Aureus Mining Inc.

Consolidated Financial Statements

Years ended December 31, 2015 and 2014

Registered office:	Suite 3800 Royal Bank Plaza, South Tower 200 Bay Street Toronto Ontario M5J 2Z4 Canada
Company registration number:	776831-1
Company incorporated on:	1 February 2011

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Aureus Mining Inc.

We have audited the accompanying consolidated financial statements of Aureus Mining Inc. for the year ended December 31, 2015 and the year ended December 31, 2014 which comprise the consolidated statement of financial position, the consolidated statements of income and comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards as issued by the IASB.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Aureus Mining Inc. as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made by the Directors in Note 2 to the consolidated financial statements concerning the Company's ability to continue as a going concern. At December 31, 2015, the Company held cash and cash equivalents of $7.1 million, its current liabilities exceeded its current assets by $11.1 million and the Company has approximately $12.4 million of debt repayments due in 2016. The Company is currently finalising an updated life of mine plan in order to agree upon a revised repayment schedule with the lenders. The Directors believe there is a reasonable expectation that the rescheduling of debt repayments will be achieved however at this time there is no certainty that negotiations will be successful or that the Company will be able to generate the necessary funds to pay the debt as it falls due. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

BDO LLP

BDO LLP
London
March 29, 2016

Aureus Mining Inc.

Consolidated Statement of Financial Position

For the years ended December 31, 2015 and 2014

(stated in US dollars)

	December 31, 2015 $'000	December 31, 2014 $'000
Assets		
Current assets		
Cash and cash equivalents	**7,128**	32,956
Trade and other receivables (Note 4)	**805**	4,846
Inventories (Note 5)	**14,269**	-
	22,202	37,802
Non-current assets		
Property, plant and equipment (Note 6)	**222,189**	195,654
Intangible assets (Note 7)	**35,676**	31,794
Available-for-sale investments (Note 8)	**83**	540
Other assets (Note 9)	**844**	1,184
	258,792	229,172
Total assets	**280,994**	266,974
Liabilities		
Current liabilities		
Borrowings (Note 10)	**11,339**	840
Trade and other payables (Note 11)	**19,630**	10,229
Finance lease liability (Note 12)	**1,213**	-
Derivative liability (Note 13)	**1,159**	672
	33,341	11,741
Non-current liabilities		
Borrowings (Note 10)	**91,470**	74,921
Finance lease liability (Note 12)	**7,651**	-
Provision (Note 14)	**1,369**	-
	100,490	74,921
	133,831	86,662
Equity		
Share capital (Note 15b)	**177,877**	150,655
Capital contribution	**48,235**	48,235
Share based payment reserve (Note 15c)	**6,002**	4,439
Warrant reserve (Note 17)	**-**	1,552
Available-for-sale investment reserve (Note 8)	**(425)**	32
Cumulative translation reserve	**(510)**	(372)
Deficit	**(84,016)**	(24,229)
Total equity	**147,163**	180,312
Total liabilities and equity	**280,994**	266,974

Commitments (Note 23)
Subsequent events (Note 24)
The accompanying notes are an integral part of these consolidated financial statements.

Approved by the board of directors on March 29, 2016

David Reading
Director

Aureus Mining Inc.

Consolidated Statement of Income and Comprehensive Income

For the years ended December 31, 2015 and 2014

(stated in US dollars)

	Year ended December 31, 2015	Year ended December 31, 2014
	$'000	$'000
Expenses		
Legal and professional	**(776)**	(813)
Depreciation (Note 6)	**(475)**	(570)
Wages and salaries	**(2,234)**	(2,334)
Share-based payments (Note 15c)	**(1,563)**	(718)
Foreign exchange gain/(loss)	**848**	(110)
Impairment of property, plant and equipment (Note 6)	**(50,372)**	-
Impairment of inventories (Note 5)	**(3,531)**	-
Receivable provision (Note 4)	**(2,465)**	-
Other expenses	**(1,290)**	(1,288)
Loss from operations	**(61,858)**	(5,833)
Derivative liability gain (Note 13)	**490**	2,342
Finance income	**30**	56
Loss for the year	**(61,338)**	(3,435)
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss		
Available-for-sale investments (Note 8)	**(457)**	32
Currency translation differences	**(138)**	(192)
Total comprehensive loss for the year	**(61,933)**	(3,595)
Weighted average number of shares outstanding, basic and diluted (Note 16)	**369,831,964**	286,253,595
Loss per share, basic and diluted (US$) (Note 16)	**(0.17)**	(0.01)

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

Aureus Mining Inc.
Consolidated Statement of Cash Flows
For the years ended December 31, 2015 and 2014
(stated in US dollars)

	Year ended December 31, 2015 $'000	Year ended December 31, 2014 $'000
Operating activities		
Loss for the year	**(61,338)**	(3,435)
Items not affecting cash:		
Share-based payments (Note 15c)	**1,563**	718
Depreciation (Note 6)	**475**	570
Unrealized foreign exchange (gain)/loss	**(520)**	55
Derivative liability gain (Note 13)	**(490)**	(2,342)
Impairment of property, plant and equipment (Note 6)	**50,372**	-
Impairment of inventories (Note 5)	**3,531**	-
Receivables provision (Note 4)	**2,465**	-
Changes in non-cash working capital		
Trade and other receivables	**(513)**	651
Trade and other payables	**449**	1
Cash flows from operating activities	**(4,006)**	(3,782)
Investing activities		
Payments to acquire intangible assets	**(4,043)**	(7,427)
Proceeds from pre-production gold sales	**19,180**	-
Payments to acquire property, plant and equipment	**(87,677)**	(92,801)
Decrease/(Increase) in other assets	**340**	(1,184)
Finance charges	**(5,163)**	(1,053)
Cash flows used in investing activities	**(77,363)**	(102,465)
Financing activities		
Proceeds from issue of common shares (net of costs)	**26,767**	22,365
Proceeds from issue of share purchase warrants	**-**	2,987
Exercise of stock options	**10**	133
Borrowings (net of costs)	**28,900**	74,579
Cash flows from financing activities	**55,677**	100,064
Impact of foreign exchange on cash balance	**(136)**	(233)
Net decrease in cash and cash equivalents	**(25,828)**	(6,416)
Cash and cash equivalents at beginning of year	**32,956**	39,372
Cash and cash equivalents at end of year	**7,128**	32,956

Significant non-cash transactions include assets acquired under finance lease (Note 6), provision for mine closure and rehabilitation costs (Note 6) and shares issued for the acquisition of certain legacy mining rights (Note 7).

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, 2015 and 2014
(stated in US dollars)

	Share capital $'000	Capital contribution $'000	Share-based payment reserve $'000	Warrant Reserve $'000	Available-for-sale investment reserve $'000	Cumulative translation reserve $'000	Deficit $'000	Total equity $'000
Balance at January 1, 2014	128,158	48,235	3,721	-	-	(180)	(20,794)	159,140
Loss for the year	-	-	-	-	-	-	(3,435)	(3,435)
Other comprehensive loss for year	-	-	-	-	32	(192)	-	(160)
Share-based payments	-	-	718	-	-	-	-	718
Exercise of stock options	133	-	-	-	-	-	-	133
Issue of warrants	-	-	-	1,552				1,552
Issue of common shares (net of costs)	22,364	-	-	-	-	-	-	22,364
Balance at December 31, 2014	150,655	48,235	4,439	1,552	32	(372)	(24,229)	180,312
Loss for the year	-	-	-	-	-	-	(61,338)	(61,338)
Other comprehensive loss for year	-	-	-	-	(457)	(138)	-	(595)
Share-based payments	-	-	1,563	-	-	-	-	1,563
Exercise of stock options	10	-	-	-	-	-	-	10
Issue of common shares (net of costs)	27,212	-	-	-	-	-	-	27,212
Cancellation of warrants (Note 16)	-	-	-	(1,552)	-	-	1,552	-
Balance at December 31, 2015	**177,877**	**48,235**	**6,002**	**-**	**(425)**	**(510)**	**(84,015)**	**147,164**

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, development and operation of gold assets in West Africa, specifically the New Liberty Gold Mine in Liberia that was brought into operation during the year ended December 31, 2015.

2. Going concern

The consolidated financial statements have been prepared on a going concern basis. As at December 31, 2015, the Company has net current liabilities of US$11.1 million and has approximately US$12.4 million of debt repayments due in 2016. The net current liability position is as a result of commissioning and ramp up issues at New Liberty during the second half of 2015, however, commercial production was declared at New Liberty on March 1, 2016 and the Company is currently finalising an updated mine plan, which will form the basis of discussions between the Company and Rand Merchant Bank ("RMB"), Nedbank Limited ("Nedbank") and the Export Credit Insurance Corporation of South Africa Limited ("ECIC") (collectively, the "Lenders") to mutually agree an appropriate revised debt repayment schedule. Based on discussions and the support received to date, there is a reasonable expectation that this will be achieved , however there can be no absolute certainty that the negotiations will be successful or that the Company will be able to generate the necessary funds to repay the debt as it currently falls due.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and that the Company may therefore be unable to realise their assets and liabilities in the normal course of business.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

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 a historical cost basis, as adjusted for certain financial instruments carried at fair value.

3.2 New accounting standards adopted

No new accounting standards or interpretations were adopted during the year.

(in US dollars unless otherwise stated)

3. Summary of significant accounting policies (continued)

3.3 Standards in issue but not yet effective

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

Standard	*Impact on initial application*	*Effective date*
IAS 1 Disclosure initiatives	Applying professional judgement in disclosure of information in financial statements	January 1, 2016
IAS 27 (Separate financial statements)	Option to apply equity method when accounting for investments in subsidiaries, joint ventures, associates in separate financial statements.	January 1, 2016
Annual improvements to IFRSs 2012-2014 cycle	Amendments to IFRS 5 Non current assets held for sale, IFRS 7 Financial Instruments disclosure, IAS 19 Employee Benefits, IAS 34 Interim Financial Reporting	January 1, 2016
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation	January 1, 2016
Amendments to IAS 12	Recognition of deferred tax assets for unrealised assets	January 1, 2017

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

IFRS 9, Financial Instruments, was issued in July 2014 (effective January 1, 2018) will impact both the measurement and disclosures of financial instruments.

IFRS 15, Revenue from Contracts with Customers, was issued in May 2014 (effective January 1, 2018) and outlines a single comprehensive model with prescriptive guidance for entities to use in determining the nature, amount, timing and uncertainty or revenue and cash flows arising from contract with a customer.

IFRS 16, Leases, was issued in January 2016 (effective January 1, 2019) and provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

The Company is currently evaluating the impact of IFRS 9, 15 and 16 on its consolidated financial statements.

3.4 Basis of consolidation

3.4.1 <u>Subsidiaries</u>

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

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

3. Summary of significant accounting policies (continued)

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

These financial statements include the accounts of Aureus Mining and its subsidiaries. The significant Group companies at December 31, 2015 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

3.4.2 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 consolidated financial statements.

3.5 Foreign currency translation

3.5.1 Functional and presentation currency

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

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

3.5.2 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)

3.6 Equity

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

Reserve	*Description and purpose*
Share capital	Amount subscribed for share capital at share issue price less direct issue costs
Capital contribution	The net assets transferred to Aureus Mining on April 13, 2011 pursuant to the Plan of Arrangement
Share-based payment reserve	Fair value of share-based payments vested
Warrant reserve	Fair value of warrants issued
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

3.7 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and applicable impairment charges. 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.

Depreciation is provided to write off the cost using the straight-line method over their estimated useful life of the assets as follows:

Furniture	3 years
Office and camp equipment	4 years
Vehicles	5 years
Leasehold improvements	Term of the lease

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

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

3. Summary of significant accounting policies (continued)

3.8 Intangible assets

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

Exploration and evaluation costs are capitalised 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.

3.9 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

- 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;
- 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; and
- The facts and circumstances indicating impairment of intangible assets 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.

3.10 Financial instruments

Financial assets

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

Available-for-sale financial assets

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

3. Summary of significant accounting policies (continued)

Loans and receivables

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

Impairment of financial assets at amortised cost

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

Cash and cash equivalents

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

Derecognition of financial assets

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

Financial liabilities and equity

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

Equity instruments

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

Other financial liabilities

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

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 profit or loss.

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 Test production

New Liberty Gold Mine is in the pre-production phase as at December 31, 2015 as commercial production has yet to be achieved. Revenue earned while the mine is in the ramp up to commercial production is accounted for as a credit to the capitalised mining asset. Revenue earned after commencement of commercial production will be recognised in profit or loss. Revenue is recognised when the risks and rewards of owing the gold doré pass to the customer which is deemed to be once it is has left the gold room.

3.13 Stripping costs

Stripping costs incurred during the development phase of the mine as part of initial pit stripping are capitalised as mining and development costs as part of property, plant and equipment.

3. Summary of significant accounting policies (continued)

Stripping costs incurred during the production stage of the mine are treated as either part of the cost of inventory produced or are capitalised as a stripping activity asset if all of the following are met:

- it is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow;
- the component of the ore body for which access has been improved can be identified; and
- the costs relating to the stripping activity associated with that component or components can be measured reliably.

Once determined that any portion of the stripping costs should be capitalised, the average stripping ratio for the life of the mine to which the stripping cost related is typically used to determine the amount of the stripping costs that should be capitalised.

Costs capitalised as stripping assets are depreciated on a units of production basis, with reference to the estimated ounces of gold reserves based on the life of mine plan in the components of the ore body that have been made more accessible through the stripping activity.

3.14 Inventories

Inventories are stated at the lower of cost or net realisable value. The cost of ore stockpiles and gold in circuit is determined principally by the weighted average cost method using related production costs.

Costs of gold inventories include all costs incurred up until production of an ounce of gold such as mining costs, milling costs and directly attributable mine general and administration costs but exclude transport costs, refining costs and royalties. Net realisable value is determined with reference to estimated contained gold, market gold prices and an estimate of the remaining costs of completion to bring inventories into its saleable form. When the net realisable value is lower than cost an impairment is recognised in profit or loss.

3.15 Leases

Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset. Leases of plant and equipment where the group assumes a significant portion of risks and rewards of ownership are classified as a finance lease. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and the finance charges to achieve a constant rate on the balance outstanding. The interest portion of the finance payment is capitalised as development costs until declaration of commercial production at which time, interest will be charged to the statement of comprehensive income over the lease period. The plant and equipment acquired under the finance lease are depreciated over the useful lives of the assets, or over the lease term if shorter. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

3.16 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3. Summary of significant accounting policies (continued)

The net present value of estimated future rehabilitation costs is provided for in the consolidated financial statements and capitalised within property, plant and equipment on initial recognition. Rehabilitation will generally occur on closure or after closure of a mine and can include facility decommissioning and dismantling, removal or treatment of waste materials, site and land rehabilitation. Initial recognition is at the time of the construction or disturbance occurring and thereafter as and when additional construction or disturbances take place. The estimates are reviewed annually to take into account the effects of inflation and changes in estimated risk adjusted rehabilitation works cost and are discounted using rates that reflect the time value of money. Annual increases in the provision due to the unwinding of the discount are recognised in the statement of comprehensive income as a finance cost.

The present value of additional disturbances and changes in the estimate of the rehabilitation liability are recorded to mining assets against an increase/decrease in the rehabilitation provision. Rehabilitation projects undertaken are charged to the provision as incurred. Environmental liabilities, other than rehabilitation costs, which relate to liabilities arising from specific events, are expensed when they are known, probable and may be reasonably estimated.

3.17 Hedging instruments

The Company may from time to time take out forward sales contracts to hedge its exposure to current gold prices. These contracts fall outside the scope of IAS 39 as they meet the definition of an own use contract.

3.18 Borrowing costs

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

3.19 Share-based payments

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

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

3.20 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. Summary of significant accounting policies (continued)

3.21 Critical accounting judgements and sources of estimation uncertainty

In the application of the Company's accounting policies, management is 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 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 properties is also influenced by operational risks, legal and political risks and future gold prices.

Management makes the judgements necessary to implement the Company's policy with respect to capitalisation of these assets and consider them for impairment at least annually with reference to indicators in IAS 36 and IFRS 6. If an indication exists, an assessment is made of the recoverable amount. The recoverable amount is the higher of value in use (being the net present value of expected future cash flows) and fair value less costs to sell. Value in use is estimated based on operational forecasts for advanced stage projects with key inputs that include mineral resources, gold prices, production levels including grade and tonnes processed, production costs and capital expenditure. Because of the above-mentioned uncertainties, actual future cash flows could materially differ from those estimated. Note 6 outlines the significant inputs used when performing impairment test on the New Liberty Gold Mine.

Provisions for mine closure and rehabilitation costs

Management uses its judgement and experience to provide for and amortise the estimated mine closure and site rehabilitation over the life of the mine. Provisions are discounted at a risk-free rate and cost base inflated at an appropriate rate. The ultimate closure and site rehabilitation costs are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements or the emergence of new restoration techniques. The expected timing and extent of expenditure can also change, for example in response to changes in ore reserves or processing levels. As a result, there could be significant adjustments to the provisions established which could affect future financial results.

3. Summary of significant accounting policies (continued)

Inventories

Valuations of ore stockpile and gold in circuit require estimations of the amount of gold contained in, and recovery rates from, the various work in progress. These estimations are based on analysis of samples and prior experience. Judgement is also required regarding the timing of utilisation of stockpiles and the gold price to be applied in calculating net realisable value.

4. Trade and other receivables

	December 31, 2015 $'000	December 31, 2014 $'000
Accounts receivable	**374**	155
Pre-payments	**431**	4,691
	805	4,846

An advance payment to the civil and earthworks contractor for the development of the New Liberty Gold Mine of $2.5 million was prudently provided for during the year ended December 31, 2015. The Company continues to vigorously pursue the recovery of such amount.

5. Inventories

	December 31, 2015 $'000	December 31, 2014 $'000
Gold dore	850	-
Gold in circuit	4,294	-
Ore stockpiles	7,855	-
Consumables	1,270	-
	14,269	-

Gold in circuit as at December 31, 2015 is stated at net realisable value. An impairment of $3.5 million has been charged to the consolidated statement of income for the year ended December 31, 2015.

6. Property, plant and equipment

	Mining and development property $'000	Machinery and equipment $'000	Vehicles $'000	Leasehold improvement $'000	Total $'000
Cost					
At January 1, 2014	95,407	995	936	105	97,443
Additions	99,269	576	-	-	99,845
Foreign exchange	-	(11)	(17)	(6)	(34)
At December, 2014	194,676	1,560	919	99	197,254
Additions	76,971	87	324	-	77,382
Impairment	(50,372)	-	-	-	(50,372)
Foreign exchange	-	(2)	(10)	(5)	(17)
At December, 2015	**221,275**	**1,645**	**1,233**	**94**	**224,247**
Accumulated depreciation					
At January 1, 2014	-	430	582	37	1,049
Charge for the year	-	408	151	11	570
Foreign exchange	-	(7)	(8)	(4)	(19)
At December 31, 2014	-	831	725	44	1,600
Charge for the year	-	299	157	19	475
Foreign exchange	-	(10)	(6)	(1)	(17)
At December 31, 2015	**-**	**1,120**	**876**	**62**	**2,058**
Net book value					
At December 31, 2014	194,676	729	194	55	195,654
At December 31, 2015	**221,275**	**525**	**357**	**32**	**222,189**

The additions to mining and development property include capitalized borrowing costs of $6.8 million for the year ended December 31, 2015 (2014: $2.2 million). It also includes pre-production costs of $28.1 million for the year ended December 31, 2015 (2014: $nil), net of pre-production revenues of $19.2 million (2014: $nil).

Mining and development property includes provision for the closure and rehabilitation of the New Liberty Gold Mine of $1.4 million (2014: $nil) and assets held under finance lease in respect of the fuel storage facility and power generators and related equipment used in the New Liberty Gold Mine of $9.2 million at December 31, 2015 (2014: $nil).

6. Property, plant and equipment (continued)

Impairment of New Liberty Gold Mine

In accordance with IAS 36, Impairment of Assets, the Company assesses annually whether there are any indicators of impairment of non-current assets. When circumstances or events indicate that non-current assets may be impaired, these assets are reviewed in detail to determine whether their carrying value is higher than their recoverable value, and, where this is the result, an impairment is recognised. Recoverable value is the higher of value in use ("VIU") and fair value less costs to sell. VIU is estimated by calculating the present value of the future cash flows expected to be derived from the asset cash generating unit ("CGU"). Fair value less costs to sell is based on the most reliable information available, including market statistics and recent transactions. The New Liberty Gold Mine has been identified as the CGU. This includes the mining and development property and associated working capital.

The continued deterioration in the gold price during 2015 along with the mine operations falling below expectations during the pre-production phase represents an impairment trigger, and as a result, Management performed impairment testing in order to ensure that the recoverable value calculated exceeds the carrying value as presented. Accordingly, the Company recognized a pre-tax impairment of $53.9 million for the year ended December 31, 2015 of which $50.4 million was allocated to mining and development property and $3.5 million to the gold in circuit inventory.

The recoverable amount of the CGU was determined by calculating its VIU, which has been determined to be greater than its fair value less cost to dispose. The key assumptions used in determining the VIU for the CGU is life-of-mine ("LOM") plan, long-term gold prices and discount rate.

The estimates of future cash flows were derived from the latest LOM plan as at December 31, 2015 which shows an estimated life of eight years and is based on management's current best estimates of optimized mine and processing plans, future operating costs and the assessment of capital expenditure of the New Liberty Gold Mine. The Company used estimated annual gold prices with a range from $1,190 to $1,292 per ounce based on observable market data including spot price, and industry consensus. A pre-tax discount rate of 8.5% was applied to present value the net future cash flows based on the weighted average cost of capital applicable to the CGU.

Management assessed whether a reasonably possible change in any of the key assumptions used to estimate the recoverable value for CGUs would result in an additional impairment charge. Management's view is that the recoverable values are most sensitive to changes in the assumptions around gold prices, operating expenses and discount rate. As a result, sensitivity calculations were performed for these.

A 10% decrease in the gold prices would result in an additional impairment charge of $78.7 million. A 10% increase in operating expenses would result in an additional impairment charge of $54.8 million. An increase in the discount rate by 1% to 9.5% would result in an additional impairment charge of $9.3 million.

7. Intangible assets

	January 1, 2014	Additions	Foreign exchange	December 31, 2014	Additions	Foreign exchange	December 31, 2015
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Exploration and evaluation costs:							
Liberia (a)							
New Liberty	540	329	-	869	630	-	**1,499**
Weaju	9,309	614	-	9,923	1,300	-	**11,223**
Gondoja	1,277	17	-	1,294	48	-	**1,342**
Silver Hills	458	41	-	499	24	-	**523**
Ndablama	4,845	5,589	-	10,434	1,255	-	**11,689**
Leopard Rock	2,175	192	-	2,367	60	-	**2,427**
Yambesei	43	177	-	220	238	-	**458**
Mafa West	6	204	-	210	93	-	**303**
Archean West	11	56	-	67	66	-	**133**
Mabong	7	46	-	53	56	-	**109**
	18,671	7,265	-	25,936	3,770	-	**29,706**
Cameroon (b)							
Batouri	5,744	259	(145)	5,858	193	(81)	**5,970**
	24,415	7,524	(145)	31,794	3,963	(81)	**35,676**

7. 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 ("Bea Mountain"), 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 Mountain MDA. The license allows the Company to explore and mine in a 478 km^2 area which encompasses the New Liberty Gold Project, Ndablama, Weaju, Gondoja, Silver Hills and Leopard Rock.

In November 2013 the Company increased its contiguous ground holdings around its New Liberty Project through the acquisition of four exploration licenses referred to as Yambesei (759 km^2), Archean West (112.6 km^2), Mabong (36.6 km^2) and Mafa West (15.6 km^2).

On September 7, 2015, the second and final payment was made in relation to the settlement agreement for the acquisition of certain legacy mining rights from Weajue Hill Mining Corporation. The second and final payment comprises of $445,000 in cash and issuance of 1,148,611 new Aureus shares at a price of GBP0.25238 per share (see Note 15b), which equates to the equivalent of $5 per ounce of measured, indicated and inferred resources.

(b) Cameroon

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

8. Available-for-sale investments

	December 31, 2015 $'000	December 31, 2014 $'000
Beginning of the year	**540**	508
(Losses)/Gains recognised in statement of comprehensive income	**(457)**	32
End of the year	**83**	540

As at December 31, 2015 and 2014, the Company holds 615,855 shares (following a 1 for 50 share consolidation in November 2015) in Stellar Diamonds plc ("Stellar"), a diamond mining and exploration company listed on the AIM market operated by the London Stock Exchange. The Company's available-for-sale investments are classified as Level 1 where the fair value is determined by reference to quoted prices (unadjusted) in active markets.

9. Other assets

	December 31, 2015 $'000	December 31, 2014 $'000
Amounts in escrow in respect of an operating lease	**444**	784
Surety deposit	**400**	400
	844	1,184

10. Borrowings

	December 31, 2015 $'000	December 31, 2014 $'000
Current		
Bank loan - Senior Facility	**11,339**	840
Non-current		
Bank loan - Senior Facility Tranche A	**73,290**	74,921
Bank loan - Subordinated Facility	**10,219**	-
Bank loan - Senior Facility Tranche B	**7,961**	-
	91,470	74,921

On December 17, 2013 the Company entered into an agreement for an US$ 88 million project finance loan facility with the Lenders, (the "Senior Facility"), and also entered into a subordinated loan facility agreement for US$ 12 million with RMB Resources (the "Subordinated Facility"). On December 9, 2015 the Company entered into an agreement for an additional US$ 10 million Tranche B Senior Facility ("Tranche B Facility", together with the Senior Facility and the Subordinated Facility the "Loan Facilities") provided by the Lenders. These Loan Facilities, which have been fully drawn as at December 31, 2015, financed the development of the Company's New Liberty Gold Project.

The Senior Facility's first repayment of US$3.1 million was originally on January 31, 2016 and the final repayment is on January 31, 2020. 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. The Tranche B Facility is repayable by December 31, 2017 and bears interest at the United States LIBOR rate plus a 5% margin. The Company is currently in negotiations with the Lenders with respect to rescheduling the repayment schedule of the Loan Facilities having agreed to defer the first repayment from the Senior Facility to April 4, 2016.

In consideration for the granting of the Tranche B Facility, the Company issued options to purchase 20,400,000 shares ("Financier Options") exercisable up to April 25, 2019 at an exercise price of £0.07. In addition, 11,124,528 warrants issued to RMB in 2014 have been re-issued on the same terms as the Financier Options.

The Senior Facility is secured by charges over the assets of Bea Mountain and charges over the shares in Bea Mountain and its holding companies and guaranteed by the Company.

11. Trade and other payables

	December 31, 2015 $'000	December 31, 2014 $'000
Trade payables	**15,927**	8,539
Accruals	**3,703**	1,690
	19,630	10,229

12. Finance lease liability

The finance lease liability relates to diesel-powered generators and related equipment and the fuel storage facility at New Liberty Gold Mine. Such assets have been classified as finance leases as the rental period amounts to a major portion of the estimated useful economic life of the lease assets and the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased assets.

	December 31, 2015 $'000	December 31, 2014 $'000
Gross finance lease liability		
- Within one year	2,332	-
- Between two and five years	8,818	-
- After five years	1,753	-
	12,903	-
Future finance cost	(4,039)	-
Present value of lease liability	**8,863**	-
Current portion	**1,213**	-
Non-current portion	**7,651**	-

13. Derivative liability

	Year ended December 31, 2015 $'000	Year ended December 31, 2014 $'000
Beginning of the year	**672**	28
Issued during the year	**977**	2,986
Change in fair value	**(490)**	(2,342)
End of the year	**1,159**	672

13. Derivative liability (continued)

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 15b.

On December 22, 2015 the Company issued 20,400,000 Financier Options and re-issued 11,124,528 warrants as described in Note 10.

The Company's 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 are treated as a derivative liability and were fair valued at inception using the Black-Scholes option pricing model and the following assumptions:

	December 22, 2015	July 29, 2014	April 22, 2014
Number of warrants	31,524,528	12,260,148	16,687,499
Exercise price	7 GBp	37.8 GBp	37.8 GBp
Dividend yield	0%	0%	0%
Risk free interest rate	1.29%	1.93%	1.99%
Expected life	3.3 years	3.5 years	3.3 years
Expected volatility (based on historical volatility)	60%	43%	46%

The changes in fair value at each reporting date are taken directly to the statement of comprehensive income. The following assumptions were used at each date.

	December 31, 2015	December 31, 2014
Exercise price	**7-37.8 GBp**	7-37.8 GBp
Dividend yield	**0%**	0%
Risk free interest rate	**1.38%**	1.20%
Expected life	**1.8-3.3 years**	2.8-3.1 years
Expected volatility (based on historical volatility)	**60-85%**	41%

The weighted average exercise price of all warrants which are accounted for as derivative liability as at December 31, 2015 is 22 GBp (2014: 37.8 GBp).

14. Provision

	December 31, 2015 $'000	**December 31, 2014 $'000**
Beginning of the year	**-**	-
Additions during the year	1,369	-
End of the year	**1,369**	-

Provision relates to the estimated mine closure and rehabilitation costs for the New Liberty Gold Mine which are expected to be incurred at the end of the mine's life. Mine closure and rehabilitation costs are estimated based on a formal closure plan and are subject to regular reviews The principal factors that can cause expected cash flows to change include change in the LOM plan, changes in ore reserves and changes in law and regulation governing the protection of the environment.

15. Equity

(a) Authorised

Unlimited number of common shares without par value.

(b) Issued

	Shares	Amount $'000
Balance at January 1, 2014	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	-	(4,015)
Exercise of stock options	415,000	133
Balance at December 31, 2014	310,650,964	150,655
Shares issued on private placements	224,300,000	28,149
Other shares issued	1,148,611	445
Share issue costs	-	(1,382)
Exercise of stock options	68,687	10
Balance at December 31, 2015	**536,168,262**	**177,877**

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 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 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.

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 US$ 11.2 million. Each Unit comprises of one 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. On February 17, 2015, the Company completed an equity financing, raising approximately US$15.5 million through the issue of 56,000,000 Shares at a price of 18p per Share. The financing comprised the issue of 29,239,766 Shares amounting to US$8.1 million subscription by International Finance Corporation and the issue of 26,760,234 Shares amounting to US$7.4 million brokered financing.

On September 7, 2015, the Company issued 1,148,611 new Shares at a price of 25.238p per Share for the acquisition of certain legacy mining rights from Weajue Hill Mining Corporation (see Note 7).

On December 9, 2015, the Company completed an equity financing, raising approximately US$12.6 million through the issue of 168,300,000 new common shares in the Company ("Shares") at a price of 5p per Share.

In the year ended December 31, 2015, the Company issued 68,687 (2014: 415,000) new common shares in exchange for the exercise of 68,687 (2013: 415,000) stock options at a weighted average exercise price of C$0.16 (2013: C$0.35).

15. Equity (continued)

(c) Stock options

Information relating to stock options outstanding at December 31, 2015 is as follows:

	December 31, 2015		December 31, 2014	
	Number of options	**Weighted average exercise price per share Cdn$**	Number of options	Weighted average exercise price per share Cdn$
Beginning of the year	**13,708,122**	0.81	**11,747,553**	0.95
Options granted	**10,630,744**	0.45	**5,155,916**	0.50
Options exercised	**(68,687)**	0.16	**(415,000)**	0.35
Options expired	**(1,339,374)**	0.49	**(1,051,000)**	1.03
Options forfeited	**(4,833,941)**	1.13	**(1,729,347)**	0.84
End of the year	**18,096,864**	0.54	**13,708,122**	0.81

There were 11,632,668 stock options that have vested as at December 31, 2015 (2014: 8,572,023) with a weighted average exercise price of Cdn$0.62 (2014: Cdn$0.98).

The weighted average fair value of the 10,630,744 stock options granted in year ended December 31, 2015 was estimated at US$0.44 per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	Year ended December 31, 2015	Year ended December 31, 2014
Share price at grant date	**CAD$0.12-0.47**	CAD$0.33-0.51
Exercise price	**CAD$0.14-0.47**	CAD$0.33-0.51
Dividend yield	**0%**	0%
Risk free interest rate	**1.05-1.26%**	1.54-1.91%
Expected life	**5 years**	5 years
Expected volatility (based on historical volatility)	**43-49%**	40-49%

16. Loss per share

	Year ended December 31, 2015	Year ended December 31, 2014
Loss for the year ($'000)	**61,338**	3,435
Weighted average number of common shares for the purposes of basic and diluted loss per share	**369,831,964**	286,253,595
Basic and diluted loss per share ($)	**0.17**	0.01

Where there is a loss, the impact of warrants and stock options is anti-dilutive, hence, basic and diluted earnings per share are the same.

17. Warrant reserve

On April 25, 2014 the Company issued 11,124,528 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 10). These warrants were fair valued under IFRS 2 using the Black-Scholes option pricing model using the following assumptions:

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

The fair value of these warrants was held in prepayments until the Subordinated Facility was drawn in March 2015 at which time the value was charged against the proceeds of the Subordinated Facility.

On December 22, 2015 the Company cancelled and re-issued the above warrants in consideration for the granting of the new US$ 10 million Tranche B Facility as described in Note 10. As a result the warrant reserve was credited and recycled to the cumulative deficit account.

18. Income taxes

	Year ended December 31, 2015	Year ended December 31, 2014
	$'000	$'000
Current taxation	-	-
Deferred taxation	-	-
	-	-

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

	Year ended December 31, 2015	Year ended December 31, 2014
	$'000	$'000
Loss for the year	**61,338**	3,435
Tax recovery at the Canadian corporation tax rate of 26.5%	**16,254**	910
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(821)**	(186)
Non-deductible expenses	**(14,506)**	(190)
Non-taxable gains	**130**	621
Tax losses not utilised and carried forward	**(1,610)**	(1,623)
Other	**553**	468
	-	-

A deferred taxation asset is not recognised in respect of carried forward losses and capital allowances due to uncertainty over the utilisation of these assets. The unrecognised deferred taxation asset at December 31, 2015 is US$73.9 million (2014: US$63.5 million) based on a carried forward tax losses asset of $7.4 million (2014: US$5.8 million) which expire between 2031 and 2034 and capital allowances of US$66.5 million (2014: US$57.7 million) which have no expiry date.

19. Related party transactions

(a) Purchases of goods and services

	Year ended December 31, 2015 $'000	Year ended December 31, 2014 $'000
Purchase of goods and services	29	268

During the year ended December 31, 2015 the Company incurred environmental consulting fees of $29,255 (2014: $255,333) payable to a company with a common director and $nil (2014: $12,938) was payable to a director for consulting services performed outside the directorship role. $3,535 was payable to related parties as at December 31, 2015 (2014: $1,264). 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)

19. 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, 2015 $	Year ended December 31, 2014 $
Salaries and other short-term employee benefits	1,063,044	1,146,026
Share-based payments	815,605	326,935
	1,878,649	**1,472,961**

The remuneration earned by each director is as follows:

	Year ended December 31, 2015			Year ended December 31, 2014		
	Salaries and other short-term benefits	**Share-based payments**	**Total**	Salaries and other short-term benefits	Share-based payments	Total
	$	**$**	**$**	$	$	$
David Beatty	**-**	**-**	**-**	20,065	25,750	45,815
Karin Ireton	**53,491**	**33,575**	**87,066**	9,005	10,700	19,705
Jean-Guy Martin	**53,491**	**65,075**	**118,566**	57,666	28,825	86,491
David Netherway	**76,415**	**172,025**	**248,440**	82,380	81,350	163,730
Loudon Owen	**53,491**	**40,675**	**94,166**	37,601	17,800	55,401
David Reading	**439,975**	**281,856**	**721,831**	474,319	74,304	548,623
Adrian Reynolds*	**53,491**	**65,075**	**118,566**	57,666	28,825	86,491
Luis da Silva	**-**	**-**	**-**	48,661	25,750	74,411
	730,354	**658,281**	**1,388,635**	787,363	293,304	1,080,667

* In addition Adrian Reynolds was paid $nil for consulting work performed outside of the directorship role for the year ended December 31, 2015 (2014: $12,938).

20. Segment information

The Company is engaged in the exploration, development and operation 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 Company's results, assets and liabilities by reportable segment for the year ended December 31, 2015:

	Liberia development (New Liberty) $'000	Liberia exploration $'000	Cameroon exploration $'000	Corporate $'000	Total $'000
Loss for the year	55,473	420	19	5,426	**61,338**
Segment assets	240,106	30,576	6,063	4,249	**280,994**
Segment liabilities	(131,948)	(56)	-	(1,827)	**(133,831)**
Impairment charges	53,903	-	-	-	**53,903**
Receivable provision	2,465	-	-	-	**2,465**
Depreciation of property, plant and equipment	-	420	19	36	**475**
Capital additions – property, plant and equipment	77,294	88	-	-	**77,382**
– intangible assets	-	3,770	193	-	**3,963**

Following is an analysis of the Company's results, assets and liabilities by reportable segment for the year ended December 31, 2014:

	Liberia development (New Liberty) $'000	Liberia exploration $'000	Cameroon exploration $'000	Corporate $'000	Total $'000
Loss for the year	-	486	23	2,926	**3,435**
Segment assets	220,113	26,943	5,933	13,985	**266,974**
Segment liabilities	84,853	688	-	1,121	**86,662**
Depreciation of property, plant and equipment	-	486	23	61	**570**
Capital additions – property, plant and equipment	99,269	570	-	6	**99,845**
– intangible assets	-	7,265	259	-	**7,524**

21. Financial instruments by category

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, available for sale investments, borrowings, trade payables and accruals, finance lease liability and derivative liability. Financial instruments are initially recognized at fair value with subsequent measurement depending on classification as described below. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments.

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

	Available for sale $'000	**Cash and Receivables at amortised cost $'000**	**Total $'000**
December 31, 2015			
Assets as per statement of financial position			
Cash and cash equivalents	-	7,128	**7,128**
Accounts receivable	-	374	**374**
Available-for- sale investments	83	-	**83**
Total	**83**	**7,502**	**7,585**

	Available for sale $'000	**Cash and Receivables at amortised cost $'000**	**Total $'000**
December 31, 2014			
Assets as per statement of financial position			
Cash and cash equivalents	-	32,956	32,956
Accounts receivable	-	155	155
Available-for- sale investments	540	-	540
Total	540	33,111	33,651

	Liabilities at fair value through the profit and loss $'000	**Other financial liabilities at amortised cost $'000**	**Total $'000**
December 31, 2015			
Liabilities as per statement of financial position			
Trade payables and accruals	-	18,445	**18,445**
Derivative liability	1,159	-	**1,159**
Finance lease liability	-	8,864	**8,864**
Borrowings	-	102,809	**102,809**
Total	**1,159**	**130,118**	**131,277**

21. Financial instruments by category (continued)

	Liabilities at fair value through the profit and loss $'000	Other financial liabilities at amortised cost $'000	Total $'000
December 31, 2014			
Liabilities as per statement of financial position			
Trade payables and accruals	-	9,942	9,942
Derivative liability	672	-	672
Borrowings	-	75,761	75,761
Total	672	85,703	86,375

22. 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, finance lease liability and borrowings giving rise to interest rate risk. The Company has in the past been able to actively source financing through public offerings and debt financing. 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.

The Directors consider there to be minimal interest rate risk from fluctuations in market interest rates since the margin element on the borrowings are largely fixed. If USD LIBOR, which is the variable component of the borrowings increased by 100% at December 31, 2015, interest payable would have increased by $0.2 million.

The Company ensures that its liquidity risk is mitigated by a combination of cash flow forecasts, budgeting, monitoring of operational performance and placing financial assets on short term maturity, thus all financial liabilities are met as they become due.

The Company's assets and liabilities, stated at their gross, contractual and undiscounted amounts, fall due as indicated in the following table:

At December 31, 2015	Within 30 days $'000	30 days to 6 months $'000	6 to 12 months $'000	Over 12 months $'000
Cash and cash equivalents	7,128	-	-	-
Accounts receivable	254	90	30	-
Trade and other payables	8,222	10,222	-	-
Finance lease liability	155	1,067	1,103	10,578
Borrowings and finance costs	4,622	2,231	11,173	110,602

22. Financial and capital risk management (continued)

Foreign exchange risk

Foreign exchange risk to the Group 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, 2015 $'000**	December 31, 2014 $'000
Cash and cash equivalents, include balances denominated in:		
Canadian Dollar (CAD)	**29**	361
Pound Sterling (GBP)	**1,287**	200
Others	**47**	12
Investments, include balances denominated in:		
Pounds Sterling (GBP)	**83**	540
Accounts receivable, include balances denominated in:		
Canadian Dollar (CAD)	**21**	17
Pounds Sterling (GBP)	**205**	105
Others	**7**	33
Trade and other payables, include balances denominated in:		
Australian Dollar (AUD)	**17**	17
Canadian Dollar (CAD)	**242**	36
Euro (EUR)	**544**	41
Pound Sterling (GBP)	**721**	350
South African Rand (ZAR)	**3,972**	1,928

The sensitivities below are based on financial assets and liabilities held at December 31, 2015 and 2014 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, 2015 $'000	December 31, 2014 $'000
Australian Dollar (AUD)	1	2
Canadian Dollar (CAD)	19	(34)
Pound Sterling (GBP)	(77)	(50)
South African Rand (ZAR)	397	192
Euro (EUR)	50	4

22. 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, 2015 $'000	December 31, 2014 $'000
Financial institutions with Standards & Poor's A rating	7,064	32,924
Financial institutions un-rated	64	32

(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 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.

The Company does not currently pay out dividends.

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

The Company is not subject to externally imposed capital requirements and there has been no change in the overall capital risk management as at December 31, 2015.

23. Commitments

Operating expenditure contracted for at December 31, 2014 but not yet incurred is as follows:

	Less than one year $'000	Between one and five years $'000	Over five years $'000
Operating expenditure	22,109	238	-

Commitments in respect of finance leases are disclosed in Note 12.

24. Subsequent events

On January 6, 2016 the Company granted stock options over a total of 11,796,000 Shares at an exercise price of GBP 0.0562 per share. 1,150,000 of the stock options were exercisable immediately and the remainder vest over the next two years upon completion of certain vesting conditions. The stock options issued are capable of being exercised up to January 5, 2021.

On January 6, 2016 the Company completed the acquisition of three exploration licences from Sarama Investments Limited for a total consideration of 6,645,070 Shares. The acquired licences are contiguous to the Bea Mountain's Class A mining licence and are located close to the New Liberty Gold Mine.

Commercial production at New Liberty was declared effective March 1, 2016 following the increase in gold recovery levels to 90% by the end of February 2016 and the process plant achieving an average of 88% of throughput capacity over the preceding 60 days of plant operations.

As of the date of this report, the Lenders have agreed to defer the first repayment from the Senior Facility to April 4, 2016, which was originally due on January 31, 2016. The Company is currently finalising an updated mine plan, which will form the basis of discussions between the Company and the Lenders to mutually agree an appropriate debt repayment schedule.