

Condensed Interim Consolidated Financial Statements (Unaudited)

Aureus Mining Inc.

For the Six Months Ended June 30, 2013

(stated in thousands of 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 (Unaudited)**

(stated in thousands of US dollars)

Unaudited

	June 30, 2013 \$'000	December 31, 2012 \$'000
Assets		
Current assets		
Cash and cash equivalents	53,852	79,411
Trade and other receivables	6,739	3,365
	60,591	82,776
Non-current assets		
Property, plant and equipment (Note 2)	69,798	52,771
Intangible assets (Note 3)	21,412	16,269
Available-for-sale investments	492	1,306
	91,702	70,346
Total assets	152,293	153,122
Liabilities		
Current liabilities		
Trade and other payables	5,452	2,572
Due to related parties (Note 5)	160	485
Warrant derivative liability (Note 6)	12	1,938
Total liabilities	5,624	4,995
Equity		
Share capital (Note 4b)	113,098	112,977
Capital contribution	48,235	48,235
Share based payment reserve (Note 4c)	3,366	2,957
Available-for-sale investment reserve	(3,333)	(2,519)
Cumulative translation reserve	192	(150)
Deficit	(14,889)	(13,373)
Total equity	146,669	148,127
Total liabilities and equity	152,293	153,122

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

Aureus Mining Inc.**Interim Consolidated Statements of Income and Comprehensive Income (Unaudited)**

(stated in thousands of US dollars)

Unaudited

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Expenses				
Legal and professional	(252)	(228)	(614)	(370)
Depreciation (Note 2)	(94)	(71)	(186)	(136)
Wages and salaries	(406)	(415)	(814)	(862)
Share based payments (Note 4c)	(152)	(183)	(409)	(615)
Impairment	-	(3,011)	-	(3,011)
Foreign exchange gain/(loss)	85	(599)	(733)	(7)
Other expenses	(462)	(424)	(782)	(825)
Loss from operations	(1,281)	(4,931)	(3,538)	(5,826)
Derivative liability gain (Note 6)	590	-	1,926	-
Finance income	82	16	96	16
Loss for the period	(609)	(4,915)	(1,516)	(5,810)
Other comprehensive (loss)/income				
Items that may be reclassified subsequently to profit or loss				
Available-for-sale financial instruments	(502)	(2,007)	(814)	75
Currency translation differences	(33)	124	342	(21)
Total comprehensive loss for the period	(1,144)	(6,798)	(1,988)	(5,756)
Weighted average number of shares outstanding, basic and diluted	221,408,850	119,107,771	221,407,108	118,533,091
Loss per share, basic and diluted	(0.003)	(0.041)	(0.007)	(0.049)

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

Aureus Mining Inc.**Interim Consolidated Statements of Cash Flows (Unaudited)**

(stated in thousands of US dollars)

Unaudited

	Six months ended June 30,	
	2013	2012
	\$'000	\$'000
Operating activities		
Loss for the period	(1,516)	(5,810)
Items not affecting cash:		
Share-based payments	409	615
Depreciation, depletion, and amortization	186	136
Impairment	-	3,011
Unrealized foreign exchange (gain)/loss	617	(52)
Derivative liability (gain)	(1,926)	-
Changes in non-cash working capital		
Trade and other receivables	(192)	(275)
Trade and other payables	(226)	(268)
Due to related parties	(326)	170
Cash flows from operating activities	(2,974)	(2,473)
Investing activities		
Payments to acquire intangible assets	(4,657)	(9,972)
Payments to acquire property, plant and equipment	(17,785)	(336)
Cash flows used in investing activities	(22,442)	(10,308)
Financing activities		
Exercise of stock options	121	1,060
Cash flows from financing activities	121	1,060
Impact of foreign exchange on cash balance	(264)	30
Net decrease in cash and cash equivalents	(25,559)	(11,691)
Cash and cash equivalents at beginning of period	79,411	31,045
Cash and cash equivalents at end of period	53,852	19,354

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 thousands of US dollars)

Unaudited

	Share capital	Capital contribution	Share-based payment reserve	Available-for sale investment reserve	Currency translation reserve	Cumulative deficit	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at January 1, 2012	39,065	48,235	2,023	(2,397)	74	(7,499)	79,501
Loss for the period	-	-	-	-	-	(5,810)	(5,810)
Other comprehensive income /(loss) for period	-	-	-	75	(21)	-	54
Share-based payments	-	-	615	-	-	-	615
Exercise of stock options	1,060	-	-	-	-	-	1,060
Balance at June 30, 2012	40,125	48,235	2,638	(2,322)	53	(13,309)	75,420
Balance at January 1, 2013	112,977	48,235	2,957	(2,519)	(150)	(13,373)	148,127
Loss for the period	-	-	-	-	-	(1,516)	(1,516)
Other comprehensive income /(loss) for period	-	-	-	(814)	342	-	(472)
Share-based payments	-	-	409	-	-	-	409
Exercise of stock options	121	-	-	-	-	-	121
Balance at June 30, 2013	113,098	48,235	3,366	(3,333)	192	(14,889)	146,669

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

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2013

(in thousands of 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. Aureus Mining holds gold assets and an investment in Stellar Diamonds plc. ("Stellar Diamonds"). 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 year ended December 31, 2012. Accordingly, they should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2012. New accounting standards or interpretations that became effective in the period ended June 30, 2013 had no material impact on the financial statements.

These interim financial statements were authorised by the Board of Directors on August 6, 2013.

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2013

(in thousands of US dollars unless otherwise stated)

Unaudited

2 Property, plant and equipment

	Mining and development property \$'000	Machinery and equipment \$'000	Vehicles \$'000	Leasehold improvement \$'000	Total \$'000
Cost					
At December 31, 2011	-	378	795	-	1,173
Additions	3,014	480	136	102	3,732
Transfers (Note 3a(i))	48,550	-	-	-	48,550
At December 31, 2012	51,564	858	931	102	53,455
Additions	17,170	54	-	1	17,225
Foreign exchange	-	(20)	(5)	(7)	(32)
At June 30, 2013	68,734	892	926	96	70,648
Accumulated depreciation					
At December 31, 2011	-	117	245	-	362
Charge for the period	-	128	187	6	321
Foreign exchange	-	-	1	-	1
At December 31, 2012	-	245	433	6	684
Charge for the period	-	97	75	14	186
Foreign exchange	-	(16)	(4)	-	(20)
At June 30, 2013	-	326	504	20	850
Net book value					
At December 31, 2012	51,564	613	498	96	52,771
At June 30, 2013	68,734	566	422	76	69,798

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

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Unaudited

3 Intangible assets

	December 31, 2011	Additions	Impairment	Transfers	December 31, 2012	Additions	June 30, 2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred exploration and evaluation costs:							
Liberia (a)							
New Liberty (i)	37,394	11,156	-	(48,550)	-	396	396
Weaju (ii)	1,603	3,822	-	-	5,425	2,764	8,189
Gondoja	36	847	-	-	883	364	1,247
Silver Hills	48	2	-	-	50	224	274
Ndablama	1,304	1,346	-	-	2,650	1,075	3,725
Leopard Rock (iii)	678	1,439	-	-	2,117	-	2,117
	41,063	18,612	-	(48,550)	11,125	4,823	15,948
Sierra Leone (b)							
Sonfon	3,270	(259)	(3,011)	-	-	-	-
Cameroon (c)							
Batouri	4,545	599	-	-	5,144	320	5,464
	48,878	18,952	(3,011)	(48,550)	16,269	5,143	21,412

(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.

- i) During the year ended December 31, 2012 the Company demonstrated the technical feasibility and commercial viability of the New Liberty property and as a result \$48,550,000 of deferred exploration and evaluation costs were transferred to property, plant and equipment.
- ii) On July 26, 2012, the Company announced settlement of Weaju legacy mining claims from the Weaju Hill Mining Corporation (“WHMC”). As part of the settlement, WHMC agreed to release all claims pertaining to the legacy mining rights covering 1.7km² of the total 457km² Class A Bea Mountain Mining Licence in Liberia and received an initial payment of US\$1.3m and the share equivalent of US\$1.2m in common shares of the Company. These costs have been capitalised as an intangible asset.

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3 Intangible assets (continued)

iii) 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 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

During the year ended December 31, 2012 the Company withdrew from the Sonfon joint venture agreement in Sierra Leone for commercial reasons. The Sonfon project was 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.

4 Equity

(a) Authorised

Unlimited number of common shares without par value.

(b) Issued

	Shares	Amount \$'000
Balance at December 31, 2011	117,829,802	39,065
Shares issued on Weaju settlement	1,550,930	1,202
Share issued on prospectus offering and private placement	99,700,000	75,789
Share issue costs	-	(4,391)
Exercise of stock options	2,154,311	1,312
Balance at December 31, 2012	221,235,043	112,977
Exercise of stock options	205,625	121
Balance at June 30, 2013	221,440,668	113,098

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Unaudited

4 Equity (continued)

(c) Stock options

Information relating to stock options outstanding at June 30, 2013 is as follows:

	June 30, 2013		December 31, 2012
	Weighted average exercise price per share Cdn\$	Number of options	Weighted average exercise price per share Cdn\$
Beginning of the period	9,144,748	9,866,434	0.95
Options granted	3,338,680	2,291,000	1.02
Options exercised	(205,625)	(2,154,311)	0.61
Options expired	(536,000)	(834,375)	1.03
Options cancelled	(146,250)	(24,000)	1.05
End of the period	11,595,553	9,144,748	1.04

Expiry date	Number of stock options outstanding and vested		
	Exercise price per share Cdn\$	June 30, 2013	December 31, 2012
March 1, 2013	1.42	-	15,000
September 15, 2013	0.64	75,000	218,750
October 12, 2013	1.05	-	50,000
January 19, 2014	0.32	345,000	366,875
January 8, 2015	0.49	767,000	787,000
May 13, 2015	0.50	660,000	680,000
June 6, 2015	0.16	68,687	68,687
November 1, 2015	0.90	200,000	200,000
December 1, 2015	0.33	68,687	68,687
December 1, 2015	0.50	68,687	68,687
December 1, 2015	0.66	-	1,720,000
January 10, 2016	1.09	1,600,000	2,285,000
May 23, 2016	1.55	2,170,000	200,000
August 18, 2016	1.27	200,000	300,000
September 1, 2016	1.42	300,000	522,333
January 1, 2017	0.57	-	250,000
January 4, 2017	1.05	918,000	49,062
April 13, 2017	1.05	166,667	250,000
June 28, 2017	0.91	49,062	-
August 15, 2017	0.74	250,000	-
January 14, 2018	0.72	350,000	-
	1.03	8,256,790	8,100,081

Aureus Mining Inc.

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Unaudited

4 Equity (continued)

The fair value of the 3,338,680 stock options granted in the six months ended June 30, 2013 was estimated at C\$ 0.27 per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	Six months ended June 30, 2013	Year ended December 31, 2012
Dividend yield	0%	0%
Risk free interest rate	1.05%	0.50 – 0.97%
Expected life	5 years	0.5 – 5 years
Expected volatility	42%	42 – 57%

5 Related party transactions

During the three months ended June 30, 2013, the Company incurred management and office service fees of \$77,000 (period ended June 30, 2012, \$90,000) payable to Afferro Mining Inc., a company with two common Directors, and environmental consulting fees of \$179,798 (period ended June 30, 2012, \$51,512) payable to a company with a common Director. The payable to related parties as at June 30, 2013 was \$159,820 (December 31, 2012, \$484,926).

6 Warrant derivative liability

	Number of warrants	Weighted average exercise price per warrant per share £
Balance at January 1, 2013	24,925,000	0.625
Balance at June 30, 2013	24,925,000	0.625

Pursuant to the prospectus offering completed in 2012, the Company issued 15,000,000 Units, comprising 15,000,000 common shares and 3,750,000 warrants. Pursuant to the private placement, the Company issued 84,700,000 units comprising 84,700,000 common shares and 21,175,000 warrants. The warrants are exercisable for a period of 18 months from issue at a price of £0.625.

These warrants are treated as a derivative liability and are fair valued at each reporting date using the Black-Scholes option pricing model with changes in fair value being taken directly to the statement of comprehensive income using the following assumptions:

	June 30, 2013	December 31, 2012
Dividend yield	0%	0%
Risk free interest rate	0.3%	0.5%
Expected life	0.88 years	1.38 years
Expected volatility	43%	44%
Fair value (US\$'000's)	12	1,938

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2013

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Unaudited

7 Segment information

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

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

Following is an analysis of the Group's results, assets and liabilities by reportable segment for the three month period ended June 30, 2013:

	Liberia development (New Liberty) \$'000	Liberia exploration \$'000	Cameroon exploration \$'000	Corporate \$'000	Total \$'000
Loss/(gain) for the period	-	34	-	575	609
Segment assets	74,846	17,183	5,623	54,641	152,293
Segment liabilities	3,665	1,136	11	812	5,624
Depreciation of property, plant and equipment	-	70	10	14	94
Capital additions – property, plant and equipment	9,040	32	4	4	9,080
– intangible assets	-	1,855	173	-	2,028

Aureus Mining Inc.**Notes to Condensed Interim Consolidated Financial Statements (Unaudited)**

For the six months ended June 30, 2013

(in thousands of US dollars unless otherwise stated)

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, 2013:

	Liberia development \$'000	Liberia exploration \$'000	Cameroon exploration \$'000	Corporate \$'000	Total \$'000
Loss/(gain) for the period	-	86	28	1,402	1,516
Depreciation of property, plant and equipment	-	138	20	28	186
Capital additions – property, plant and equipment	17,170	45	4	6	17,225
– intangible assets	-	4,824	319	-	5,143

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 \$'000	Cameroon exploration \$'000	Sierra Leone exploration \$'000	Corporate \$'000	Total \$'000
Loss/(gain) for the period	45	21	3,011	1,838	4,915
Segment assets	53,019	4,984	-	20,965	78,968
Segment liabilities	2,729	106	-	712	3,547
Depreciation of property, plant and equipment	69	2	-	-	71
Capital additions – property, plant and equipment	94	87	-	24	205
– intangible assets	6,468	179	-	-	6,647

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2013

(in thousands of US dollars unless otherwise stated)

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
	\$'000	\$'000	\$'000	\$'000	\$'000
Loss/(gain) for the period	171	23	3,011	2,605	5,810
Depreciation of property, plant and equipment	132	4	-	-	136
Capital additions – property, plant and equipment	125	146	-	66	337
– intangible assets	10,752	236	-	-	10,988