

Condensed Interim Consolidated Financial Statements (Unaudited)

Aureus Mining Inc.

For the Nine Months Ended September 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

	September 30, 2013 \$'000	December 31, 2012 \$'000
Assets		
Current assets		
Cash and cash equivalents	40,167	79,411
Trade and other receivables	5,410	3,365
	<u>45,577</u>	<u>82,776</u>
Non-current assets		
Property, plant and equipment (Note 2)	81,495	52,771
Intangible assets (Note 3)	22,611	16,269
Available-for-sale investments (Note 4)	472	1,306
	<u>104,578</u>	<u>70,346</u>
Total assets	<u>150,155</u>	<u>153,122</u>
Liabilities		
Current liabilities		
Trade and other payables	4,123	2,572
Due to related parties (Note 6)	310	485
Warrant derivative liability (Note 7)	115	1,938
Total liabilities	<u>4,548</u>	<u>4,995</u>
Equity		
Share capital (Note 5b)	113,098	112,977
Capital contribution	48,235	48,235
Share based payment reserve (Note 5c)	3,522	2,957
Available-for-sale investment reserve	(3,352)	(2,519)
Cumulative translation reserve	(177)	(150)
Deficit	(15,719)	(13,373)
Total equity	<u>145,607</u>	<u>148,127</u>
Total liabilities and equity	<u>150,155</u>	<u>153,122</u>

The accompanying notes are an integral part of these condensed 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		Nine months ended	
	September 30,		September 30,	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Expenses				
Legal and professional	(358)	(317)	(972)	(688)
Depreciation (Note 2)	(96)	(86)	(282)	(222)
Wages and salaries	(451)	(398)	(1,265)	(1,260)
Share based payments (Note 5c)	(156)	(204)	(565)	(819)
Impairment	-	-	-	(3,011)
Foreign exchange gain/(loss)	686	807	(47)	800
Other expenses	(359)	(329)	(1,141)	(1,154)
Loss from operations	(734)	(527)	(4,272)	(6,354)
Derivative liability gain/(loss) (Note 7)	(103)	-	1,823	-
Finance income	7	4	103	21
Loss for the period	(830)	(523)	(2,346)	(6,333)
Other comprehensive (loss)/income				
Items that may be reclassified subsequently to profit or loss				
Available-for-sale financial instruments	(20)	53	(833)	128
Currency translation differences	(368)	(209)	(27)	(229)
Total comprehensive loss for the period	(1,218)	(679)	(3,206)	(6,434)
Weighted average number of shares outstanding, basic and diluted (in thousands)	221,441	120,136	221,418	119,073
Loss per share, basic and diluted (US\$)	(0.004)	(0.004)	(0.011)	(0.053)

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

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

(stated in thousands of US dollars)

Unaudited

	Nine months ended	
	September 30,	
	2013	2012
	\$'000	\$'000
Operating activities		
Loss for the period	(2,346)	(6,333)
Items not affecting cash:		
Share-based payments	565	819
Depreciation, depletion, and amortization	282	222
Impairment	-	3,011
Unrealized foreign exchange (gain)/loss	72	(267)
Derivative liability (gain)	(1,823)	-
Changes in non-cash working capital		
Trade and other receivables	(75)	(127)
Trade and other payables	(326)	(48)
Due to related parties	(175)	346
Cash flows from operating activities	(3,826)	(2,377)
Investing activities		
Payments to acquire intangible assets	(6,026)	(16,802)
Payments to acquire property, plant and equipment	(29,414)	(420)
Cash flows used in investing activities	(35,440)	(17,222)
Financing activities		
Exercise of stock options	121	1,060
Cash flows from financing activities	121	1,060
Impact of foreign exchange on cash balance	(99)	37
Net decrease in cash and cash equivalents	(39,244)	(18,502)
Cash and cash equivalents at beginning of period	79,411	31,045
Cash and cash equivalents at end of period	40,167	12,543

The accompanying notes are an integral part of these condensed interim 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	-	-	-	-	-	(6,333)	(6,333)
Other comprehensive income /(loss) for period	-	-	-	128	(229)	-	(101)
Share-based payments	-	-	819	-	-	-	819
Exercise of stock options	1,060	-	-	-	-	-	1,060
Issue of common shares	1,202	-	-	-	-	-	1,202
Balance at September 30, 2012	41,327	48,235	2,842	(2,269)	(155)	(13,832)	76,148
Balance at January 1, 2013	112,977	48,235	2,957	(2,519)	(150)	(13,373)	148,127
Loss for the period	-	-	-	-	-	(2,346)	(2,346)
Other comprehensive income /(loss) for period	-	-	-	(833)	(27)	-	(860)
Share-based payments	-	-	565	-	-	-	565
Exercise of stock options	121	-	-	-	-	-	121
Balance at September 30, 2013	113,098	48,235	3,522	(3,352)	(177)	(15,719)	145,607

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

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2013

(in thousands of US dollars unless otherwise stated)

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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 September 30, 2013 had no material impact on the financial statements.

These interim financial statements were authorised by the Board of Directors on November 13, 2013.

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

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(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	28,933	69	2	1	29,005
Foreign exchange	-	(13)	-	-	(13)
At September 30, 2013	80,497	914	933	103	82,447
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	-	149	112	21	282
Foreign exchange	-	(14)	(2)	2	(14)
At September 30, 2013	-	380	543	29	952
Net book value					
At December 31, 2012	51,564	613	498	96	52,771
At September 30, 2013	80,497	534	390	74	81,495

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	September 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)	-	476	476
Weaju (ii)	1,603	3,822	-	-	5,425	3,386	8,811
Gondoja	36	847	-	-	883	380	1,263
Silver Hills	48	2	-	-	50	373	423
Ndablama	1,304	1,346	-	-	2,650	1,253	3,903
Leopard Rock (iii)	678	1,439	-	-	2,117	10	2,127
	41,063	18,612	-	(48,550)	11,125	5,878	17,003
Sierra Leone (b)							
Sonfon	3,270	(259)	(3,011)	-	-	-	-
Cameroon (c)							
Batouri	4,545	599	-	-	5,144	464	5,608
	48,878	18,952	(3,011)	(48,550)	16,269	6,342	22,611

(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, approved on March 14, 2002 and restated, amended and ratified on September 19, 2013 with a 13 year term remaining. 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 License 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 Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, available for sale investments, accounts payable and accrued liabilities, due to related parties and a warrant derivative liability. The carrying values of the Company's financial instruments approximate their fair values.

The Company holds 30,792,770 shares in Stellar Diamonds plc., a diamond mining and exploration company listed on the AIM market operated by the London Stock Exchange. The Company's available-for-sale investments are classified as Level 1 where the fair value is determined by reference to quoted prices (unadjusted) in active markets.

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5 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 September 30, 2013	221,440,668	113,098

(c) Stock options

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

	September 30, 2013		December 31, 2012	
	Number of options	Weighted average exercise price per share Cdn\$	Number of options	Weighted average exercise price per share Cdn\$
Beginning of the period	9,144,748		9,866,434	0.95
Options granted	3,588,680	0.71	2,291,000	1.02
Options exercised	(205,625)	0.58	(2,154,311)	0.61
Options expired	(584,000)	1.07	(834,375)	1.03
Options cancelled	(146,250)	0.77	(24,000)	1.05
End of the period	11,797,553	0.95	9,144,748	1.04

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5 Equity (continued)

Expiry date	Exercise price per share Cdn\$	Number of stock options outstanding and vested	
		September 30, 2013	December 31, 2012
January 17, 2013	0.64	-	218,750
March 1, 2013	1.42	-	15,000
November 29, 2013	0.64	75,000	-
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
January 10, 2016	1.09	1,600,000	1,720,000
May 23, 2016	1.55	2,170,000	2,285,000
August 18, 2016	1.27	200,000	200,000
September 1, 2016	1.42	300,000	300,000
January 4, 2017	1.05	918,000	522,333
April 13, 2017	1.05	166,667	83,333
June 28, 2017	0.91	49,062	49,062
August 15, 2017	0.74	250,000	-
January 14, 2018	0.72	350,000	-
	1.03	8,256,790	7,633,414

The weighted average fair value of the 3,588,680 stock options granted in the nine months ended September 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:

	Nine months ended September 30, 2013	Year ended December 31, 2012
Dividend yield	0%	0%
Risk free interest rate	1.05 – 1.55%	0.50 – 0.97%
Expected life	5 years	0.5 – 5 years
Expected volatility	42 – 43%	42 – 57%

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6 Related party transactions

During the nine months ended September 30, 2013, the Company incurred management and office service fees of \$168,375 (period ended September 30, 2012, \$269,981) payable to Afferro Mining Inc., a company with two common Directors, and environmental consulting fees of \$512,395 (period ended September 30, 2012, \$185,617) payable to a company with a common Director. The payable to related parties as at September 30, 2013 was \$309,963 (September 30, 2012, \$374,320).

7 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 September 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.

The Company's warrant derivative liability is classified as Level 3 where the fair value is based on inputs that are not observable and significant to the overall fair value measurement. 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:

	September, 30, 2013	December 31, 2012
Dividend yield	0%	0%
Risk free interest rate	0.3%	0.5%
Expected life	0.63 years	1.38 years
Expected volatility	43%	44%
Fair value (US\$'000)	115	1,938

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(in thousands of US dollars unless otherwise stated)

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8 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 September 30, 2013:

	Liberia development (New Liberty)	Liberia exploration	Cameroon exploration	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loss/(gain) for the period	-	123	4	703	830
Segment assets	85,397	17,975	5,779	41,004	150,155
Segment liabilities	3,463	119	1	965	4,548
Depreciation of property, plant and equipment	-	71	11	14	96
Capital additions					
– property, plant and equipment	11,763	16	-	2	11,781
– intangible assets	-	1,055	145	-	1,200

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

For the nine months ended September 30, 2013

(in thousands of US dollars unless otherwise stated)

Unaudited

8 Segment information (continued)

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

	Liberia development (New Liberty)	Liberia exploration	Cameroon exploration	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loss/(gain) for the period	-	210	32	2,104	2,346
Depreciation of property, plant and equipment	-	209	31	42	282
Capital additions – property, plant and equipment	28,933	61	4	7	29,005
– intangible assets	-	5,878	464	-	6,342

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

	Liberia exploration and development	Cameroon exploration	Sierra Leone exploration	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loss/(gain) for the period	52	24	-	447	523
Segment assets	59,410	5,090	-	14,090	78,590
Segment liabilities	1,300	56	-	1,086	2,442
Depreciation of property, plant and equipment	62	11	-	13	86
Capital additions – property, plant and equipment	8	13	-	62	83
– intangible assets	6,432	99	-	-	6,531

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8 Segment information (continued)

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

	Liberia exploration and development	Cameroon exploration	Sierra Leone exploration	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loss/(gain) for the period	223	47	3,011	3,052	6,333
Depreciation of property, plant and equipment	193	15	-	14	222
Capital additions – property, plant and equipment	133	158	-	129	420
– intangible assets	17,185	334	-	-	17,519

9 Subsequent event

On October 10, 2013 the Company closed an offering of 30,900,000 common shares at a price of £0.32 per share to raise gross proceeds of approximately £9.9 million (approximately US\$16.0 million).