	36,757	<b>48,424</b>
Total all-in sustaining costs per ounce sold	<b>1,600</b>	1,488	2,067	<b>1,543</b>

\* Corporate administrative costs exclude non-recurring arbitration costs with the Company's earthworks and civils contractor.

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*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	Quarter ended June 30, 2017	Quarter ended March 31, 2017	Quarter ended December 31, 2016
Loss for the period	(9,478)	(9,555)	(73,606)
Finance costs	2,853	2,770	2,584
Derivative liability loss/(gain)	13	163	(212)
Depreciation	7,500	6,840	6,773
Impairment of New Liberty	-	-	42,473
<b>EBITDA</b>	<b>888</b>	218	(21,988)
Professional fees related to the arbitration with ICE	-	292	1,027
Termination fees paid to Atmaca Services Liberia Inc.	-	-	4,500
<b>Adjusted EBITDA</b>	<b>888</b>	510	<b>(16,461)</b>

**(ix) 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 consolidated financial statements:

*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

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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. The consolidated financial statements for the year ended December 31, 2016 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 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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*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](http://www.sedar.com).

**5. FORWARD-LOOKING STATEMENTS**

Certain information contained in this Management's Discussion and Analysis ("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

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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

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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.

**AVESORO RESOURCES INC.**  
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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](http://www.sedar.com), for a full list of applicable risk factors.

**7. INTERNAL CONTROL OVER FINANCIAL REPORTING**

During the quarter ended June 30, 2017, there were no changes in the Company's disclosure controls and procedures or internal controls over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting

**8. OUTLOOK**

As a result of the improvements in mined ore grade, increased process plant throughput and lower unit costs achieved in recent months, the Company's 2017 production guidance remains unchanged, with management's expectation that the lower range of production guidance will be achieved. Unit costs are expected to move materially lower throughout the second half of the year as operational efficiencies put into place during the first half of the year are realised.

Following the draw down during the Quarter of US\$15.6 million of the US\$35 million loan facility from Avesoro Jersey Limited, the Company has made advanced payments to suppliers to secure lower unit cost pricing and to accelerate the acquisition of capital items that will further increase mining efficiency and process plant throughput.

As previously announced, following the improved cost and operational performance achieved by the Company in H1 2017 and the further cost savings and efficiencies that are anticipated, the Company has commenced work on a revised open pit optimisation exercise and the production of a new life of mine ("LOM") production schedule for New Liberty. The Company expects to be able to update the market on the results of this exercise during Q3 2017.

The Company also continues to consider a range of growth opportunities to deliver on its strategy to become a premier mid-tier African gold producer, including the potential acquisition of the Youga Gold Mine and Balogo deposit in Burkina Faso, currently owned by the Company's majority shareholder Avesoro Jersey Limited.