Aureus Mining Inc.

Consolidated Financial Statements

Year ended December 31, 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 consolidated financial statements of Aureus Mining Inc. for the year ended 31 December 2012 and the eleven month period ended 31 December 2011 which comprises the consolidated statement of financial position, the consolidated statement of income and comprehensive income, the consolidated statement of cashflows, the consolidated statement of changes in equity, and a summary of significant accounting policies and other explanatory information. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards.

This report is made solely to the shareholders, as a body in accordance with the Canadian Business Corporations Act. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for being satisfied that they give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine 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 Federation of Accountants (IFAC)* and Canadian 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 includes performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of consolidated financial statements in order to design appropriate 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 the directors, 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AUREUS MINING INC. (continued)

Opinion on consolidated financial statements

In our opinion:

- the consolidated financial statements present fairly, in all material respects the financial position of Aureus Mining Inc. as at 31 December 2012 and 31 December 2011, and its financial performance and its cash flows for the year and eleven month period then ended; and

- have been prepared in accordance with International Financial Reporting Standards.

BDO LLP

BDO LLP
Chartered Accountants
London
United Kingdom

20 March 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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

	Note	December 31, 2012 $	December 31, 2011 $
Assets			
Current assets			
Cash and cash equivalents		**79,410,589**	31,044,943
Trade and other receivables	**4**	**3,365,925**	227,582
		82,776,514	31,272,525
Non-current assets			
Property, plant and equipment	**5**	**52,771,368**	811,478
Intangible assets	**6**	**16,268,585**	48,878,289
Available-for-sale investments	**7**	**1,305,688**	1,427,532
		70,345,641	51,117,299
Total assets		**153,122,155**	82,389,824
Liabilities			
Current liabilities			
Trade and other payables	**8**	**2,571,852**	2,859,746
Due to related parties	**13**	**484,926**	28,554
Warrant derivative liability	**11**	**1,938,249**	-
Total liabilities		**4,995,027**	2,888,300
Equity			
Share capital	**9b**	**112,976,764**	39,065,266
Capital contribution	**2**	**48,234,972**	48,234,972
Share based payment reserve		**2,957,222**	2,023,050
Available-for-sale investment reserve		**(2,518,654)**	(2,396,810)
Cumulative translation reserve		**(149,579)**	74,176
Deficit		**(13,373,597)**	(7,499,130)
Total equity		**148,127,128**	79,501,524
Total liabilities and equity		**153,122,155**	82,389,824

Plan of arrangement (Note 2)
Commitments (Note 17)
Subsequent events (Note 18)

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 20 March 2013.

Aureus Mining Inc.

Consolidated Statement of Income and Comprehensive Income

For the year ended December 31, 2012

(stated in US dollars)

	Note	Year ended December 31, 2012	Period ended December 31, 2011
		$	$
Expenses			
Legal and professional		**(1,025,592)**	(1,065,086)
Depreciation	5	**(320,769)**	(213,730)
Wages and salaries		**(1,657,753)**	(1,090,882)
Share-based payments	9c	**(934,172)**	(2,023,050)
Impairment	6	**(3,010,865)**	-
Foreign exchange gain/(loss)		**1,184,305**	(2,100,891)
Other expenses		**(1,501,618)**	(1,288,197)
Loss from operations		**(7,266,464)**	(7,781,836)
Fair value movement on warrants	11	**1,363,427**	264,284
Finance income		**28,570**	18,422
Loss for the year		**(5,874,467)**	(7,499,130)
Other comprehensive income/(loss)			
Loss on available-for-sale financial instruments	7	**(121,844)**	(2,396,810)
Currency translation differences		**(223,755)**	74,176
Total comprehensive loss for the year		**(6,220,066)**	(9,821,764)
Weighted average number of shares outstanding, basic and diluted	10	**131,979,945**	112,915,879
Loss per share, basic and diluted	10	**(0.04)**	(0.07)

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

Aureus Mining Inc.
Consolidated Statement of Cash Flows
For the year ended December 31, 2012
(stated in US dollars)

	Year ended December 31, 2012	Period ended December 31, 2011
Operating activities		
Loss for the period	**(5,874,467)**	(7,499,130)
Items not affecting cash:		
Share-based payments	**934,172**	2,023,050
Depreciation, depletion, and amortization	**320,769**	213,730
Unrealized foreign exchange (gain) / loss	**(386,832)**	1,423,991
Derivative gain	**(1,363,427)**	(264,284)
Impairment	**3,010,865**	-
Changes in non-cash working capital		
Trade and other receivables	**(374,505)**	(196,148)
Trade and other payables	**277,831**	138,612
Due to related party	**456,372**	28,554
Cash flows from operating activities	**(2,999,222)**	(4,131,625)
Investing activities		
Payments to acquire intangible assets	**(18,314,955)**	(13,223,573)
Payments to acquire property, plant and equipment (including pre-payments)	**(6,495,319)**	(356,546)
Cash flows used in investing activities	**(24,810,274)**	(13,580,119)
Financing activities		
Transferred from Afferro	**-**	10,776,952
Proceeds from issue of common shares and warrants (net of costs)	**74,698,591**	38,996,268
Exercise of stock options	**1,312,263**	333,282
Cash flows from financing activities	**76,010,854**	50,106,502
Impact of foreign exchange on cash balance	**164,288**	(1,349,815)
Net increase in cash and cash equivalents	**48,365,646**	31,044,943
Cash and cash equivalents at beginning of year	**31,044,943**	-
Cash and cash equivalents at end of year	**79,410,589**	31,044,943

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, 2012
(stated in US dollars)

	Share capital $	Capital contribution $	Share-based payment reserve $	Available-for sale investment reserve $	Currency translation reserve $	Cumulative deficit $	Total equity $
On incorporation	-	-	-	-	-	-	-
Transferred from Afferro (Note 2)	-	48,234,972	-	-	-	-	48,234,972
Loss for the period	-	-	-	-	-	(7,499,130)	(7,499,130)
Comprehensive loss for period	-	-	-	(2,396,810)	74,176	-	(2,322,634)
Issue of common shares	38,731,984	-	-	-	-	-	38,731,984
Share-based payments	-	-	2,023,050	-	-	-	2,023,050
Exercise of stock options	333,282	-	-	-	-	-	333,282
Balance at December 31, 2011	39,065,266	48,234,972	2,023,050	(2,396,810)	74,176	(7,499,130)	79,501,524
Loss for the period	-	-	-	-	-	(5,874,467)	(5,874,467)
Comprehensive income/(loss) for year	-	-	-	(121,844)	(223,755)	-	(345,599)
Share-based payments	-	-	934,172	-	-	-	934,172
Issue of common shares	72,599,235	-	-	-	-	-	72,599,235
Exercise of stock options	1,312,263	-	-	-	-	-	1,312,263
Balance at December 31, 2012	**112,976,764**	**48,234,972**	**2,957,222**	**(2,518,654)**	**(149,579)**	**(13,373,597)**	**148,127,128**

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. 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 (in addition to $0.17 million contained in the transferred gold assets) (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.

As there was no substantive change in ultimate ownership of the Transferred Assets as a result of the transaction, the transaction has been accounted for as a capital contribution and the Transferred Assets have been brought into Aureus Mining at the carrying values recorded by Afferro Mining at the date of transfer, which amounted to $48,234,972.

3. Summary of significant accounting policies

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

3.1 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.

3.2 Standards in issue but not yet effective

The following standards and interpretations which have been recently issued or revised have not been adopted early. IAS 19 (revised June 2011) Employee Benefits (1 January 2013)

- IFRS 13 Fair Value Measurement (1 January 2013)
- IFRS 12 Disclosure of Interests in Other Entities (1 January 2013)
- IFRS 11 Joint Arrangements (1 January 2013)
- IFRS 10 Consolidated Financial Statements (1 January 2013)
- IAS 28 Investments in Associates and Joint Ventures (1 January 2013)
- IAS 27 Separate Financial Statements (1 January 2013)
- IFRS 9 Financial Instruments (1 January 2015)
- IFRIC 20 Stripping Costs in the Production Phase of a surface mine (1 January 2013)

3. Summary of significant accounting policies (continued)

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

3.3 Basis of consolidation

3.3.1 Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

These financial statements include the accounts of Aureus Mining and its wholly owned subsidiaries. The significant group companies at December 31, 2012 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

3.3.2 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.

3.4 Foreign currency translation

3.4.1 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.

3.4.2 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.

3. Summary of significant accounting policies (continued)

3.5 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 nominal value
Capital contribution	The net assets transferred to Aureus Mining on April 13, 2011 pursuant to the Plan of Arrangement (see Note 2)
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

3.6 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 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.

3.7 Intangible assets

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

3. Summary of significant accounting policies (continued)

Deferred exploration and evaluation costs
Exploration and evaluation costs are capitalized by property. 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.

3.8 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.

3. 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.

3.9 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 equity, 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. 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.

3. Summary of significant accounting policies (continued)

Loans and receivables

Trade receivables, loans and other receivables that have fixed and 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.

3. 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 the statement of comprehensive income.

3.10 Joint ventures

The Company accounts for its share of jointly controlled assets, any liabilities it has incurred, its share of any liabilities jointly incurred with other venturers, income from the sale or use of its share of the joint venture's output, together with its share of expenses incurred by the joint venture, and any expenses it incurs in relation to its interest in the joint venture.

3.11 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.

3.12 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

3. Summary of significant accounting policies (continued)

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.

3.13 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.

3.14 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.

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 make 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.

(in US dollars unless otherwise stated)

4 Trade and other receivables

	December 31, 2012 $	December 31, 2011 $
Accounts receivable	**298,956**	149,835
Pre-payments	**3,066,969**	77,747
	3,365,925	227,582

5 Property, plant and equipment

	Mining and development property $	Machinery and equipment $	Vehicles $	Leasehold improvement $	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
Transfers (Note 5a)	48,550,389	-	-	-	48,550,389
Additions	3,013,824	480,293	135,619	101,745	3,731,481
Foreign exchange	-		868		868
At December 31, 2012	**51,564,213**	**858,364**	**931,420**	**101,745**	**53,455,742**
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 year		127,960	186,835	5,974	320,769
Foreign exchange		711	1,252	116	2,079
At December 31, 2012	**-**	**245,214**	**433,070**	**6,090**	**684,374**
Net book value					
Transferred from Afferro	-	239,970	428,692	-	668,662
At December 31, 2011	-	261,528	549,950	-	811,478
At December 31, 2012	**51,564,213**	**613,150**	**498,350**	**95,655**	**52,771,368**

(a) 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 $48,550,389 of deferred exploration and evaluation costs were transferred to property, plant and equipment.

(in US dollars unless otherwise stated)

6 Intangible assets

	April 13, 2011 $	Additions $	December 31, 2011 $	Additions $	Impairment $	Transfers (note 5(a)) $	December 31, 2012 $
Deferred exploration and evaluation costs:							
Liberia							
New Liberty	23,977,650	13,416,499	37,394,149	11,156,240	-	(48,550,389)	**-**
Weaju	1,201,561	401,656	1,603,217	3,821,744	-	-	**5,424,961**
Gondoja	34,348	1,600	35,948	846,773	-	-	**882,721**
Silver Hills	48,107	-	48,107	2,075	-	-	**50,182**
Ndablama	593,784	710,045	1,303,829	1,346,121	-	-	**2,649,950**
Leopard Rock	-	677,953	677,953	1,438,727	-	-	**2,116,680**
	25,855,450	15,207,753	41,063,203	18,611,680	-	(48,550,389)	**11,124,494**
Sierra Leone							
Sonfon	3,010,865	258,686	3,269,551	(258,686)	(3,010,865)	-	**-**
Cameroon							
Batouri	4,517,414	28,121	4,545,535	598,556	-	-	**5,144,091**
	33,383,729	**15,494,560**	**48,878,289**	**18,951,550**	**(3,010,865)**	**(48,550,389)**	**16,268,585**

(in US dollars unless otherwise stated)

6 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 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 km^2 area which encompasses the New Liberty Gold Project, Weaju, Gondoja, Silver Hills and Ndablama.

During the period ended December 31, 2011 the company entered into an agreement to purchase all of the shares of Archaean Gold (Liberia) Inc. (“Archaean Gold”), a company holding the exploration rights to a license area covering 89 km^2. The Archaean 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 Weajue 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 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 deferred exploration and evaluation costs. Upon the completion of a feasibility study for the Weaju project, WHMC will receive payments equivalent to US$5 per ounce of measured, indicated and inferred resources, as disclosed in the feasibility study, within the claims area and the surrounding 200 metre perimeter (“Payable Area”). If commercial production is achieved within the Payable Area, WHMC will receive a one-time payment equivalent to 2.5% of the net present value (8% discount rate) of a project within the Payable Area, and also receive a 7.5% net profit interest (“NPI”) on life-of-mine production within the Payable Area.

(b) Sierra Leone

During the year 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 and an impairment of $3.0 million has been recognised in the statement of comprehensive income.

(c) Cameroon

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

7 Available-for-sale investments

	Year ended December 31, 2012 $	Period ended December 31, 2011 $
Beginning of the year / period	**1,427,532**	3,824,342
Losses transferred to equity	**(121,844)**	(2,396,810)
End of the year / period	**1,305,688**	1,427,532

(in US dollars unless otherwise stated)

7 Available-for-sale investments (continued)

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.

8 Trade and other payables

	December 31, 2012 $	December 31, 2011 $
Trade payables	**2,194,937**	2,650,025
Accruals	**376,915**	209,721
	2,571,852	2,859,746

9 Equity

(a) Authorised

Unlimited number of common shares without par value.

(b) Issued and fully paid

	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
Shares issued on Weaju settlement	1,550,930	1,202,322
Shares issued on prospectus offering and private placement	99,700,000	75,788,471
Share issue costs	-	(4,391,558)
Exercise of stock options	2,154,311	1,312,263
Balance at December 31, 2012	**221,235,043**	**112,976,764**

In the year ended December 31, 2012, the Company issued 1,550,930 common shares with a fair value of $1.2 million in relation to the Weaju settlement disclosed in Note 6.

On November 16, 2012, the Company concluded a parallel prospectus offering and private placing issuing 15,000,000 and 84,700,000 units at C$0.80 and £0.50 each respectively raising gross proceeds of C$$12.0 million and £42.4 million respectively. Each unit comprised of one new common share and one quarter of one share purchase warrant and $3.3 million of the unit proceeds was allocated to the warrant derivative liability (see Note 11). The direct costs to issue that have been charged to share capital amounted to US$4.4 million.

In the year ended December 31, 2012, the Company issued 2,154,311 new common shares in exchange for the exercise of 2,154,311 stock options at a weighted average exercise price of C$0.61.

(in US dollars unless otherwise stated)

9 Equity (continued)

(c) Stock options

Information relating to stock options outstanding at December 31, 2012 is as follows:

	Year ended December 31, 2012		Period ended 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 year / 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	**(2,154,311)**	**0.61**	(527,654)	0.61
Options expired	**(834,375)**	**1.03**	-	-
Options cancelled	**(24,000)**	**1.05**	(21,906)	0.90
End of the period year / period	**9,144,748**	**1.04**	9,866,434	0.95

(in US dollars unless otherwise stated)

9 Equity (continued)

		Number of stock options outstanding	
Expiry date	**Exercise price per share Cdn$**	**December 31, 2012**	December 31, 2011
March 16, 2012	**0.73**	**-**	75,000
May 20, 2012	**0.73**	**-**	37,500
January 17, 2013	**0.64**	**218,750**	787,500
March 1, 2013	**1.42**	**15,000**	15,000
October 13, 2013	**1.05**	**50,000**	-
January 19, 2014	**0.32**	**366,875**	554,375
January 8, 2015	**0.49**	**787,000**	1,157,750
May 13, 2015	**0.50**	**680,000**	1,250,000
June 6, 2015	**0.16**	**68,687**	107,937
November 1, 2015	**0.90**	**200,000**	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**	**1,720,000**	2,255,000
May 23, 2016	**1.55**	**2,285,000**	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**	**1,567,000**	-
April 13, 2017	**1.05**	**250,000**	-
June 28, 2017	**0.91**	**49,062**	166,812
August 15, 2017	**0.74**	**250,000**	-
	1.04	**9,144,748**	9,866,434

The fair value of the stock options granted in the year ended December 31, 2012 was estimated at C$0.51 per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	Year ended December 31, 2012	Period ended December 31, 2011
Dividend yield	**0%**	0%
Risk free interest rate	**0.50 – 0.97%**	1.85-2.25%
Expected life	**0.5 – 5 years**	0.5 – 5 years
Expected volatility	**42 – 57%**	44 – 78%

(in US dollars unless otherwise stated)

10 Loss per share

	Year ended December 31, 2012 $	Period ended December 31, 2011 $
Loss for the year / period	5,874,467	7,499,130
Weighted average number of common shares for the purposes of basic and diluted loss per share	131,979,945	112,915,879
Basic and diluted loss per share	**0.04**	0.07

Basic and diluted loss per share are the same as the effect of the outstanding share options is anti-dilutive and therefore excluded. Outstanding share options are detailed in note 9(c).

11 Warrant derivative liability

	Number of warrants	**Weighted average exercise price per warrant per share £**
Balance at January 1, 2012	-	-
Warrants granted	24,925,000	0.625
Balance at December 31, 2012	**24,925,000**	**0.625**

Pursuant to the prospectus offering, the Company issued 15,000,000 Units, comprising 15,000,000 common shares and 3,750,000 warrants. Pursuant to the private placement, the Company issued 84,700,000 units comprising 84,700,000 common shares and 21,175,000 warrants. The warrants are exercisable for a period of 18 months from issue at a price of £0.625.

These warrants were treated as a derivative liability and were 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:

	December 31, 2012	**On initial measurement**
Dividend yield	0%	0%
Risk free interest rate	0.5%	0.5%
Expected life	1.38 years	1.5 years
Expected volatility	44%	50%
Fair value	1,938,249	3,301,676

(in US dollars unless otherwise stated)

12 Income taxes

	Year ended December 31, 2012	Period ended December 31, 2011
	$	$
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, 2012	Period ended December 31, 2011
	$	$
Loss for the year / period	5,874,467	7,499,130
Tax recovery at the Canadian corporation tax rate of 26.5%	1,556,734	1,987,269
Effect of different tax rates of subsidiaries operating in other jurisdictions	(148,589)	6,166
Non-deductible expenses	(1,045,435)	(536,108)
Gains not taxable	361,308	-
Tax losses not utilised and carried forward	(1,097,706)	(1,589,250)
Other	373,688	131,923
	-	-

A deferred taxation asset is not recognised in respect of carried forward losses due to uncertainty over the utilisation of the losses. The unrecognised deferred taxation asset is $1.8 million based on carried forward tax losses of $7.6 million which expire in 2031 and 2032.

13 Related party transactions

(a) Purchases of goods and services

	Year ended December 31, 2012	Period ended December 31, 2011
	$	$
Purchase of goods/service	541,785	248,499

During the year ended December 31, 2012 the Company incurred management and office service fees of $318,000 (2011- $224,910) payable to Afferro Mining, a company with two common directors and environmental consulting fees of $223,785 (2011 – $23,589) payable to a company with a common director. $484,926 was payable to related parties as at December 31, 2012. 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.

(in US dollars unless otherwise stated)

13 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, 2012 $	Period ended December 31, 2011 $
Salaries and other short-term employee benefits	1,238,454	1,013,143
Share-based payments	184,500	1,704,876

The remuneration earned by each director in the year ended December 31, 2012 is as follows:

	Year ended December 31, 2012			Period ended December 31, 2011		
	Salaries and other short-term benefits $	Share-based payments $	Total $	Salaries and other short-term benefits $	Share-based payments $	Total $
David Beatty	55,465	9,000	64,465	42,108	127,184	169,292
Jean-Guy Martin	55,465	9,000	64,465	31,917	163,523	195,440
David Netherway	79,235	36,000	115,235	60,154	190,777	250,931
David Reading	477,661	72,000	549,661	462,472	635,922	1,098,394
Adrian Reynolds	55,465	9,000	64,465	42,108	127,184	169,292
Luis da Silva	55,465	9,000	64,465	42,108	127,184	169,292
	778,756	**144,000**	**922,756**	**680,867**	**1,371,774**	**2,052,641**

14 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.

(in US dollars unless otherwise stated)

14 Segment information (continued)

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

	Liberia exploration and development	Cameroon exploration	Sierra Leone exploration	Corporate	Total
	$	$	$	$	$
Loss for the year	279,462	19,983	3,010,865	2,564,157	**5,874,467**
Segment assets	66,756,169	5,334,374		81,031,612	**153,122,155**
Segment liabilities	1,677,383	27,879	-	3,289,765	**4,995,027**
Depreciation of property, plant and equipment	266,705	26,904	-	27,160	**320,769**
Capital additions					
– property, plant and equipment	3,390,404	162,637	-	178,440	**3,731,481**
– intangible assets	18,611,680	598,556	-	-	**19,210,236**

Following is an analysis of the Company's results, assets and liabilities by reportable segment for the period ended December 31, 2011:

	Liberia exploration and development	Cameroon exploration	Sierra Leone exploration	Corporate	Total
	$	$	$	$	$
Loss for the period	273,530	-	268	7,225,332	**7,499,130**
Segment assets	42,316,444	4,547,664	3,273,999	32,251,717	**82,389,824**
Segment liabilities	2,010,352	-	258,000	619,948	**2,888,300**
Depreciation of property, plant and equipment	213,730	-	-	-	**213,730**
Capital additions					
– property, plant and equipment	337,301	-	-	19,245	**356,546**
– intangible assets	15,147,404	28,120	258,686	-	**15,434,210**

(in US dollars unless otherwise stated)

15 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 $	Loans and receivables $	Total $
December 31, 2012			
Assets as per statement of financial position			
Cash and cash equivalents	-	79,410,589	79,410,589
Accounts receivable	-	298,956	298,956
Available-for- sale investments	1,305,688	-	1,305,688
Total	**1,305,688**	**79,709,545**	**81,015,233**

	Available for sale $	Loans and receivables $	Total $
December 31, 2011			
Assets as per statement of financial position			
Cash and cash equivalents	-	31,044,943	31,044,943
Accounts receivable	-	149,835	149,835
Available-for- sale investments	1,427,532	-	1,427,532
Total	**1,427,532**	**31,194,778**	**32,622,310**

	Liabilities at fair value through the profit and loss $	Other financial liabilities at amortised cost $	Total $
December 31, 2012			
Liabilities as per statement of financial position			
Trade and other payables	-	2,571,852	2,571,852
Due to related parties	-	484,926	484,926
Warrant derivative liability	1,938,249	-	1,938,249
Total	**1,938,249**	**3,056,778**	**4,995,027**

(in US dollars unless otherwise stated)

15. Financial instruments by category (continued)

	Other financial liabilities at amortised cost $	Total $
December 31, 2011		
Liabilities as per statement of financial position		
Trade and other payables	2,859,746	2,859,746
Due to related parties	28,554	28,554
Total	**2,888,300**	**2,888,300**

16 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 31,2012	Within 30 days $	30 days to 6 months $	Over 6 months $
Cash and cash equivalents	79,410,589	-	-
Trade and other receivables	-	3,365,925	-
Trade and other payables	2,571,852	-	-
Due to related parties	484,926	-	-
Warrant derivative liability	1,938,249	-	-

(in US dollars unless otherwise stated)

16 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, 2012 $**	**December 31, 2011 $**
Cash and cash equivalents, include balances denominated in:		
Canadian Dollar (CAD)	1,512,650	24,736,775
Pound Sterling (GBP)	7,473,354	195,014
Others	23,997	46,931
Investments, include balances denominated in:		
Pounds Sterling (GBP)	1,305,687	1,427,531
Accounts receivable, include balances denominated in:		
Canadian Dollar (CAD)	113,521	75,633
Pounds Sterling (GBP)	128,036	47,089
Others	35,617	-
Trade and other payables, include balances denominated in:		
Australian Dollar (AUD)	-	132,422
Canadian Dollar (CAD)	479,285	11,324
Euro (EUR)	11,860	210,068
Pound Sterling (GBP)	599,500	480,717
South African Rand (ZAR)	202,849	27,949

The sensitivities below are based on financial assets and liabilities held at December 31, 2012 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, 2012 $	**December 31, 2011 $**
Australian Dollar (AUD)	-	13,242
Canadian Dollar (CAD)	(114,689)	(2,480,108)
Euro (EUR)		16,511
Pound Sterling (GBP)	(700,189)	23,861
South African Rand (ZAR)	20,285	2,795

(in US dollars unless otherwise stated)

16 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, 2012 **$**	**December 31, 2011** **$**
Financial institutions with Standards & Poor's A+ rating	79,308,214	30,675,174
Financial institutions un-rated	102,375	369,769

(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 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, 2012.

(in US dollars unless otherwise stated)

17 Commitments

Capital expenditure contracted for at December 31, 2012 but not yet incurred is as follows:

	Less than one year $	Between one and five years $	Over five years $
Capital expenditure	635,000	-	-
Operating expenditure	55,184	575,760	-

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.

18 Subsequent events

On January 15, 2013 the Company granted stock options over a total of 3,338,680 common shares, representing approximately 1.51% of the issued share capital of the Company at an exercise price of C$0.72 per share. 350,000 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 14 January 2018.