

Condensed Interim Consolidated Financial Statements (Unaudited)

Aureus Mining Inc.

For the Three and Nine Months Ended September 30, 2014 and 2013
(stated in thousands of US dollars)

Registered office: 200 Bay Street
Suite 3800
Royal Bank Plaza
South Tower
Toronto
Ontario M5J 2Z4

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

	September 30, 2014 \$'000	December 31, 2013 \$'000
Assets		
Current assets		
Cash and cash equivalents	50,378	39,372
Trade and other receivables	4,932	5,387
	<u>55,310</u>	<u>44,759</u>
Non-current assets		
Property, plant and equipment (Note 2)	171,851	96,394
Intangible assets (Note 3)	30,505	24,415
Available-for-sale investments (Note 4)	715	508
Restricted cash	400	-
	<u>203,471</u>	<u>121,317</u>
Total assets	<u>258,781</u>	<u>166,076</u>
Liabilities		
Current liabilities		
Trade and other payables	11,584	6,908
Warrant derivative liabilities (Note 8a)	1,417	28
	<u>13,001</u>	<u>6,936</u>
Non-current liabilities		
Borrowings (Note 5)	64,549	-
Total liabilities	<u>77,550</u>	<u>6,936</u>
Equity		
Share capital (Note 6b)	150,655	128,158
Capital contribution	48,235	48,235
Share based payment reserve (Note 6c)	4,280	3,721
Warrant reserve (Note 8b)	1,552	-
Available-for-sale investment reserve	207	-
Cumulative translation reserve	(299)	(180)
Deficit	(23,399)	(20,794)
Total equity	<u>181,231</u>	<u>159,140</u>
Total liabilities and equity	<u>258,781</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 September 30,		Nine months ended September 30,	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Expenses				
Legal and professional	(164)	(358)	(636)	(972)
Depreciation (Note 2)	(82)	(96)	(234)	(282)
Wages and salaries	(568)	(451)	(1,741)	(1,265)
Share based payments (Note 6c)	(145)	(156)	(559)	(565)
Foreign exchange gain/(loss)	(169)	686	(209)	(47)
Other expenses	(309)	(359)	(875)	(1,141)
Loss from operations	(1,437)	(734)	(4,254)	(4,272)
Warrant derivative liability gain/(loss) (Note 8)	1,117	(103)	1,598	1,823
Finance income	34	7	51	103
Loss for the period	(286)	(830)	(2,605)	(2,346)
Other comprehensive (loss)/income				
Items that may be reclassified subsequently to profit or loss				
Available-for-sale financial instruments	86	(20)	207	(833)
Currency translation differences	(234)	(368)	(119)	(27)
Total comprehensive loss for the period	(434)	(1,218)	(2,517)	(3,206)
Loss per share, basic and diluted (Note 9)	(0.001)	(0.004)	(0.009)	(0.011)

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

	Nine months ended September 30,	
	2014 \$'000	2013 \$'000
Operating activities		
Loss for the period	(2,605)	(2,346)
Items not affecting cash:		
Share-based payments	559	565
Depreciation	234	282
Unrealized foreign exchange loss	(38)	72
Warrant derivative liability gain	(1,598)	(1,823)
Changes in non-cash working capital		
Trade and other receivables	566	(75)
Trade and other payables	(364)	(501)
Cash flows from operating activities	(3,246)	(3,826)
Investing activities		
Payments to acquire intangible assets	(6,019)	(6,026)
Payments to acquire property, plant and equipment	(67,790)	(29,414)
Restricted cash	(400)	
Cash flows used in investing activities	(74,209)	(35,440)
Financing activities		
Proceeds from issue of common shares (net of costs)	22,365	-
Proceeds from issue of share purchase warrants	2,987	-
Exercise of stock options	133	121
Borrowings (net of costs)	64,101	-
Interest paid	(1,053)	-
Cash flows from financing activities	88,533	121
Impact of foreign exchange on cash balance	(72)	(99)
Net increase / (decrease) in cash and cash equivalents	11,006	(39,244)
Cash and cash equivalents at beginning of period	39,372	79,411
Cash and cash equivalents at end of period	50,378	40,167

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	Capital contribution	Share-based payment reserve	Warrant reserve	Available-for sale investment reserve	Cumulative translation reserve	Cumulative deficit	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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)
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
Balance at January 1, 2014	128,158	48,235	3,721	-	-	(180)	(20,794)	159,140
Loss for the period	-	-	-	-	-	-	(2,605)	(2,605)
Comprehensive income/(loss) for period	-	-	-	-	207	(119)	-	88
Share-based payments	-	-	559	-	-	-	-	559
Issue of common shares (net of costs)	22,364	-	-	-	-	-	-	22,364
Issue of warrants	-	-	-	1,552	-	-	-	1,552
Exercise of stock options	133	-	-	-	-	-	-	133
Balance at September 30, 2014	150,655	48,235	4,280	1,552	207	(299)	(23,399)	181,231

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 three and nine months ended September 30, 2014 and 2013

(in thousands of US dollars unless otherwise stated)

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 September 30, 2014 had no material impact on the financial statements.

These interim financial statements were authorised by the Board of Directors on November 6, 2014.

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2014 and 2013

(in thousands of US dollars unless otherwise stated)

2 Property, plant and equipment

	Mining and development property \$'000	Machinery and equipment \$'000	Vehicles \$'000	Leasehold improvement \$'000	Total \$'000
Cost					
At January 1, 2013	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	75,521	179	-	-	75,700
Foreign exchange	-	(5)	(12)	(1)	(18)
At September 30, 2014	170,928	1,169	924	104	173,125
Accumulated depreciation					
At January 1, 2013	-	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	-	140	78	16	234
Foreign exchange	-	(2)	(5)	(2)	(9)
At September 30, 2014	-	568	655	51	1,274
Net book value					
At December 31, 2013	95,407	565	354	68	96,394
At September 30, 2014	170,928	601	269	53	171,851

The additions to mining and development property include capitalized borrowing cost of \$1,826,716 for the nine months ended September 30, 2014 (three months ended September 30, 2014: \$944,239).

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2014 and 2013

(in thousands of US dollars unless otherwise stated)

3 Intangible assets

	January 1, 2013 \$'000	Additions \$'000	December 31, 2013 \$'000	Additions \$'000	September 30, 2014 \$'000
Deferred exploration and evaluation costs:					
Liberia (a)					
New Liberty	-	540	540	229	769
Weaju	5,425	3,884	9,309	401	9,710
Ndablama	2,650	2,195	4,845	4,647	9,492
Leopard Rock	2,117	58	2,175	175	2,350
Gondoja	883	394	1,277	12	1,289
Silver Hills	50	408	458	34	492
Yambesei	-	43	43	125	168
Mafa West	-	6	6	160	166
Archean West	-	11	11	45	56
Mabong	-	7	7	46	53
	11,125	7,546	18,671	5,874	24,545
Cameroon (b)					
Batouri	5,144	600	5,744	216	5,960
	16,269	8,146	24,415	6,090	30,505

(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.

The Archaen Gold exploration license covers 89 km² is contiguous with and immediately south of the Company's Bea Mountain mining license and currently contains the Leopard Rock property.

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.

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2014 and 2013

(in thousands of US dollars unless otherwise stated)

4 Financial instruments

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, available-for-sale investments, restricted cash, trade and other payables, warrant derivative liabilities and borrowings. The carrying values of the Company's financial instruments are either equal to or 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.

5 Borrowings

	September 30, 2014	December 31, 2013
	\$'000	\$'000
Non-current		
Bank loan - Senior Facility	64,549	-
Bank loan - Subordinated Facility	-	-
	64,549	-

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's first repayment is January 31, 2016 and is repayable in 9 semi-annual payments. 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. The Subordinated Facility bears interest at the United States LIBOR rate plus 7.5% for a six and a half year term and is repayable in full six months after the final Senior Facility repayment.

In May 2014, all conditions precedent were met on the Senior Facility and Subordinated Facility and the first drawdown on the Senior Facility 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 (Note 8b).

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.

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2014 and 2013

(in thousands of US dollars unless otherwise stated)

6 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
Shares issued on private placement	30,900,000	15,823
Share issue costs	-	(763)
Balance at December 31, 2013	252,340,668	128,158
Shares issued on private placement	33,375,000	15,136
Shares issued to International Finance Corporation	24,520,296	11,243
Share issue costs (including fair value of warrants)	-	(4,015)
Exercise of stock options	415,000	133
Balance at September 30, 2014	310,650,964	150,655

On April 22, 2014, the Company completed a private placement to sell 33,375,000 Units at a price of £0.27 per Unit. 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 entitles the holder thereof to purchase one Common Share at a price of £0.378 (or the prevailing C\$ equivalent thereof) up to and including October 22, 2017. The direct costs to issue the Units that have been charged to share capital amounted to US\$2.9 million including US\$2.0 million allocated to the Warrants (see note 8).

On July 29, 2014 the Company closed a subscription by International Finance Corporation, the private sector arm of the World Bank Group, for 24,520,296 Units at an issue price of £0.27 per Unit to raise gross proceeds of approximately £6.6 million (approximately US\$ 11.2 million). Each Unit comprises of one Common Share and a one half Warrant. Each Warrant entitles the holder thereof to purchase one Common Share at a price of £0.378 up to and including January 29, 2017. The direct costs to issue the Units that have been charged to share capital amounted to US\$1.1 million including US\$1.0 million allocated to the Warrants (see note 8).

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2014 and 2013

(in thousands of US dollars unless otherwise stated)

6 Equity (continued)

(c) Stock options

Information relating to stock options outstanding at September 30, 2014 is as follows:

	September 30, 2014		December 31, 2013	
	Number of options	Weighted average exercise price per share Cdn\$	Number of options	Weighted average exercise price per share Cdn\$
Beginning of the period	11,747,553	0.95	9,144,748	1.04
Options granted	4,905,916	0.51	3,588,680	0.71
Options exercised	(415,000)	0.35	(205,625)	0.58
Options expired	(1,051,000)	1.03	(634,000)	0.99
Options cancelled	(1,164,402)	0.86	(146,250)	0.77
End of the period	14,023,067	0.82	11,747,553	0.95

Expiry date	Number of stock options outstanding and vested		
	Exercise price per share Cdn\$	September 30, 2014	December 31, 2013
January 17, 2014	1.05	-	75,000
January 19, 2014	0.32	-	345,000
January 13, 2015	0.49	687,000	767,000
May 13, 2015	0.50	550,000	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	1,050,000	1,600,000
May 23, 2016	1.55	1,820,000	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	1,137,000	918,000
April 13, 2017	1.05	250,000	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	1,308,068	350,000
September 12, 2018	0.63	83,334	-
January 19, 2019	0.51	460,000	-
May 13, 2019	0.48	100,000	-
	0.98	8,650,525	8,256,790

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2014 and 2013

(in thousands of US dollars unless otherwise stated)

6 Equity (continued)

The weighted average fair value of the 4,905,916 stock options granted in the nine months ended September 30, 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:

	Nine months ended September 30, 2014	Year ended December 31, 2013
Dividend yield	0%	0%
Risk free interest rate	1.78 - 1.91%	1.05 - 1.55%
Expected life	5 years	5 years
Expected volatility	46 - 49%	42 - 43%

7 Related party transactions

During the three months ended September 30, 2014, the Company incurred environmental consulting fees of \$7,496 (quarter ended September 30, 2013: \$179,798) payable to a company with a common director. The payable to related parties as at September 30, 2014 was \$7,496 (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.

8 Warrants

	Number of warrants	Weighted average exercise price per warrant per share £
Balance at January 1, 2014	24,925,000	0.625
Warrants expired	(24,925,000)	0.625
Warrants issued	40,072,175	0.392
Balance at September 30, 2014	40,072,175	0.392

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. These warrants expired unexercised on May 16, 2014.

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2014 and 2013

(in thousands of US dollars unless otherwise stated)

8 Warrants (continued)

(a) Warrant derivative liabilities

On April 22, 2014 and July 29, 2014 the Company issued 16,687,499 and 12,260,148 warrants, respectively, with an exercise price of £0.378 (or the prevailing C\$ equivalent thereof) and a term of three and a half years in relation to the Units issued on those dates as detailed in Note 6b.

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:

	Issued on July 29, 2014		Issued on April 22, 2014	
	September 30, 2014	July 29, 2014	September 30, 2014	April 22, 2014
Dividend yield	0%	0%	0%	0%
Risk free interest rate	1.78%	1.93%	1.78%	1.99%
Expected life	3.3 years	3.5 years	3.1 years	3.3 years
Expected volatility	42%	43%	42%	46%
Fair value (US\$'000)	633	1,030	784	1,957

(b) Warrant reserve

On April 25, 2014 the Company issued 11,124,528 million warrants with an exercise price of £0.42788 and a term of five years to RMB Resources in relation to the Subordinated Loan facility (See note 5). These warrants were fair valued under IFRS 2 using the Black-Scholes option pricing model using the following assumptions and are held in prepayments until the Subordinated Facility is drawn:

Dividend yield	0%
Risk free interest rate	1.87%
Expected life	5 years
Expected volatility	46%
Fair value (US\$'000)	1,552

9 Loss per share

	Three months ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Loss for the period (\$'000)	286	830	2,605	2,346
Weighted average number of shares outstanding, basic and diluted	303,106,258	221,440,668	278,031,771	221,418,418
Basic and diluted loss per share (\$)	0.001	0.004	0.009	0.011

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2014 and 2013

(in thousands of US dollars unless otherwise stated)

10 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, 2014:

	Liberia development (New Liberty \$'000	Liberia exploration \$'000	Cameroon exploration \$'000	Corporate \$'000	Total \$'000
Loss for the period	-	41	2	243	286
Segment assets	203,085	24,851	6,072	24,773	258,781
Segment liabilities	72,118	963	-	4,469	77,550
Depreciation of property, plant and equipment	-	67	6	9	82
Capital additions					
– property, plant and equipment	25,355	44	-	6	25,405
– intangible assets	-	1,540	39	-	1,579

Following is an analysis of the Group's results, assets and liabilities by reportable segment for the nine month period ended September 30, 2014:

	Liberia development New Liberty \$'000	Liberia exploration \$'000	Cameroon exploration \$'000	Corporate \$'000	Total \$'000
Loss for the period	-	189	21	2,395	2,605
Depreciation of property, plant and equipment	-	184	22	28	234
Capital additions					
– property, plant and equipment	75,520	174	-	6	75,700
– intangible assets	-	5,874	216	-	6,090

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2014 and 2013

(in thousands of US dollars unless otherwise stated)

10 Segment information (continued)

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 \$'000	Liberia exploration \$'000	Cameroon exploration \$'000	Corporate \$'000	Total \$'000
Loss 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

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 \$'000	Liberia exploration \$'000	Cameroon exploration \$'000	Corporate \$'000	Total \$'000
Loss 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