

Condensed Interim Consolidated Financial Statements (Unaudited)

Aureus Mining Inc.

For the Nine Months Ended September 30, 2012

(Stated in 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 US dollars)
Unaudited

	September 30, 2012	December 31, 2011
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	12,542,924	31,044,943
Trade and other receivables	354,728	227,582
	12,897,652	31,272,525
Non-current assets		
Intangible assets		
- Resource properties (Note 3)	7,005,284	5,519,965
- Deferred exploration costs (Note 3)	56,122,414	43,358,324
Property, plant and equipment (Note 4)	1,009,460	811,478
Available-for-sale investments	1,555,458	1,427,532
	65,692,616	51,117,299
Total assets	78,590,268	82,389,824
Liabilities		
Current liabilities		
Trade and other payables	2,067,886	2,859,746
Due to related parties (Note 6)	374,320	28,554
	2,442,206	2,888,300
Total liabilities	2,442,206	2,888,300
Equity		
Share capital (Note 5b)	41,327,118	39,065,266
Capital contribution	48,234,972	48,234,972
Share based payment reserve (Note 5c)	2,842,140	2,023,050
Available-for-sale investment reserve	(2,268,883)	(2,396,810)
Cumulative translation reserve	(155,560)	74,176
Deficit	(13,831,725)	(7,499,130)
Total equity	76,148,062	79,501,524
Total liabilities and equity	78,590,268	82,389,824

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

Aureus Mining Inc.
Interim Consolidated Statements of Comprehensive Income
(stated in US dollars)
Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2012 \$	2011 \$	2012 \$	2011 ¹ \$
Expenses				
Legal and professional	(317,111)	(399,522)	(687,543)	(1,023,607)
Depreciation (Note 4)	(85,594)	(77,167)	(221,508)	(136,537)
Wages and salaries	(397,822)	(264,978)	(1,259,823)	(511,140)
Share based payments (Note 5c)	(204,206)	(440,302)	(819,090)	(2,023,050)
Impairment (Note 3b)	-	-	(3,010,865)	-
Foreign exchange gain / (loss)	807,173	(2,210,541)	799,845	(2,368,667)
Other expenses	(329,912)	(402,488)	(1,154,666)	(962,986)
Loss from operations	(527,472)	(3,794,998)	(6,353,650)	(7,025,987)
Derivative gain	-	1,184	-	240,730
Finance income	4,694	14,309	21,055	15,400
Loss for the period	(522,778)	(3,779,505)	(6,332,595)	(6,769,857)
Other comprehensive (loss)/income				
Available-for-sale financial instruments	52,887	(972,223)	127,927	(1,837,208)
Currency translation differences	(208,729)	78,701	(229,736)	95,851
Total comprehensive loss for the period	(678,620)	(4,673,027)	(6,434,404)	(8,511,214)
Weighted average number of shares outstanding, basic and diluted	120,135,947	117,551,445	119,073,248	107,607,367
Loss per share, basic and diluted	(0.004)	(0.032)	(0.053)	(0.063)

1. Note the comparative period relates to February 1, 2011 to September 30, 2011

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

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

	Nine months ended September 30,	
	2012	2011¹
	\$	\$
Operating activities		
Loss for the period	(6,332,595)	(6,769,857)
Items not affecting cash:		
Share-based payments	819,091	2,023,050
Depreciation, depletion, and amortization	221,508	136,537
Impairment	3,010,865	-
Unrealized foreign exchange (gain) / loss	(267,301)	1,601,090
Derivative gain	-	(240,730)
Changes in non-cash working capital		
Trade and other receivables	(127,146)	(153,092)
Trade and other payables	(47,590)	40,420
Due to related party	345,766	50,404
Cash flows from operating activities	(2,377,402)	(3,312,178)
Investing activities		
Payments for deferred exploration expenditure	(15,502,223)	(7,019,705)
Payments for resource properties	(1,300,000)	(60,350)
Payments to acquire property, plant and equipment	(419,560)	(324,403)
Cash flows used in investing activities	(17,221,783)	(7,404,458)
Financing activities		
Transferred from Afferro	-	10,776,952
Proceeds from issue of share capital (net of costs)	-	38,996,268
Exercise of stock options	1,059,530	317,713
Cash flows from financing activities	1,059,530	50,090,933
Impact of foreign exchange on cash balance	37,636	(1,505,239)
Net decrease in cash and cash equivalents	(18,502,019)	37,869,058
Cash and cash equivalents at beginning of period	31,044,943	-
Cash and cash equivalents at end of period	12,542,924	37,869,058

1. Note the comparative period relates to February 1, 2011 to September 30, 2011

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

Aureus Mining Inc.
Interim Consolidated Statements of Changes in Equity (Unaudited)
(stated in US dollars)
Unaudited

	Share capital	Capital contribution	Share-based payment reserve	Available-for sale investment reserve	Currency translation reserve	Cumulative deficit	Total equity
	\$	\$	\$	\$	\$	\$	\$
Balance at January 1, 2011	-	-	-	-	-	-	-
Transferred from Afferro	-	48,234,972	-	-	-	-	48,234,972
Loss for the period	-	-	-	-	-	(6,769,857)	(6,769,857)
Comprehensive loss for period	-	-	-	(1,837,208)	95,851	-	(1,741,357)
Shares issued	41,485,392	-	-	-	-	-	41,485,392
Share issue costs	(2,753,408)	-	-	-	-	-	(2,753,408)
Share-based payments	-	-	2,023,050	-	-	-	2,023,050
Exercise of stock options	317,713	-	-	-	-	-	317,713
Balance at September 30, 2011	39,049,697	48,234,972	2,023,050	(1,837,208)	95,851	(6,769,857)	80,796,505
Balance at January 1, 2012	39,065,266	48,234,972	2,023,050	(2,396,810)	74,176	(7,499,130)	79,501,524
Loss for the period	-	-	-	-	-	(6,332,595)	(6,332,595)
Comprehensive income/(loss) for period	-	-	-	127,927	(229,736)	-	(101,809)
Share-based payments	-	-	819,090	-	-	-	819,090
Exercise of stock options	1,059,530	-	-	-	-	-	1,059,530
Issue of common shares	1,202,322	-	-	-	-	-	1,202,322
Balance at September 30, 2012	41,327,118	48,234,972	2,842,140	(2,268,883)	(155,560)	(13,831,725)	76,148,062

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

Aureus Mining Inc.

Notes to Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2012

(in 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 in order to facilitate the Plan of Arrangement (the "Arrangement" – see Note 2). Following completion of the Arrangement, Aureus Mining holds gold assets and an investment in Stellar Diamonds plc. ("Stellar Diamonds") previously owned by Afferro Mining Inc. ("Afferro Mining", formerly African Aura Mining Inc. ("African Aura")). The focus of Aureus Mining's business is the exploration and development of such gold assets, particularly the New Liberty Gold Project.

These condensed interim consolidated financial statements ("interim financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", they do not include all disclosures that would otherwise be required in a complete set of financial statements. They follow accounting policies and methods of their application consistent with the audited consolidated financial statements for the period ended December 31, 2011. Accordingly, they should be read in conjunction with the Company's audited consolidated financial statements for the period ended December 31, 2011.

These interim financial statements were authorised by the Board of Directors on November 14, 2012.

2 Plan of Arrangement

On April 13, 2011 African Aura completed the Arrangement under the British Columbia Business Corporation Act pursuant to which it transferred its gold assets, 30,792,770 shares in Stellar Diamonds and \$10.6 million cash (the "Transferred Assets") to Aureus Mining and African Aura was renamed Afferro Mining Inc.

The Arrangement was approved by the Board of Directors of African Aura and by African Aura's shareholders at a special meeting held on April 5, 2011.

Under the Arrangement, among other things, the Transferred Assets were acquired by Aureus Mining and each Participating Shareholder received new common shares in Afferro and Aureus Mining in exchange for the African Aura common shares held by such shareholder on the basis of one new Afferro common share and one Aureus Mining common share for each African Aura common share held by such shareholder.

Aureus Mining Inc.

Notes to Interim Consolidated Financial Statements (Unaudited)

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3 Intangible assets

	Transferred from Afferro April 13, 2011	Additions	December 31, 2011	Additions	Impairment	September 30, 2012
	\$	\$	\$	\$	\$	\$
Resource properties:						
Liberia						
Bea	210,000	-	210,000	2,502,319	-	2,712,319
Ndablama extension	141,349	-	141,349	-	-	141,349
Archaen Gold	-	60,350	60,350	-	-	60,350
	<u>351,349</u>	<u>60,350</u>	<u>411,699</u>	<u>2,502,319</u>	<u>-</u>	<u>2,914,018</u>
Sierra Leone						
Sonfon	1,017,000	-	1,017,000	-	(1,017,000)	-
Cameroon						
Batouri	4,091,266	-	4,091,266	-	-	4,091,266
	<u>5,459,615</u>	<u>60,350</u>	<u>5,519,965</u>	<u>2,502,319</u>	<u>(1,017,000)</u>	<u>7,005,284</u>
Deferred exploration costs:						
Liberia						
New Liberty	23,767,650	13,416,499	37,184,149	11,156,240	-	48,340,389
Weaju	1,201,561	401,656	1,603,217	324,952	-	1,928,169
Gondoja	34,348	1,600	35,948	768,818	-	804,766
Silver Hills	48,107	-	48,107	-	-	48,107
Ndablama	452,435	710,045	1,162,480	1,131,075	-	2,293,555
Leopard Rock	-	617,603	617,603	1,301,167	-	1,918,770
	<u>25,504,101</u>	<u>15,147,403</u>	<u>40,651,504</u>	<u>14,682,252</u>	<u>-</u>	<u>55,333,756</u>
Sierra Leone						
Sonfon	1,993,865	258,686	2,252,551	(258,686)	(1,993,865)	-
Cameroon						
Batouri	426,148	28,121	454,269	334,389	-	788,658
	<u>27,924,114</u>	<u>15,434,210</u>	<u>43,358,324</u>	<u>14,757,955</u>	<u>(1,993,865)</u>	<u>56,122,414</u>

(a) *Liberia*

The Company holds a mineral development agreement (“MDA”) in Liberia for gold development. This MDA is in Western Liberia and is held by Bea Mountain Mining Corporation, Aureus Mining’s local subsidiary. The MDA is valid for 25 years with an option to renew for a further 25 years and is dated November 28, 2001 and approved on March 14, 2002. The MDA allows the Company to conduct pre-feasibility and bankable feasibility studies. On July 29, 2009 the Company was granted by the Government of Liberia a Class A Mining License within the Bea MDA. The license allows the Company to explore and mine in a 457 km² area which encompasses the New Liberty Gold Project, Weaju, Gondoja, Silver Hills and Ndablama.

Aureus Mining Inc.

Notes to Interim Consolidated Financial Statements (Unaudited)

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Unaudited

3 Intangible assets (continued)

During the period ended December 31, 2011 the company entered into an agreement to purchase all of the shares of Archaen Gold (Liberia) Inc. ("Archaen Gold"), a company holding the exploration rights to a license area covering 89 km². The Archaen Gold exploration license is contiguous with and immediately south of the Company's Bea Mountain mining license and currently contains the Leopard Rock property. The transaction was accounted for as an asset acquisition and in addition to the purchase price of \$60,350 a 2.5% net profit interest ("NPI") in relation to any future production was granted.

On July 26, 2012, the Company announced settlement of Weaju legacy mining claims from the Weaju Hill Mining Corporation ("WHMC"). As part of the settlement, WHMC agreed to release all claims pertaining to the legacy mining rights covering 1.7km² of the total 457km² Class A Bea Mountain Mining Licence in Liberia and received an initial payment of US\$1.3m and the share equivalent of US\$1.2m in common shares of the Company. These costs have been capitalised as resource property costs.

(b) *Sierra Leone*

During the period the Company withdrew from the Sonfon joint venture agreement in Sierra Leone for commercial reasons. The Sonfon project was subject to a joint venture agreement with Golden Star Resources Ltd. ("GSR"). As a result the Sonfon project has been written off.

(c) *Cameroon*

The Batouri licence covers an area of 1,000 km² and targets gold in eastern Cameroon.

Additions to deferred exploration costs for the quarter ended September 30, 2012 are categorised as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2012 \$	2011 \$	2012 \$	2011 \$
Deferred exploration costs				
Assays incl. shipment	509,560	96,656	1,520,194	96,656
Communications	46,233	19,897	131,504	19,897
Community relations	50,544	25,914	112,688	25,914
Consultants and professional fees	1,564,834	271,210	3,594,634	271,210
Drilling	313,302	1,743,609	3,591,520	1,743,609
Geophysical	78,998	2,531	769,412	2,531
Infrastructure incl. roads and bridges	45,053	373,191	341,252	373,191
Licenses and permit fees	71	1,942	10,737	1,942
Project/field office costs	304,699	308,134	1,809,077	308,134
Salaries and wages	915,724	497,716	2,504,905	497,716
Subsistence	108,637	23,432	391,339	23,432
Transportation	91,136	109,420	239,379	109,420
Net expenditure during the period	4,028,791	3,473,652	15,016,641	3,473,652
Balance, beginning of the period	52,093,623	27,924,114	43,358,324	27,924,114
Joint venture participation reversal	-	-	(258,686)	-
Impairment	-	-	(1,993,865)	-
Balance, end of the period	56,122,414	31,397,766	56,122,414	31,397,766

Aureus Mining Inc.

Notes to Interim Consolidated Financial Statements (Unaudited)

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(in US dollars unless otherwise stated)

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4 Property, plant and equipment

	Machinery and equipment	Vehicles	Total
	\$	\$	\$
Cost			
Transferred from Afferro	288,208	528,250	816,458
Additions	89,863	266,683	356,546
At December 31, 2011	378,071	794,933	1,173,004
Additions	285,948	133,612	419,560
Foreign exchange	-	746	746
At September 30, 2012	664,019	929,291	1,593,310
Accumulated depreciation			
Transferred from Afferro	48,238	99,558	147,796
Charge for the period	68,305	145,425	213,730
At December 31, 2011	116,543	244,983	361,526
Charge for the period	85,541	135,967	221,508
Foreign exchange	307	509	816
At September 30, 2012	202,391	381,459	583,850
Net book value			
Transferred from Afferro	239,970	428,692	668,662
At December 31, 2011	261,528	549,950	811,478
At September 30, 2012	461,628	547,832	1,009,460

Aureus Mining Inc.

Notes to Interim Consolidated Financial Statements (Unaudited)

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5 Equity

(a) Authorised

Unlimited number of common shares without par value.

(b) Issued

	Shares	Amount \$
On incorporation	-	-
Issued pursuant to the Arrangement	86,252,592	-
Shares cancelled	(444)	-
Shares issued in public offering	31,050,000	41,485,392
Share issuance costs	-	(2,753,408)
Exercise of stock options	527,654	333,282
Balance at December 31, 2011	117,829,802	39,065,266
Exercise of stock options	1,648,686	1,059,530
Issue of common shares	1,550,930	1,202,322
Balance at September 30, 2012	121,029,418	41,327,118

In the three months ended September 30, 2012, the Company issued 1,550,930 common shares with a fair value of \$1.2 million for no consideration in relation to the Weaju settlement disclosed in Note 3a.

(c) Stock options

Information relating to stock options outstanding at September 30, 2012 is as follows:

	September 30, 2012		December 31, 2011	
	Number of options	Weighted average exercise price per share Cdn\$	Number of options	Weighted average exercise price per share Cdn\$
Beginning of the period	9,866,434	0.95	-	-
Options granted per arrangement	-	-	7,465,994	0.70
Options granted	2,291,000	1.02	2,950,000	1.52
Options exercised	(1,648,686)	0.64	(527,654)	0.61
Options expired	(384,375)	0.87	-	-
Options cancelled	(24,000)	1.05	(21,906)	0.90
End of the period	10,100,373	1.02	9,866,434	0.95

Aureus Mining Inc.

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Unaudited

5 Equity (continued)

Expiry date	Exercise price per share Cdn\$	Number of stock options outstanding	
		September 30, 2012	December 31, 2011
March 16, 2012	0.73	-	75,000
May 20, 2012	0.73	-	37,500
January 17, 2013	0.64	262,500	787,500
March 1, 2013	1.42	15,000	15,000
October 13, 2013	1.05	50,000	-
January 19, 2014	0.32	413,750	554,375
January 8, 2015	0.49	982,000	1,157,750
May 13, 2015	0.50	900,000	1,250,000
June 6, 2015	0.16	68,687	107,937
November 1, 2015	0.90	240,000	240,000
December 1, 2015	0.33	68,687	137,374
December 1, 2015	0.50	68,687	98,124
December 1, 2015	0.66	-	29,437
January 10, 2016	1.09	1,880,000	2,255,000
May 23, 2016	1.55	2,385,000	2,435,000
August 18, 2016	1.27	200,000	200,000
September 1, 2016	1.42	300,000	300,000
January 1, 2017	0.57	-	19,625
January 4, 2017	1.05	1,717,000	-
April 13, 2017	1.05	250,000	-
June 28, 2017	0.91	49,062	166,812
August 15, 2017	0.74	250,000	-
	1.02	10,100,373	9,866,434

The fair value of the 250,000 stock options granted in the three months ended September 30, 2012 was estimated at C\$ 0.26 per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	Three months ended September 30, 2012	Period ended December 31, 2011
Dividend yield	0%	0%
Risk free interest rate	0.58%	1.85 – 2.25%
Expected life	5 years	0.5 – 5 years
Expected volatility	42%	44 – 78%

Aureus Mining Inc.

Notes to Interim Consolidated Financial Statements (Unaudited)

For the nine months ended September 30, 2012

(in US dollars unless otherwise stated)

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6 Related party transactions

During the three months ended September 30, 2012, the Company incurred management and office service fees of \$90,000 (period ended September 30, 2011, \$134,996) payable to Afferro Mining and environmental consulting fees of \$44,459 (period ended September 30, 2011, \$10,694) payable to a Company with a common Director. The payable to related parties as at September 30, 2012 was \$374,320 (December 31, 2011, \$28,554).

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

7 Segment information

The Company is engaged in the acquisition, exploration and development of gold properties in the West African countries of Liberia, Cameroon, and Sierra Leone. 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 exploration and development;
- Cameroon exploration;
- Sierra Leone 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, 2012:

	Liberia exploration and development	Cameroon exploration	Sierra Leone exploration	Corporate	Total
	\$	\$	\$	\$	\$
Loss/(gain) for the period	52,053	24,217	-	446,508	522,778
Segment assets	59,409,923	5,090,277	-	14,090,068	78,590,268
Segment liabilities	1,300,353	55,977	-	1,085,876	2,442,206
Depreciation of property, plant and equipment	61,163	11,305	-	13,126	85,594
Capital additions					
– property, plant and equipment	8,070	12,874	-	62,105	83,049
– intangible assets	6,432,174	98,936	-	-	6,531,110

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7 Segment information (continued)

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

	Liberia exploration and development	Cameroon exploration	Sierra Leone exploration	Corporate	Total
	\$	\$	\$	\$	\$
Loss/(gain) for the period	222,559	47,367	3,010,865	3,051,804	6,332,595
Depreciation of property, plant and equipment	192,933	15,449	-	13,126	221,508
Capital additions – property, plant and equipment	133,091	158,472	-	127,997	419,560
– intangible assets	17,184,571	334,389	-	-	17,518,960

Following is an analysis of the Group's results, assets and liabilities by reportable segment for the three month period ended September 30, 2011:

	Liberia exploration and development	Cameroon exploration	Sierra Leone exploration	Corporate	Total
	\$	\$	\$	\$	\$
Loss for the period	87,286	-	-	3,692,219	3,779,505
Segment assets	36,536,929	4,545,534	3,016,147	39,800,334	83,898,944
Segment liabilities	(2,497,840)	-	-	(604,599)	(3,102,439)
Depreciation of property, plant and equipment	77,167	-	-	-	77,167
Capital additions – property, plant and equipment	29,585	-	-	-	29,585
– intangible assets	6,130,260	14,058	-	-	6,144,318

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7 Segment information (continued)

Following is an analysis of the Group's results, assets and liabilities by reportable segment for the nine month period ended September 30, 2011:

	Liberia exploration and development	Cameroon exploration	Sierra Leone exploration	Corporate	Total
	\$	\$	\$	\$	\$
Loss for the period	155,691	-	-	6,614,166	6,769,857
Depreciation of property, plant and equipment	136,537	-	-	-	136,537
Capital additions					
– property, plant and equipment	324,402	-	-	-	324,402
– intangible assets	9,589,851	28,119	-	-	9,617,970

8 Subsequent Event

On 2 November, 2012, the Company entered into an underwriting agreement to sell 15,000,000 Units (as defined below) at a price of C\$0.80 per Unit pursuant to a short form prospectus offering in Canada for gross proceeds of C\$12.0 million (the "Prospectus Offering") and 84,700,000 Units at a price of £0.50 per Unit pursuant to a concurrent private placement offering to investors in jurisdictions outside of Canada for gross proceeds of approximately £42.4 million (the "Private Placement", and together with the Prospectus Offering, the "Offering"). Pursuant to the Offering the Company will raise aggregate gross proceeds of approximately US\$80 million, to be applied to the development of the New Liberty Gold Project in Liberia and for general corporate purposes.

Each Unit is comprised of one common share of the Company (each, a "Common Share") and one-quarter 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 £0.625 (or the prevailing C\$ equivalent thereof) for a period of 18 months from the date on which the Offering closes.