

Condensed Interim Consolidated Financial Statements (Unaudited)

Aureus Mining Inc.

For the Six Months Ended June 30, 2012

(Stated in US dollars)

Registered office: Suite 2300
Toronto-Dominion Centre TD Waterhouse Tower
79 Wellington Street West
Toronto
Ontario M5K 1H1
Canada

Company registration number: 776831-1

Company incorporated on: 1 February 2011

Aureus Mining Inc.
Interim Consolidated Statements of Financial Position
(stated in US dollars)
Unaudited

	June 30, 2012 \$	December 31, 2011 \$
Assets		
Current assets		
Cash and cash equivalents	19,353,961	31,044,943
Trade and other receivables	501,984	227,582
	19,855,945	31,272,525
Non-current assets		
Intangible assets		
- Resource properties (Note 3)	4,502,965	5,519,965
- Deferred exploration costs (Note 3)	52,093,623	43,358,324
Property, plant and equipment (Note 4)	1,012,473	811,478
Available-for-sale investments	1,502,571	1,427,532
	59,111,632	51,117,299
Total assets	78,967,577	82,389,824
Liabilities		
Current liabilities		
Trade and other payables	3,275,526	2,859,746
Due to related parties (Note 6)	271,898	28,554
	3,547,424	2,888,300
Total liabilities	3,547,424	2,888,300
Equity		
Share capital (Note 5b)	40,124,796	39,065,266
Capital contribution	48,234,972	48,234,972
Share based payment reserve (Note 5c)	2,637,935	2,023,050
Available-for-sale investment reserve	(2,321,770)	(2,396,810)
Cumulative translation reserve	53,167	74,176
Deficit	(13,308,947)	(7,499,130)
Total equity	75,420,153	79,501,524
Total liabilities and equity	78,967,577	82,389,824

The accompanying notes are an integral part of these interim consolidated financial statements.

Aureus Mining Inc.**Interim Consolidated Statements of Comprehensive Income**

(stated in US dollars)

Unaudited

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	\$	\$	\$	\$
Expenses				
Legal and professional	(227,976)	(624,086)	(370,431)	(624,086)
Depreciation (Note 4)	(71,032)	(59,370)	(135,914)	(59,370)
Wages and salaries	(415,184)	(246,163)	(862,001)	(246,163)
Share based payments (Note 5c)	(183,274)	(1,582,748)	(614,885)	(1,582,748)
Impairment (Note 3b)	(3,010,865)	-	(3,010,865)	-
Foreign exchange loss	(598,851)	(158,126)	(7,329)	(158,126)
Other expenses	(423,848)	(560,497)	(824,753)	(560,497)
Loss from operations	(4,931,030)	(3,230,990)	(5,826,178)	(3,230,990)
Derivative gain	-	239,546	-	239,546
Finance income	16,205	1,091	16,361	1,091
Loss for the period	(4,914,825)	(2,990,353)	(5,809,817)	(2,990,353)
Other comprehensive (loss)/income				
Available-for-sale financial instruments	(2,007,480)	(864,984)	75,040	(864,984)
Currency translation differences	123,532	17,150	(21,012)	17,150
Total comprehensive loss for the period	(6,798,773)	(3,838,187)	(5,755,789)	(3,838,187)
Weighted average number of shares outstanding, basic and diluted	119,107,771	99,488,263	118,533,091	99,488,263
Loss per share, basic and diluted	(0.041)	(0.030)	(0.049)	(0.030)

The accompanying notes are an integral part of these interim consolidated financial statements.

Aureus Mining Inc.
Interim Consolidated Statements of Cash Flows
(stated in US dollars)
Unaudited

	Six months ended June 30,	
	2012	2011
	\$	\$
Operating activities		
Loss for the period	(5,809,817)	(2,990,353)
Items not affecting cash:		
Share-based payments	614,885	1,582,748
Depreciation, depletion, and amortization	135,914	59,370
Impairment	3,010,865	-
Unrealized foreign exchange gain	(52,384)	343,994
Derivative gain	-	(239,546)
Changes in non-cash working capital		
Trade and other receivables	(274,403)	(90,169)
Trade and other payables	(268,776)	562,831
Due to related party	170,344	164,415
Cash flows from operating activities	(2,473,372)	(606,710)
Investing activities		
Payments for deferred exploration expenditure	(9,971,610)	(294,818)
Payments for resource properties	-	(198,000)
Payments to acquire property, plant and equipment	(336,509)	(1,469,814)
Cash flows used in investing activities	(10,308,119)	(1,962,632)
Financing activities		
Transferred from Afferro	-	10,776,952
Proceeds from issue of share capital (net of costs)	-	38,996,268
Exercise of stock options	1,059,530	26,267
Cash flows from financing activities	1,059,530	49,799,487
Impact of foreign exchange on cash balance	30,979	(326,841)
Net decrease in cash and cash equivalents	(11,690,982)	46,903,304
Cash and cash equivalents at beginning of period	31,044,943	-
Cash and cash equivalents at end of period	19,353,961	46,903,304

The accompanying notes are an integral part of these consolidated financial statements.

Aureus Mining Inc.

Interim Consolidated Statements of Changes in Equity (Unaudited)

(stated in US dollars)

Unaudited

	Share capital	Capital contribution	Share-based payment reserve	Available-for sale investment reserve	Currency translation reserve	Cumulative deficit	Total equity
	\$	\$	\$	\$	\$	\$	\$
Balance at January 1, 2011	-	-	-	-	-	-	-
Transferred from Afferro	-	48,234,972	-	-	-	-	48,234,972
Loss for the period	-	-	-	-	-	(2,990,353)	(2,990,353)
Comprehensive loss for period	-	-	-	(864,984)	17,150	-	(847,834)
Shares issued	41,485,392	-	-	-	-	-	41,485,392
Share issue costs	(2,753,408)	-	-	-	-	-	(2,753,408)
Share-based payments	-	-	1,582,748	-	-	-	1,582,748
Exercise of stock options	26,267	-	-	-	-	-	26,267
Balance at June 30, 2011	38,758,251	48,234,972	1,582,748	(864,984)	17,150	(2,990,353)	84,737,784
Balance at January 1, 2012	39,065,266	48,234,972	2,023,050	(2,396,810)	74,176	(7,499,130)	79,501,524
Loss for the period	-	-	-	-	-	(5,809,817)	(5,809,817)
Comprehensive income/(loss) for period	-	-	-	75,040	(21,009)	-	54,031
Share-based payments	-	-	614,885	-	-	-	614,885
Exercise of stock options	1,059,530	-	-	-	-	-	1,059,530
Balance at June 30, 2012	40,124,796	48,234,972	2,637,935	(2,321,770)	53,167	(13,308,947)	75,420,153

The accompanying notes are an integral part of these consolidated financial statements.

Aureus Mining Inc.

Notes to Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2012

(in US dollars unless otherwise stated)

Unaudited

1 Nature of operations and basis of preparation

Aureus Mining Inc. ("Aureus Mining" or the "Company") was incorporated under the Canada Business Corporations Act on February 1, 2011 in order to facilitate the Plan of Arrangement (the "Arrangement" – see Note 2). Following completion of the Arrangement, Aureus Mining holds gold assets and an investment in Stellar Diamonds plc. ("Stellar Diamonds") previously owned by Afferro Mining Inc. ("Afferro Mining", formerly African Aura Mining Inc. ("African Aura")). The focus of Aureus Mining's business is the exploration and development of such gold assets, particularly the New Liberty Gold Project.

These condensed interim consolidated financial statements ("interim financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", they do not include all disclosures that would otherwise be required in a complete set of financial statements. They follow accounting policies and methods of their application consistent with the audited consolidated financial statements for the period ended December 31, 2011. Accordingly, they should be read in conjunction with the Company's audited consolidated financial statements for the period ended December 31, 2011.

These interim financial statements were authorised by the Board of Directors on August 10, 2012.

2 Plan of Arrangement

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

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

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

Aureus Mining Inc.

Notes to Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2012

(in US dollars unless otherwise stated)

Unaudited

3 Intangible assets

	Transferred from Afferro April 13, 2011	Additions	December 31, 2011	Additions	Impairment	June 30, 2012
	\$	\$	\$	\$	\$	\$
Resource properties:						
Liberia						
Bea	210,000	-	210,000	-	-	210,000
Ndablama extension	141,349	-	141,349	-	-	141,349
Archaen Gold	-	60,350	60,350	-	-	60,350
	351,349	60,350	411,699	-	-	411,699
Sierra Leone						
Sonfon	1,017,000	-	1,017,000	-	(1,017,000)	-
Cameroon						
Batouri	4,091,266	-	4,091,266	-	-	4,091,266
	5,459,615	60,350	5,519,965	-	(1,017,000)	4,502,965
Deferred exploration costs:						
Liberia						
New Liberty	23,767,650	13,416,499	37,184,149	7,999,164	-	45,183,313
Weaju	1,201,561	401,656	1,603,217	214,305	-	1,817,522
Gondoja	34,348	1,600	35,948	328,904	-	364,852
Silver Hills	48,107	-	48,107	-	-	48,107
Ndablama	452,435	710,045	1,162,480	968,107	-	2,130,587
Leopard Rock	-	617,603	617,603	1,241,917	-	1,859,520
	25,504,101	15,147,403	40,651,504	10,752,397	-	51,403,901
Sierra Leone						
Sonfon	1,993,865	258,686	2,252,551	(258,686)	(1,993,865)	-
Cameroon						
Batouri	426,148	28,121	454,269	235,453	-	689,722
	27,924,114	15,434,210	43,358,324	10,729,164	(1,993,865)	52,093,623

(a) *Liberia*

The Company holds a mineral development agreement (“MDA”) in Liberia for gold development. This MDA is in Western Liberia and is held by Bea Mountain Mining Corporation, Aureus Mining’s local subsidiary. The MDA is valid for 25 years with an option to renew for a further 25 years and is dated November 28, 2001 and approved on March 14, 2002. The MDA allows the Company to conduct pre-feasibility and bankable feasibility studies. On July 29, 2009 the Company was granted by the Government of Liberia a Class A Mining License within the Bea MDA. The license allows the Company to explore and mine in a 457 km² area which encompasses the New Liberty Gold Project, Weaju, Gondoja, Silver Hills and Ndablama.

During the period ended December 31, 2011 the company entered into an agreement to purchase all of the shares of Archaen Gold (Liberia) Inc. (“Archaen Gold”), a company holding the exploration rights to a license area covering 89 km². The Archaen Gold exploration license is contiguous with and immediately

Aureus Mining Inc.

Notes to Interim Consolidated Financial Statements (Unaudited)

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(in US dollars unless otherwise stated)

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3 Intangible assets (continued)

south of the Company's Bea Mountain mining license and currently contains the Leopard Rock property. The transaction was accounted for as an asset acquisition and in addition to the purchase price of \$60,350 a 2.5% net profit interest ("NPI") in relation to any future production was granted.

(b) *Sierra Leone*

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

(c) *Cameroon*

The Batouri licence covers an area of 1,000 km² and targets gold in eastern Cameroon.

Additions to deferred exploration costs for the quarter ended June 30, 2012 are categorised as follows:

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	\$	\$	\$	\$
Deferred exploration costs				
Assays incl. shipment	496,045	96,656	1,010,633	96,656
Communications	23,268	19,897	85,271	19,897
Community relations	29,504	25,914	62,143	25,914
Consultants and professional fees	1,553,573	271,210	2,029,800	271,210
Drilling	2,262,654	1,743,609	3,278,218	1,743,609
Geophysical	269,602	2,531	669,415	2,531
Infrastructure incl. roads and bridges	120,360	373,191	296,199	373,191
Licenses and permit fees	1,208	1,942	10,666	1,942
Project/field office costs	855,224	308,134	1,452,379	308,134
Salaries and wages	863,649	497,716	1,589,181	497,716
Subsistence	110,562	23,432	282,702	23,432
Transportation	60,983	109,420	148,243	109,420
Net expenditure during the period	6,646,632	3,473,652	10,914,850	3,473,652
Balance, beginning of the period	47,441,542	27,924,114	43,358,324	27,924,114
Joint venture participation reversal	(686)	-	(258,686)	-
Impairment	(1,993,865)	-	(1,993,865)	-
Balance, end of the period	52,093,623	31,397,766	52,020,623	31,397,766

Aureus Mining Inc.

Notes to Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2012

(in US dollars unless otherwise stated)

Unaudited

4 Property, plant and equipment

	Machinery and equipment	Vehicles	Total
	\$	\$	\$
Cost			
Transferred from Afferro	288,208	528,250	816,458
Additions	89,863	266,683	356,546
At December 31, 2011	378,071	794,933	1,173,004
Additions	210,927	125,584	336,511
Foreign exchange	237	-	237
At June 30, 2012	589,235	920,517	1,509,752
Accumulated depreciation			
Transferred from Afferro	48,238	99,558	147,796
Charge for the period	68,305	145,425	213,730
At December 31, 2011	116,543	244,983	361,526
Charge for the period	50,813	85,101	135,914
Foreign exchange	(107)	(54)	(161)
At June 30, 2012	167,249	330,030	497,279
Net book value			
Transferred from Afferro	239,970	428,692	668,662
At December 31, 2011	261,528	549,950	811,478
At June 30, 2012	421,986	590,487	1,012,473

5 Equity

(a) Authorised

Unlimited number of common shares without par value.

(b) Issued

	Shares	Amount \$
On incorporation	-	-
Issued pursuant to the Arrangement	86,252,592	-
Shares cancelled	(444)	-
Shares issued in public offering	31,050,000	41,485,392
Share issuance costs	-	(2,753,408)
Exercise of stock options	527,654	333,282
Balance at December 31, 2011	117,829,802	39,065,266
Exercise of stock options	1,648,686	1,059,530
Balance at June 30, 2012	119,478,488	40,124,796

Aureus Mining Inc.

Notes to Interim Consolidated Financial Statements (Unaudited)

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(in US dollars unless otherwise stated)

Unaudited

5 Equity (continued)

In the three months ended June 30, 2012, the Company issued 1,196,187 new common shares in exchange for the exercise of 1,196,187 stock options at a weighted average exercise price of Cdn\$0.64.

(c) Stock options

Information relating to stock options outstanding at June 30, 2012 is as follows:

	June 30, 2012		December 31, 2011	
	Number of options	Weighted average exercise price per share Cdn\$	Number of options	Weighted average exercise price per share Cdn\$
Beginning of the period	9,866,434	0.95	-	-
Options granted per arrangement	-	-	7,465,994	0.70
Options granted	2,041,000	1.05	2,950,000	1.52
Options exercised	(1,648,686)	0.64	(527,654)	0.61
Options expired	(56,250)	1.45		
Options cancelled	(24,000)	1.05	(21,906)	0.90
End of the period	10,178,498	1.02	9,866,434	0.95

Aureus Mining Inc.

Notes to Interim Consolidated Financial Statements (Unaudited)

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(in US dollars unless otherwise stated)

Unaudited

5 Equity (continued)

Expiry date	Exercise price per share Cdn\$	Number of stock options outstanding	
		June 30, 2012	December 31, 2011
March 16, 2012	0.73	-	75,000
May 20, 2012	0.73	-	37,500
January 17, 2013	0.64	275,000	787,500
March 1, 2013	1.42	15,000	15,000
October 13, 2013	1.05	50,000	-
January 19, 2014	0.32	420,000	554,375
January 8, 2015	0.49	991,375	1,157,750
May 13, 2015	0.50	1,050,000	1,250,000
June 6, 2015	0.16	68,687	107,937
November 1, 2015	0.90	240,000	240,000
December 1, 2015	0.33	68,687	137,374
December 1, 2015	0.50	68,687	98,124
December 1, 2015	0.66	-	29,437
January 10, 2016	1.09	2,030,000	2,255,000
May 23, 2016	1.55	2,385,000	2,435,000
August 18, 2016	1.27	200,000	200,000
September 1, 2016	1.42	300,000	300,000
January 1, 2017	0.57	-	19,625
January 4, 2017	1.05	1,717,000	-
April 13, 2017	1.05	250,000	-
June 28, 2017	0.91	49,062	166,812
	1.02	10,178,498	9,866,434

The fair value of the 300,000 stock options granted in the three months ended June 30, 2012 was estimated at Cdn\$0.48 per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	3 months ended June 30, 2012	Period ended December 31, 2011
Dividend yield	0%	0%
Risk free interest rate	0.83 – 0.97%	1.85 – 2.25%
Expected life	1.5 - 5 years	0.5 – 5 years
Expected volatility	49-57%	44 – 78%

Aureus Mining Inc.

Notes to Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2012

(in US dollars unless otherwise stated)

Unaudited

6 Related party transactions

During the three months ended June 30, 2012, the Company incurred management and office service fees of \$90,000 (period ended June 30, 2011, \$27,504) payable to Afferro Mining and environmental consulting fees of \$51,512 (period ended June 30, 2011, \$nil) payable to a Company with a common Director. The payable to related parties as at June 30, 2012 was \$198,898 (December 31, 2011, \$28,554).

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

7 Segment information

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

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

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

	Liberia exploration and development	Cameroon exploration	Sierra Leone exploration	Corporate	Total
	\$	\$	\$	\$	\$
Loss/(gain) for the period	44,707	21,318	3,010,865	1,837,935	4,914,825
Segment assets	53,018,730	4,983,568	-	20,965,279	78,967,577
Segment liabilities	2,729,177	105,631	-	712,616	3,547,424
Depreciation of property, plant and equipment	68,720	2,312	-	-	71,032
Capital additions					
– property, plant and equipment	94,268	86,806	-	23,963	205,037
– intangible assets	6,467,536	179,096	-	-	6,646,632

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Notes to Interim Consolidated Financial Statements (Unaudited)

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Unaudited

7 Segment information (continued)

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

	Liberia exploration and development	Cameroon exploration	Sierra Leone exploration	Corporate	Total
	\$	\$	\$	\$	\$
Loss/(gain) for the period	170,506	23,150	3,010,865	2,605,296	5,809,817
Depreciation of property, plant and equipment	131,770	4,144	-	-	135,914
Capital additions – property, plant and equipment	125,021	145,597	-	65,891	336,509
– intangible assets	10,752,397	235,453	-	-	10,987,850

Following is an analysis of the Group's results, assets and liabilities by reportable segment for the three and six month period ended June 30, 2011:

	Liberia exploration	Cameroon exploration	Sierra Leone exploration	Corporate	Total
	\$	\$	\$	\$	\$
Loss for the period	68,405	-	-	2,921,948	2,990,353
Segment assets	30,517,519	4,531,475	3,016,147	49,878,614	87,943,755
Segment liabilities	991,558	-	-	2,214,413	3,205,971
Depreciation of property, plant and equipment	59,370	-	-	-	59,370
Capital additions – property, plant and equipment	294,818	-	-	-	294,818
– intangible assets	3,459,591	14,061	-	-	3,473,652

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Notes to Interim Consolidated Financial Statements (Unaudited)

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8 Subsequent event

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