Aureus Mining Inc.

Consolidated Financial Statements

Years ended December 31, 2013 and 2012

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Aureus Mining Inc.

We have audited the accompanying consolidated financial statements of Aureus Mining Inc. for the year ended 31 December 2013 and the year ended 31 December 2012 which comprise the consolidated statement of financial position, the consolidated statements of income and comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (as issued by the International Auditing and Assurance Standards Board) and Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Aureus Mining Inc. as at December 31, 2013 and December 31, 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"BDO LLP" (signed)

London

March 6, 2014

Aureus Mining Inc.
Consolidated Statement of Financial Position
As at December 31, 2013 and 2012
(stated in US dollars)

	December 31, 2013 $'000	December 31, 2012 $'000
Assets		
Current assets		
Cash and cash equivalents	**39,372**	79,411
Trade and other receivables (Note 3)	**5,387**	3,365
	44,759	82,776
Non-current assets		
Property, plant and equipment (Note 4)	**96,394**	52,771
Intangible assets (Note 5)	**24,415**	16,269
Available-for-sale investments (Note 6)	**508**	1,306
	121,317	70,346
Total assets	**166,076**	153,122
Liabilities		
Current liabilities		
Trade and other payables (Note 7)	**6,853**	2,572
Due to related parties (Note 12)	**55**	485
Warrant derivative liability (Note 10)	**28**	1,938
Total liabilities	**6,936**	4,995
Equity		
Share capital (Note 8b)	**128,158**	112,977
Capital contribution	**48,235**	48,235
Share based payment reserve (Note 8c)	**3,721**	2,957
Available-for-sale investment reserve (Note 6)	**-**	(2,519)
Cumulative translation reserve	**(180)**	(150)
Deficit	**(20,794)**	(13,373)
Total equity	**159,140**	148,127
Total liabilities and equity	**166,076**	153,122

Commitments (Note 16)
Subsequent events (Note 17)

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

"David Reading" (signed)
Director

"*Luis da Silva" (signed)*
Director

Approved by the board of directors on March 6, 2014

Aureus Mining Inc.

Consolidated Statement of Income and Comprehensive Income

For the years ended December 31, 2013 and 2012

(stated in US dollars)

	Year ended December 31, 2013	Year ended December 31, 2012
	$'000	$'000
Expenses		
Legal and professional	**(1,662)**	(1,026)
Depreciation (Note 4)	**(375)**	(321)
Wages and salaries	**(1,885)**	(1,658)
Share-based payments (Note 8c)	**(764)**	(934)
Impairment of intangible asset (Note 5)	**-**	(3,011)
Impairment of available-for-sale investment (Note 6)	**(3,317)**	-
Foreign exchange gain/(loss)	**56**	1,184
Other expenses	**(1,498)**	(1,500)
Loss from operations	**(9,445)**	(7,266)
Warrant derivative liability gain (Note 10)	**1,910**	1,363
Finance income	**114**	29
Loss for the year	**(7,421)**	(5,874)
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial instruments (Note 6)	**2,519**	(122)
Currency translation differences	**(30)**	(224)
Total comprehensive loss for the year	**(4,932)**	(6,220)
Weighted average number of shares outstanding, basic and diluted (Note 9)	**221,424,026**	131,979,945
Loss per share, basic and diluted (US$) (Note 9)	**(0.03)**	(0.04)

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

Aureus Mining Inc.

Consolidated Statement of Cash Flows

For the years ended December 31, 2013 and 2012

(stated in US dollars)

	Year ended December 31, 2013 $'000	Year ended December 31, 2012 $'000
Operating activities		
Loss for the year	**(7,421)**	(5,874)
Items not affecting cash:		
Share-based payments	**764**	934
Depreciation, depletion, and amortization	**375**	321
Unrealized foreign exchange (gain) / loss	**59**	(387)
Warrant derivative liability gain	**(1,910)**	(1,363)
Impairment	**3,317**	3,011
Changes in non-cash working capital		
Trade and other receivables	**(1,046)**	(375)
Trade and other payables	**1,023**	278
Due to related parties	**(430)**	456
Cash flows from operating activities	**(5,269)**	(2,999)
Investing activities		
Payments to acquire intangible assets	**(7,680)**	(18,315)
Payments to acquire property, plant and equipment	**(42,180)**	(6,495)
Cash flows used in investing activities	**(49,860)**	(24,810)
Financing activities		
Proceeds from issue of common shares (net of costs)	**15,060**	74,699
Exercise of stock options	**121**	1,312
Cash flows from financing activities	**15,181**	76,011
Impact of foreign exchange on cash balance	**(91)**	164
Net decrease in cash and cash equivalents	**(40,039)**	48,366
Cash and cash equivalents at beginning of year	**79,411**	31,045
Cash and cash equivalents at end of year	**39,372**	79,411

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

Aureus Mining Inc.
Consolidated Statement of Changes in Equity
As at December 31, 2013 and 2012
(stated in US dollars)

	Share capital $'000	Capital contribution $'000	Share-based payment reserve $'000	Available-for sale investment reserve $'000	Cumulative translation reserve $'000	Cumulative deficit $'000	Total equity $'000
Balance at January 1, 2012	39,066	48,235	2,023	(2,397)	74	(7,499)	79,502
Loss for the year	-	-	-	-	-	(5,874)	(5,874)
Other comprehensive loss for year	-	-	-	(122)	(224)	-	(346)
Share-based payments	-	-	934	-	-	-	934
Issue of common shares (net of costs)	72,599	-	-	-	-	-	72,599
Exercise of stock options	1,312	-	-	-	-	-	1,312
Balance at December 31, 2012	**112,977**	**48,235**	**2,957**	**(2,519)**	**(150)**	**(13,373)**	**148,127**
Loss for the year	-	-	-	-	-	(7,421)	(7,421)
Other comprehensive loss for year	-	-	-	2,519	(30)	-	2,489
Share-based payments	-	-	764	-	-	-	764
Exercise of stock options	121	-	-	-	-	-	121
Issue of common shares (net of costs)	15,060	-	-	-	-	-	15,060
Balance at December 31, 2013	**128,158**	**48,235**	**3,721**	**-**	**(180)**	**(20,794)**	**159,140**

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

1. Nature of operations

Aureus Mining Inc. ("Aureus Mining" or the "Company") was incorporated under the Canada Business Corporations Act on February 1, 2011. The focus of Aureus Mining's business is the exploration and development of gold assets in West Africa, particularly the construction of the New Liberty Gold Mine in Liberia.

2. Summary of significant accounting policies

The accounting policies set out below have been applied consistently in these financial statements, unless otherwise stated.

2.1 Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared on an historical cost basis, as adjusted for certain financial instruments carried at fair value.

2.2 New accounting standards adopted

The following accounting standards and interpretations issued by the IASB or International Financial Reporting Interpretation Committee ("IFRIC") were adopted during the year:

- IFRS 10 Consolidated Financial Statements
- IFRS 13 Fair Value Measurement
- IFRIC 20 Striping Costs in the Production Phase of a Surface Mine

The adoption of these standards and interpretations had no material impact on the financial statements.

2.3 Standards in issue but not yet effective

The following standards and interpretations which have been recently issued or revised have not been adopted early:

- IFRS 9 Financial Instruments
- IAS 32 (Amendment) Offsetting Financial Assets and Financial Liabilities
- IFRIC 21 Levies

Management anticipates that the adoption of these standards and interpretations in future years will have no material impact on the financial statements.

2. Summary of significant accounting policies (continued)

2.3 Basis of consolidation

2.3.1 Subsidiaries

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

These financial statements include the accounts of Aureus Mining and its wholly owned subsidiaries. The significant Group companies at December 31, 2013 are set out below:

Company	Place of incorporation
Aureus Mining Inc. Services Limited	United Kingdom
Bea Mountain Mining Corporation	Liberia
African Aura Resources Cameroon SARL	Cameroon
Archaean (Gold) Liberia Inc.	Liberia

2.3.2 Transactions eliminated on consolidation

Intra-group balances and any unrealized gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the financial statements.

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in U.S. dollars ("$"), ("the presentation currency") which is the functional currency of most of the subsidiary entities.

In the consolidated financial statements, all separate financial statements of subsidiary entities, originally presented in a currency different from the Company's presentation currency, have been converted into US dollars. Assets and liabilities have been translated into US dollars at the closing rate at the balance sheet date. Income and expenses have been translated at the average rates over the reporting period. Any differences arising from this procedure have been charged/credited to the "Cumulative translation reserve" in equity. Equity has been translated into US dollars at historical rates.

2. Summary of significant accounting policies (continued)

2.4.2 Foreign currency transactions

In preparing the financial statements of the group entities, foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the loss from operations.

2.5 Equity

The following describes the nature and purpose of each reserve within equity

Reserve	*Description and purpose*
Share capital	Amount subscribed for share capital at share issue price less direct issue costs
Capital contribution	The net assets transferred to Aureus Mining on April 13, 2011 pursuant to the Plan of Arrangement
Share-based payment reserve	Fair value of share-based payments vested
Available-for-sale investment reserve	Gains and losses arising on available-for-sale investments
Cumulative translation reserve	Exchange differences arising on translation of non- US dollar functional currency subsidiaries
Cumulative deficit	Amount of cumulative net gains and losses recognised on the consolidated statement of income

2.6 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amounts of any replaced parts are derecognized. All other repairs and maintenance are charged to the consolidated statement of comprehensive loss/income during the financial period in which they are incurred.

Machinery and equipment and vehicles are depreciated at 30% per annum on a reducing balance basis. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Mining and development costs include appropriate deferred exploration and evaluation costs transferred on development of an exploration property. Prior to reclassification, exploration and evaluation assets are assessed for impairment and any impairment loss is recognised immediately in the statement of comprehensive income. Mining and development costs are not amortized during the development phase but are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable, at least at each balance sheet date.

A mining and development property is considered to be capable of operating in a manner intended by management when it commences commercial production. Upon commencement of commercial production a development property is transferred to a mining property and is depreciated on a unit-of-production method.

2. Summary of significant accounting policies (continued)

2.7 Intangible assets

The Company's intangible assets relate to capitalised costs relating to the acquisition, exploration and evaluation of the Company's mineral properties.

Deferred exploration and evaluation costs
Exploration and evaluation costs are capitalized by license area. Exploration and evaluation costs are capitalised as an intangible asset until technical feasibility and commercial viability of extraction of reserves are demonstrable, when the capitalised costs are re-classed to property, plant and equipment.

These assets are not amortized but are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable, at least at each balance sheet date.

2.8 Impairment

At each balance sheet date, the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense in the statement of comprehensive income.

In assessing whether there is any indication that an asset(s) may be impaired, an entity shall consider, as a minimum, the following indications:

External
- During the period an asset's market value has declined significantly more than would be expected as a result of the passage of time;
- Significant changes with an adverse effect on the entity have taken place during the period or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investment have increased during the period, and those increases are likely to affect the discount rate used in calculating an assets value in use and decrease the assets recoverable amount; and
- The carrying amount of the net assets of the entity is more than its market capitalisation.

2. Summary of significant accounting policies (continued)

Internal

- Evidence of obsolescence or physical damage of an asset;
- Evidence from internal reporting that indicates the economic performance of an asset is or will be worse than expected; and
- Significant changes with an adverse effect on the entity have taken place during the period or are expected to take place in the near future to the extent and manner in which an asset is used.
- The facts and circumstances indicating impairment include the following:
    - The entity's right to explore in an area has expired, or will expire in the near future, without renewal;
    - No further exploration or evaluation is planned or budgeted for;
    - A decision has been made to discontinue exploration and evaluation in an area because of the absence of commercial reserves; and
    - Sufficient data exists to indicate that the book value will not be fully recovered from future development and production.

An impairment loss recognised in prior periods shall be reversed if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately.

2.9 Financial instruments

Financial assets

All financial assets are recognised and derecognised on trade date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit or loss (“FVTPL”), which are initially measured at fair value.

Available for sale financial assets

Available for sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are measured subsequently at fair value, with changes in value recognised in other comprehensive income, through the statement of changes in equity. Gains and losses arising from investments classified as available for sale are recognised in the statement of comprehensive income when they are sold or when the investment is impaired. In the case of impairment of available for sale assets, any loss previously recognised in equity is transferred to the statement of comprehensive income. Impairments are assessed as when a decline in fair value is significant or prolonged based on an analysis of indicators such as market price of the investment and significant adverse changes in the environment in which the investee operates. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income. Impairment losses recognised previously on debt securities are reversed through the statement of comprehensive income when the increase can be related objectively to an event occurring after the impairment loss was recognised in the statement of comprehensive income.

2. Summary of significant accounting policies (continued)

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets at amortised cost

Financial assets that are measured at amortised cost are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Warrants issued alongside the raising of finance are recorded as a reduction of capital stock based on the fair value of the warrants.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

2. Summary of significant accounting policies (continued)

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Derivative financial instruments:
The Company has issued warrants that are exercisable in a currency other than the functional currency of the entity issuing. As such these warrants are treated as derivative liabilities which are measured initially at fair value and gains and losses on subsequent re-measurement are recorded in profit or loss.

2.10 Income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

2.11 Borrowing costs

Borrowing costs are generally expensed as incurred except where they relate to the financing of qualifying assets that require a substantial period of time to get ready for their intended use. Qualifying assets include mining and development properties. Borrowing costs related to qualifying assets are capitalised up to the date when the asset is ready for its intended use.

2. Summary of significant accounting policies (continued)

2.12 Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Fair value is measured by use of a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. When equity-settled stock options granted to employees vest over a period of time and the charge is recognised in the statement of comprehensive income over the corresponding period.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

2.13 Segments

Information presented to the Chief Executive Officer for the purposes of resource allocation and assessment of segment performance is focused on the geographical location.

2.14 Critical accounting judgements and sources of estimation uncertainty

In the application of the Company's accounting policies, management are 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 ongoing 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.

Key sources of estimation uncertainty and judgements made in applying specific accounting policies are as follows:

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.

Carrying value of non-current assets
The outcome of ongoing exploration and development programmes, and therefore whether the carrying value of plant, property and equipment and acquisition, exploration and evaluation and development expenditures will ultimately be recovered, is inherently uncertain.

2. Summary of significant accounting policies (continued)

The ability of the Company to realise the carrying values of these assets is contingent upon discovery of economically recoverable mineral reserves, the on-going title to the resource properties, the ability of the Company to finance the development of the properties and on the future profitable production or proceeds from the property. The success of the Company's mineral exploration properties is also influenced by operational risks, legal and political risks and future gold prices.

Management makes the judgements necessary to implement the Company's policy with respect to capitalisation of these assets and consider them for impairment at least annually with reference to indicators in IAS 36 and IFRS 6. 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 for advanced stage projects with key inputs that include mineral resources, 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.

3. Trade and other receivables

	December 31, 2013 $'000	December 31, 2012 $'000
Accounts receivable	**409**	299
Pre-payments	**4,978**	3,066
	5,387	3,365

4. 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
Transfers	48,550	-	-	-	48,550
Additions	3,014	480	135	102	3,731
Foreign exchange	-	-	1	-	1
At December 31, 2012	51,564	858	931	102	53,455
Additions	43,843	146	2	1	43,992
Foreign exchange		(9)	3	2	(4)
At December, 2013	**95,407**	**995**	**936**	**105**	**97,443**
Accumulated depreciation					
At December 31, 2011	-	117	245	-	362
Charge for the year	-	128	187	6	321
Foreign exchange	-	-	1	-	1
At December 31, 2012		245	433	6	684
Charge for the year	**-**	198	149	28	375
Foreign exchange	**-**	(13)	-	3	(10)
At December 31, 2013	**-**	**430**	**582**	**37**	**1,049**
Net book value					
At December 31, 2012	51,564	613	498	96	52,771
At December 31, 2013	**95,407**	**565**	**354**	**68**	**96,394**

5. Intangible assets

	December 31, 2011	Additions	Impairment	Transfers	December 31, 2012	Additions	December 31, 2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Deferred exploration and evaluation costs:							
Liberia (a)							
New Liberty (i)	37,394	11,156	-	(48,550)	-	540	**540**
Weaju (ii)	1,603	3,822	-	-	5,425	3,884	**9,309**
Gondoja	36	847	-	-	883	394	**1,277**
Silver Hills	48	2	-	-	50	408	**458**
Ndablama	1,304	1,346	-	-	2,650	2,195	**4,845**
Leopard Rock (iii)	678	1,439	-	-	2,117	58	**2,175**
Yambesei (iv)	-	-	-	-	-	43	**43**
Archean West (iv)	-	-	-	-	-	11	**11**
Mabong (iv)	-	-	-	-	-	7	**7**
Mafa West (iv)	-	-	-	-	-	6	**6**
	41,063	18,612	-	(48,550)	11,125	7,546	**18,671**
Sierra Leone (b)							
Sonfon	3,270	(259)	(3,011)	-	-	-	**-**
Cameroon (c)							
Batouri	4,545	599	-	-	5,144	600	**5,744**
	48,878	18,952	(3,011)	(48,550)	16,269	8,146	**24,415**

5. Intangible assets (continued)

(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 km^2 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) During the year ended December 31, 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 1.7km^2 of the total 457km^2 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.

iii) During the year 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 km^2. 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.

iv) In November 2013 the Company increased its contiguous ground holdings around its New Liberty Project through the acquisition of four new exploration licenses. The Company's ground holding portfolio has now increased from 547 km^2 to 1,470 km^2. The four new exploration licenses are referred to as Yambesei (759 km^2), Archean West (112.6 km^2), Mabong (36.6 km^2) and Mafa West (15.6 km^2).

(b) Sierra Leone

During the prior year the Company withdrew from the Sonfon joint venture agreement in Sierra Leone for commercial reasons and impaired it. The Sonfon project was subject to a joint venture agreement with Golden Star Resources Ltd. ("GSR").

(c) Cameroon

The Batouri licence covers an area of 1,000 km^2 and targets gold in eastern Cameroon.

6. Available-for-sale investments

	Year ended December 31, 2013 $'000	Year ended December 31, 2012 $'000
Beginning of the year	**1,306**	1,428
Losses recognised in statement of income	**(798)**	(122)
End of the year	**508**	1,306

The Company holds 30,792,770 shares in Stellar Diamonds plc. ("Stellar"), 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. During the current year US$2.5 million of historic losses recognised in equity were recycled through profit and loss due to a significant and prolonged decline in the fair value of Stellar.

7. Trade and other payables

	December 31, 2013 $'000	December 31, 2012 $'000
Trade payables	**4,757**	**2,195**
Accruals	**2,096**	**377**
	6,853	**2,572**

8. 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
Shares issued on prospectus offering and private placement	99,700,000	75,789
Shares 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
Shares issued on private placement	30,900,000	15,823
Share issue costs	-	(763)
Balance at December 31, 2013	**252,340,668**	**128,158**

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(in US dollars unless otherwise stated)

8. Equity (continued)

On October 10, 2013, the Company concluded a private placement offering issuing 30,900,000 common shares at a price of £0.32 each raising gross proceeds of US$15.8 million. The direct costs to issue that have been charged to share capital amounted to US$0.8 million.

In the year ended December 31, 2013, the Company issued 205,625 new common shares in exchange for the exercise of 205,625 stock options at a weighted average exercise price of C$0.58.

(c) Stock options

Information relating to stock options outstanding at December 31, 2013 is as follows:

	December 31, 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 year	**9,144,748**	1.04	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	**(634,000)**	0.99	(834,375)	1.03
Options cancelled	**(146,250)**	0.77	(24,000)	1.05
End of the year	**11,747,553**	0.95	9,144,748	1.04

(in US dollars unless otherwise stated)

8. Equity (continued)

Expiry date	Exercise price per share Cdn$	Number of stock options outstanding and vested December 31, 2013	December 31, 2012
January 17, 2013	**0.64**	**-**	218,750
March 1, 2013	**1.42**	**-**	15,000
January 17, 2014	**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 year ended December 31, 2013 was estimated at Cdn$ 0.27 per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	Year ended December 31, 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 (based on historical volatility)	**42 – 43%**	42 – 57%

9. Loss per share

	Year ended December 31, 2013	Year ended December 31, 2012
Loss for the year ($'000)	**7,421**	5,874
Weighted average number of common shares for the purposes of basic and diluted loss per share	**221,424,026**	131,979,945
Basic and diluted loss per share ($)	**0.03**	0.04

10. 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 December 31, 2013	**24,925,000**	**0.625**

Pursuant to the prospectus offering in November 2012, the Company issued 15,000,000 units comprising 15,000,000 common shares and 3,750,000 warrants. Pursuant to the private placement in November 2012, 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 were treated as a derivative liability and classified as Level 2 where the fair value is determined by reference to inputs other than quoted prices which are observable. The fair value at each reporting date is derived 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:

	December ,31, 2013	December 31, 2012
Dividend yield	**0%**	0%
Risk free interest rate	**0.3%**	0.5%
Expected life	**0.38 years**	1.38 years
Expected volatility	**50%**	44%
Fair value (US$'000)	**28**	1,938

11. Income taxes

	Year ended December 31, 2013	Year ended December 31, 2012
	$'000	$'000
Current taxation	-	-
Deferred taxation	-	-
	-	-

The analysis of the Company's taxation charge for the year based on the company's statutory tax rate of 26.5% is as follows:

	Year ended December 31, 2013	Year ended December 31, 2012
	$'000	$'000
Loss for the year	7,421	5,874
Tax recovery at the Canadian corporation tax rate of 26.5%	1,967	1,557
Effect of different tax rates of subsidiaries operating in other jurisdictions	(258)	(149)
Non-deductible expenses	(1,081)	(1,045)
Gains not taxable	506	361
Tax losses not utilised and carried forward	(1,548)	(1,098)
Other	414	374
	-	-

A deferred taxation asset is not recognised in respect of carried forward losses and capital allowances due to uncertainty over the utilisation of these assets. The unrecognised deferred taxation asset is $34.9 million based on a carried forward tax losses asset of $3.9 million which expires between 2031 and 2033 and capital allowances of US$31.0 million which have no expiry date.

12. Related party transactions

(a) Purchases of goods and services

	Year ended December 31, 2013	Year ended December 31, 2012
	$'000	$'000
Purchase of goods and services	884	542

During the year ended December 31, 2013 the Company incurred management and office service fees of $223,280 (2012- $318,000) payable to Afferro Mining Inc., a related party at the time, environmental consulting fees of $643,004 (2012 – $223,785) payable to a company with a common director and $17,750 (2012 - $12,800) was payable to a director for consulting services performed outside the directorship role. $54,589 was payable to related parties as at December 31, 2013 (2012 - $484,926). Related party transactions are in the normal course of business and occur on terms similar to transactions with non-related parties on an arm's length basis. Afferro Mining Inc. ceased to be a related party during the year.

(in US dollars unless otherwise stated)

12. Related party transactions (continued)

(b) Key management compensation

The directors and officers are considered the Company's key management personnel. The compensation paid or payable to key management for employee services is shown below.

	Year ended December 31, 2013 $	Year ended December 31, 2012 $
Salaries and other short-term employee benefits	1,091,750	1,238,454
Share-based payments	179,894	184,500
	1,271,644	**1,422,954**

The remuneration earned by each director in the year ended December 31, 2013 is as follows:

	Year ended December 31, 2013			**ended December 31, 2012**		
	Salaries and other short-term benefits $	**Share-based payments $**	**Total $**	**Salaries and other short-term benefits $**	**Share-based payments $**	**Total $**
David Beatty	54,751	13,450	68,201	55,465	9,000	64,465
Jean-Guy Martin	54,751	13,450	68,201	55,465	9,000	64,465
David Netherway	78,215	40,350	118,565	79,235	36,000	115,235
David Reading	491,841	50,438	542,279	477,661	72,000	549,661
Adrian Reynolds*	54,751	13,450	68,201	55,465	9,000	64,465
Luis da Silva	54,751	13,450	68,201	55,465	9,000	64,465
	789,060	**144,588**	**933,648**	**778,756**	**144,000**	**922,756**

* In addition Adrian Reynolds was paid $17,750 for consulting work performed outside of the directorship role.

13. 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.

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13. Segment information (continued)

Following is an analysis of the Company's results, assets and liabilities by reportable segment for the year ended December 31, 2013:

	Liberia development (New Liberty) $'000	Liberia exploration $'000	Cameroon exploration $'000	Corporate $'000	Total $'000
Loss for the year	243	40	42	7,096	7,421
Segment assets	99,314	19,677	5,916	41,169	166,076
Segment liabilities	4,135	472	1	2,328	6,936
Depreciation of property, plant and equipment	243	40	42	50	375
Capital additions – property, plant and equipment	43,843	138	4	7	43,992
– intangible assets	-	7,546	600	-	8,146

Following is an analysis of the Company's results, assets and liabilities by reportable segment for the year ended December 31, 2012:

	Liberia development (New Liberty) $'000	Liberia exploration $'000	Cameroon exploration $'000	Sierra Leone exploration $'000	Corporate $'000	Total $'000
Loss for the year	179	100	20	3,011	2,564	**5,874**
Segment assets	55,232	11,524	5,334	-	81,032	**153,122**
Segment liabilities	1,073	604	28	-	3,290	**4,995**
Depreciation of property, plant and equipment	171	96	27	-	27	**321**
Capital additions						
– property, plant and equipment	14,323	223	163	-	178	**14,887**
– intangible assets	-	7,456	599	-	-	**8,055**

14. Financial instruments by category

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. 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 Company has made the following classifications for its financial instruments:

	Available for sale $'000	Cash and receivables $'000	Total $'000
December 31, 2013			
Assets as per statement of financial position			
Cash and cash equivalents	-	39,372	39,372
Accounts receivable	-	409	409
Available-for- sale investments	508	-	508
Total	**508**	**39,781**	**40,289**

	Available for sale $'000	Cash and receivables $'000	Total $
December 31, 2012			
Assets as per statement of financial position			
Cash and cash equivalents	-	79,411	79,411
Accounts receivable	-	299	299
Available-for- sale investments	1,306	-	1,306
Total	**1,306**	**79,710**	**81,016**

	Liabilities at fair value through the profit and loss $'000	Other financial liabilities at amortised cost $'000	Total $'000
December 31, 2013			
Liabilities as per statement of financial position			
Trade and other payables	-	6,768	6,768
Due to related parties	-	55	55
Warrant derivative liability	28	-	28
Total	**28**	**6,823**	**6,851**

14. Financial instruments by category (continued)

	Liabilities at fair value through the profit and loss $'000	Other financial liabilities at amortised cost $'000	Total $'000
December 31, 2012			
Liabilities as per statement of financial position			
Trade and other payables	-	2,572	2,572
Due to related parties	-	485	485
Warrant derivative liability	1,938	-	1,938
Total	**1,938**	**3,057**	**4,995**

15. Financial and capital risk management

(a) Financial risk management

The Company's activities expose it to a variety of financial risks, which include interest rate and liquidity risk, foreign exchange risk and credit risk.

Interest rate and liquidity Risk

Fluctuations in interest rates impact on the value of short term cash investments giving rise to interest rate risk. The Company has in the past been able to actively source financing through public offerings. This cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. In the ordinary course of business, the Company is required to fund working capital and capital expenditure requirements. The Company typically holds cash and cash equivalents with a maturity of less than 30 days.

Due to the short maturity of the financial assets and the current low level of interest rates, if interest rates were to double, it would have an insignificant impact on the Company's financial performance.

The Company ensures that its liquidity risk is mitigated by placing financial assets on short term maturity, thus all financial liabilities are met as they become due:

The Company's assets and liabilities fall due as indicated in the following table:

At December 31,2013	Within 30 days $'000	30 days to 6 months $'000	Over 6 months $'000
Cash and cash equivalents	39,372	-	-
Trade and other receivables	138	4,999	250
Trade and other payables	5,953	900	-
Due to related parties	58	-	-
Warrant derivative liability	28	-	-

15. Financial and capital risk management (continued)

Foreign exchange risk

Foreign exchange risk arises from transactions denominated in currencies other than US dollars. In the normal course of business the Company enters into transactions denominated in foreign currencies, primarily Pounds Sterling, Canadian Dollars, Euros, Australian Dollars and South African Rand. As a result, the Company is subject to exposure from fluctuations in foreign currency exchange rates. The Company does not enter into derivatives to manage these risks.

Carrying value of foreign currency balances	December 31, 2013 $'000	December 31, 2012 $'000
Cash and cash equivalents, include balances denominated in:		
Canadian Dollar (CAD)	**643**	1,513
Pound Sterling (GBP)	**4,808**	7,473
Others	**8**	24
Investments, include balances denominated in:		
Pounds Sterling (GBP)	**508**	1,306
Accounts receivable, include balances denominated in:		
Canadian Dollar (CAD)	**21**	114
Pounds Sterling (GBP)	**283**	128
Others	**37**	36
Trade and other payables, include balances denominated in:		
Australian Dollar (AUD)	**104**	-
Canadian Dollar (CAD)	**46**	479
Euro (EUR)	**-**	12
Pound Sterling (GBP)	**945**	600
South African Rand (ZAR)	**991**	203

The sensitivities below are based on financial assets and liabilities held at December 31, 2013 where balances were not denominated in the functional currency of the Company. The sensitivities do not take into account the Company's income and expenses and the results of the sensitivities could change due to other factors such as changes in the value of financial assets and liabilities as a result of non-foreign exchange influenced factors.

	Effect on net assets of USD strengthening 10%	
	December 31, 2013 $'000	**December 31, 2012 $'000**
Australian Dollar (AUD)	10	-
Canadian Dollar (CAD)	(73)	(115)
Pound Sterling (GBP)	(415)	(700)
South African Rand (ZAR)	99	20

15. Financial and capital risk management (continued)

Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company has an investment policy requiring that cash and cash equivalents only are deposited in permitted investments with certain minimum credit ratings.

	December 31, 2013 $'000	December 31, 2012 $'000
Financial institutions with Standards & Poor's A rating	39,259	79,308
Financial institutions un-rated	113	102

(b) Capital risk management

The Company's objectives when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to ensure sufficient resources are available to meet day to day operating requirements. The Company defines capital as 'equity' as shown in the consolidated statement of financial position.

The Company's board of directors takes full responsibility for managing the Company's capital and does so through board meetings, review of financial information, and regular communication with officers and senior management.

In order to maximise ongoing exploration and development efforts, the Company does not currently pay out dividends.

The Company's investment policy is to invest its cash in deposits with high credit worthy financial institutions with short term maturity.

The Company expects its current capital resources will be sufficient to carry out its plans and operations through its current operating period.

The Company is not subject to externally imposed capital requirements and there has been no change in the overall capital risk management as at December 31, 2013.

During 2013 the Company announced that it had signed an US$ 88 million project finance loan facility agreement with the South African banks Nedbank Limited and Rand Merchant Bank, and has also signed a subordinated loan facility agreement for US$ 12 million with RMB Resources. These loan facilities will finance the development of the Company's New Liberty Gold Project during 2014 and 2015 and remained undrawn as at December 31, 2013. It is anticipated drawdown will occur in April 2014 upon satisfaction of the drawdown conditions precedent.

16. Commitments

Capital expenditure contracted for at December 31, 2013 but not yet incurred is as follows:

	Less than one year $'000	Between one and five years $'000	Over five years $'000
Capital expenditure	9,134	-	-
Operating expenditure	525	525	-

Capital expenditure commitments represent costs to be capitalised as development costs on the Company's New Liberty Gold Project and operating expenditure represent office lease costs.

17. Subsequent events

On January 21, 2014 the Company granted stock options over a total of 4,705,916 common shares, representing approximately 1.86% of the issued share capital of the Company at an exercise price of C$0.51 per share. 520,000 of the stock options were exercisable immediately and the remainder vest over the next two years upon completion of certain service and performance vesting conditions. The stock options issued are capable of being exercised up to 19 January 2019.