

Condensed Interim Consolidated Financial Statements (Unaudited)

Aureus Mining Inc.

For the Three Months Ended March 31, 2014 and 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**

(stated in thousands of US dollars)

Unaudited

	March 31, 2014 \$'000	December 31, 2013 \$'000
Assets		
Current assets		
Cash and cash equivalents	18,512	39,372
Trade and other receivables	7,574	5,387
	<u>26,086</u>	<u>44,759</u>
Non-current assets		
Property, plant and equipment (Note 2)	118,134	96,394
Intangible assets (Note 3)	25,961	24,415
Available-for-sale investments (Note 4)	794	508
	<u>144,889</u>	<u>121,317</u>
Total assets	<u>170,975</u>	<u>166,076</u>
Liabilities		
Current liabilities		
Trade and other payables	12,539	6,853
Due to related parties (Note 6)	21	55
Warrant derivative liability (Note 7)	-	28
	<u>12,560</u>	<u>6,936</u>
Equity		
Share capital (Note 5b)	128,291	128,158
Capital contribution	48,235	48,235
Share based payment reserve (Note 5c)	3,973	3,721
Available-for-sale investment reserve	286	-
Cumulative translation reserve	(218)	(180)
Deficit	(22,152)	(20,794)
	<u>158,415</u>	<u>159,140</u>
Total equity	<u>158,415</u>	<u>159,140</u>
Total liabilities and equity	<u>170,975</u>	<u>166,076</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**

(stated in thousands of US dollars)

Unaudited

	Three months ended March 31,	
	2014	2013
	\$'000	\$'000
Expenses		
Legal and professional	(258)	(362)
Depreciation (Note 2)	(75)	(92)
Wages and salaries	(579)	(408)
Share based payments (Note 5c)	(252)	(257)
Foreign exchange gain / (loss)	56	(818)
Other expenses	(288)	(320)
Loss from operations	(1,396)	(2,257)
Warrant derivative liability gain (Note 7)	28	1,336
Finance income	10	14
Loss for the period	(1,358)	(907)
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial instruments	286	(312)
Currency translation differences	(38)	374
Total comprehensive (loss)/income for the period	(1,110)	(845)
Weighted average number of shares outstanding, basic and diluted	252,558	221,379
Loss per share, basic and diluted	(0.005)	(0.004)

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

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

	Three months ended March 31,	
	2014	2013
	\$'000	\$'000
Operating activities		
Loss for the period	(1,358)	(907)
Items not affecting cash:		
Share-based payments	252	257
Depreciation, depletion, and amortization	75	92
Unrealized foreign exchange (gain) / loss	(35)	741
Warrant derivative liability (gain)	(28)	(1,336)
Changes in non-cash working capital		
Trade and other receivables	97	(54)
Trade and other payables	(696)	(426)
Due to related parties	(34)	(393)
Cash flows from operating activities	(1,727)	(2,026)
Investing activities		
Payments to acquire intangible assets	(1,579)	(2,515)
Payments to acquire property, plant and equipment	(17,683)	(5,720)
Cash flows used in investing activities	(19,262)	(8,235)
Financing activities		
Exercise of stock options	133	118
Cash flows from financing activities	133	118
Impact of foreign exchange on cash balance	(4)	(353)
Net decrease in cash and cash equivalents	(20,860)	(10,496)
Cash and cash equivalents at beginning of period	39,372	79,411
Cash and cash equivalents at end of period	18,512	68,915

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

Aureus Mining Inc.**Interim Consolidated Statements of Changes in Equity**

(stated in thousands of US dollars)

Unaudited

	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, 2013	112,977	48,235	2,957	(2,519)	(150)	(13,373)	148,127
Loss for the period	-	-	-	-	-	(907)	(907)
Comprehensive income/(loss) for period	-	-	-	(312)	374	-	62
Share-based payments	-	-	257	-	-	-	257
Exercise of stock options	118	-	-	-	-	-	118
Balance at March 31, 2013	113,095	48,235	3,214	(2,831)	224	(14,280)	147,657
Balance at January 1, 2014	128,158	48,235	3,721	-	(180)	(20,794)	159,140
Loss for the period	-	-	-	-	-	(1,358)	(1,358)
Comprehensive income/(loss) for period	-	-	-	286	(38)	-	248
Share-based payments	-	-	252	-	-	-	252
Exercise of stock options	133	-	-	-	-	-	133
Balance at March 31, 2014	128,291	48,235	3,973	286	(218)	(22,152)	158,415

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

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2014 and 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. 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.

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, 2013. Accordingly, they should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2013. New accounting standards or interpretations that became effective in the period ended March 31, 2014 had no material impact on the financial statements.

These interim financial statements were authorised by the Board of Directors on May 12, 2014.

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2014 and 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, 2012	51,564	858	931	102	53,455
Additions	43,843	146	2	1	43,992
Foreign Exchange	-	(9)	3	2	(4)
At December 31, 2013	95,407	995	936	105	97,443
Additions	21,793	22	-	-	21,815
At March 31, 2014	117,200	1,017	936	105	119,258
Accumulated depreciation					
At December 31, 2012	-	245	433	6	684
Charge for the period	-	198	149	28	375
Foreign exchange	-	(13)	-	3	(10)
At December 31, 2013	-	430	582	37	1,049
Charge for the period	-	43	27	5	75
At March 31, 2014	-	473	609	42	1,124
Net book value					
At December 31, 2013	95,407	565	354	68	96,394
At March 31, 2014	117,200	544	327	63	118,134

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2014 and 2013

(in thousands of US dollars unless otherwise stated)

Unaudited

3 Intangible assets

	December 31, 2012	Additions	December 31, 2013	Additions	March 31, 2014
	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred exploration and evaluation costs:					
Liberia (a)					
New Liberty	-	540	540	60	600
Weaju (i)	5,425	3,884	9,309	82	9,391
Gondoja	883	394	1,277	3	1,280
Silver Hills	50	408	458	1	459
Ndablama	2,650	2,195	4,845	1,190	6,035
Leopard Rock (ii)	2,117	58	2,175	-	2,175
Yambesei (iii)	-	43	43	61	104
Archean West (iii)	-	11	11	20	31
Mabong (iii)	-	7	7	20	27
Mafa West (iii)	-	6	6	20	26
	11,125	7,546	18,671	1,457	20,128
Cameroon (b)					
Batouri	5,144	600	5,744	89	5,833
	16,269	8,146	24,415	1,546	25,961

(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) 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.
- ii) 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.

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2014 and 2013

(in thousands of US dollars unless otherwise stated)

Unaudited

3 Intangible assets (continued)

- iii) 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 km² to 1,470 km². The four new exploration licenses are referred to as Yambesei (759 km²), Archean West (112.6 km²), Mabong (36.6 km²) and Mafa West (15.6 km²).

(b) 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, liability 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.

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2014 and 2013

(in thousands of US dollars unless otherwise stated)

Unaudited

5 Equity

(a) Authorised

Unlimited number of common shares without par value.

(b) Issued

	Shares	Amount \$'000
Balance at December 31, 2012	221,235,043	112,977
Exercise of stock options	205,625	121
Share issued on private placement	30,900,000	15,823
Share issue costs	-	(763)
Balance at December 31, 2013	252,340,668	128,158
Exercise of stock options	415,000	133
Balance at March 31, 2014	252,755,668	128,291

(c) Stock options

Information relating to stock options outstanding at March 31, 2014 is as follows:

	Number of options	Three months ended March 31, 2014 Weighted average exercise price per share Cdn\$	Number of options	Year ended December 31, 2013 Weighted average exercise price per share Cdn\$
Beginning of the period	11,747,553	0.95	9,144,748	1.04
Options granted	4,705,916	0.51	3,588,680	0.71
Options exercised	(415,000)	0.35	(205,625)	0.58
Options expired	(541,000)	1.10	(634,000)	0.99
Options cancelled	(505,652)	0.72	(146,250)	0.77
End of the period	14,991,817	0.83	11,747,553	0.95

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2014 and 2013

(in thousands of US dollars unless otherwise stated)

Unaudited

5 Equity (continued)

Expiry date	Exercise price per share Cdn\$	Number of stock options outstanding and vested	
		March 31, 2014	December 31, 2013
January 17, 2014	0.64	-	75,000
January 19, 2014	0.32	-	345,000
January 13, 2015	0.49	747,000	767,000
May 13, 2015	0.50	610,000	660,000
June 1, 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	1,270,000	1,600,000
May 23, 2016	1.55	2,070,000	2,170,000
August 18, 2016	1.27	200,000	200,000
September 1, 2016	1.42	300,000	300,000
January 4, 2017	1.05	1,317,000	918,000
April 13, 2017	1.05	166,667	166,667
June 28, 2017	0.91	49,062	49,062
August 15, 2017	0.74	250,000	250,000
January 14, 2018	0.72	956,818	350,000
September 12, 2018	0.63	83,333	-
January 19, 2019	0.51	520,000	-
	1.03	8,945,941	8,256,790

The weighted average fair value of the 4,705,916 stock options granted in the three months ended March 31, 2014 was estimated at C\$ 0.20 per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	Three months ended March 31, 2014	Year ended December 31, 2013
Dividend yield	0%	0%
Risk free interest rate	1.78%	1.05 – 1.55%
Expected life	5 years	5 years
Expected volatility	49%	42 – 43%

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2014 and 2013

(in thousands of US dollars unless otherwise stated)

Unaudited

6 Related party transactions

During the three months ended March 31, 2014, the Company incurred environmental consulting fees of \$37,928 (quarter ended March 31, 2013, \$6,000) payable to a Company with a common Director and \$7,750 (quarter ended March 31, 2013 - \$15,750) was payable to a director for consulting services performed outside the directorship role. The payable to related parties as at March 31, 2014 was \$20,619 (December 31, 2013, \$54,589).

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

7 Warrant derivative liability

	Number of warrants	Weighted average exercise price per warrant per share £
Balance at January 1, 2014	24,925,000	0.625
Balance at March 31, 2014	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.

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:

	March, 31, 2014	December 31, 2013
Dividend yield	0%	0%
Risk free interest rate	0.3%	0.3%
Expected life	0.13 years	0.38 years
Expected volatility	49%	50%
Fair value (US\$'000)	-	28

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2014 and 2013

(in thousands of US dollars unless otherwise stated)

Unaudited

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 March 31, 2014:

	Liberia development (New Liberty)	Liberia exploration	Cameroon exploration	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loss/(gain) for the period	-	63	7	1,288	1,358
Segment assets	124,289	21,100	5,994	19,592	170,975
Segment liabilities	11,690	345	-	525	12,560
Depreciation of property, plant and equipment	-	57	9	9	75
Capital additions – property, plant and equipment	21,793	22	-	-	21,815
– intangible assets	-	1,457	89	-	1,546

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements For the three months ended March 31, 2014 and 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 three month period ended March 31, 2013:

	Liberia development (New Liberty) \$'000	Liberia exploration \$'000	Cameroon exploration \$'000	Corporate \$'000	Total \$'000
Loss/(gain) for the period	-	52	28	827	907
Segment assets	63,070	15,054	5,452	70,267	153,843
Segment liabilities	3,956	1,079	-	1,151	6,186
Depreciation of property, plant and equipment	-	68	10	14	92
Capital additions					
– property, plant and equipment	8,130	13	-	2	8,145
– intangible assets	-	2,969	146	-	3,115

9 Subsequent events

On 22 April, 2014, the Company completed a transaction to sell 33,375,000 Units (as defined below) at a price of £0.27 per Unit for gross proceeds of approximately £9.0 million (approximately US\$ 15.0 million). Each Unit is comprised of one common share of the Company (each, a "Common Share") and one-half of one common share purchase warrant of the Company (each whole common share purchase warrant, a "Warrant"). Each Warrant will entitle the holder thereof to purchase one Common Share at a price of £0.378 (or the prevailing C\$ equivalent thereof) up to and including 22 October 2017.

On December 17, 2013 the Company entered into an agreement for an US\$ 88 million project finance loan facility with Nedbank Limited ("Nedbank") and Rand Merchant Bank ("RMB") supported by Export Credit Insurance Corporation of South Africa Limited ("ECIC"), (the "Senior Facility"), and also entered into a subordinated loan facility agreement for US\$ 12 million with RMB Resources (the "Subordinated Facility"). These loan facilities will assist in financing the development of the Company's New Liberty Gold Project.

The Senior Facility bears interest at the United States LIBOR rate plus a 1.8% margin plus a 2.5% ECIC premium for a six year term and the Subordinated Facility bears interest at the United States LIBOR rate plus 7.5% for a six and a half year term.

Subsequent to the quarter end, all conditions precedent were met on the Senior Facility and Subordinated Facility and the first drawdown on the Senior Facility for US\$32.4 million occurred. Upon satisfaction of all conditions precedent 11,124,528 million warrants with an exercise price of £0.42788 and a term of five years were issued to RMB Resources.

The Senior Facility is secured by charges over the assets of the Company's Liberian subsidiary ("Bea Mountain Mining Corporation" or "Bea") and charges over the shares in Bea and its holding companies and guaranteed by the Company.