

Condensed Interim Consolidated Financial Statements (Unaudited)

Aureus Mining Inc.

For the Three and Six Months Ended June 30, 2016 and 2015
(stated in thousands of US dollars)

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

Company registration number: 776831-1

Company incorporated on: 1 February 2011

Aureus Mining Inc.**Interim Consolidated Statements of Financial Position**

(stated in thousands of US dollars)

Unaudited

	June 30, 2016 \$'000	December 31, 2015 \$'000
Assets		
Current assets		
Cash and cash equivalents	4,237	7,128
Trade and other receivables	1,275	805
Inventories (Note 3)	19,923	14,269
	25,435	22,202
Non-current assets		
Property, plant and equipment (Note 4)	225,123	222,189
Intangible assets (Note 5)	37,287	35,676
Available-for-sale investments (Note 6)	48	83
Other assets	664	844
	263,122	258,792
Total assets	288,557	280,994
Liabilities		
Current liabilities		
Trade and other payables	24,013	19,630
Promissory note (Note 2)	11,865	-
Borrowings (Note 7)	20,498	11,339
Finance lease liability (Note 8)	1,500	1,213
Warrant derivative liability (Note 9)	811	1,159
	58,687	33,341
Non-current liabilities		
Borrowings (Note 7)	85,472	91,470
Finance lease liability (Note 8)	7,038	7,651
Provision for rehabilitation	1,700	1,369
	94,210	100,490
	152,897	133,831
Equity		
Share capital (Note 10b)	181,009	177,877
Capital contribution	48,235	48,235
Share based payment reserve (Note 10c)	6,301	6,002
Available-for-sale investment reserve	(460)	(425)
Cumulative translation reserve	(545)	(510)
Deficit	(98,880)	(84,016)
Total equity	135,660	147,163
Total liabilities and equity	288,557	280,994

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

Aureus Mining Inc.**Interim Consolidated Statements of Income and Comprehensive Income**

(stated in thousands of US dollars)

Unaudited

	Three months ended June 30,		Six months ended June 30,	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Gold sales (Note 13)	14,695	-	22,948	-
Cost of sales				
- Production costs (Note 13)	(13,455)	-	(22,754)	-
- Depreciation (Note 13)	(2,255)	-	(4,126)	-
- Costs during temporary plant shutdown (Note 1)	(4,383)	-	(4,383)	-
Loss from operations	(5,398)	-	(8,315)	-
Expenses				
Administrative and other expenses (Note 11)	(2,191)	(1,256)	(3,677)	(2,810)
Foreign exchange gain/(loss)	(21)	116	157	2
Loss before finance items	(7,610)	(1,140)	(11,835)	(2,808)
Derivative liability gain/(loss) (Note 9)	886	(1,036)	348	(2,069)
Interest expense	(2,513)	-	(3,380)	-
Finance income	2	4	3	8
Loss for the period	(9,235)	(2,172)	(14,864)	(4,869)
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss				
Available-for-sale investments	(35)	(1)	(35)	(153)
Currency translation differences	(98)	40	(35)	(126)
Total comprehensive loss for the period	(9,368)	(2,133)	(14,934)	(5,148)
Weighted average number of shares outstanding, basic and diluted	547,704,518	366,682,666	544,605,372	351,816,074
Loss per share, basic and diluted (US\$)	(0.017)	(0.006)	(0.027)	(0.014)

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

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

Six months ended June 30,

	2016 \$'000	2015 \$'000
Operating activities		
Loss for the period	(14,864)	(4,869)
Items not affecting cash:		
Share-based payments	299	471
Depreciation	4,327	237
Impairment of inventories	2,607	-
Unrealized foreign exchange gain	(5)	(16)
Warrant derivative liability (gain)/loss	(348)	2,069
Interest expense	3,380	-
Changes in working capital		
(Increase)/Decrease in trade and other receivables	(470)	(147)
Increase/(Decrease) in trade and other payables	18,958	(436)
Increase in inventories	(8,262)	(8,722)
Cash flows from operating activities	5,622	(11,413)
Investing activities		
Payments to acquire intangible assets	(829)	(2,019)
Proceeds from pre-production gold sales	14,793	-
Payments to acquire property, plant and equipment	(35,725)	(30,126)
Decrease in other assets	180	147
Finance charges	(153)	-
Cash flows used in investing activities	(21,734)	(31,998)
Financing activities		
Proceeds from issue of common shares (net of costs)	2,697	14,989
Exercise of stock options	-	10
Issuance of promissory note	12,303	-
Borrowings	-	20,000
Finance charges	(1,827)	(3,323)
Cash flows from financing activities	13,173	31,676
Impact of foreign exchange on cash balance	48	(104)
Net decrease in cash and cash equivalents	(2,891)	(11,839)
Cash and cash equivalents at beginning of period	7,128	32,956
Cash and cash equivalents at end of period	4,237	21,117

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

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

(stated in thousands of US dollars)

Unaudited

	Share capital	Capital contribution	Share-based payment reserve	Warrant Reserve	Available-for-sale investment reserve	Cumulative translation reserve	Cumulative deficit	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at January 1, 2015	150,655	48,235	4,439	1,552	32	(372)	(24,229)	180,312
Loss for the period	-	-	-	-	-	-	(4,869)	(4,869)
Other comprehensive loss for the period	-	-	-	-	(153)	(126)	-	(279)
Share-based payments	-	-	471	-	-	-	-	471
Issue of common shares (net of costs)	14,989	-	-	-	-	-	-	14,989
Exercise of stock options	10	-	-	-	-	-	-	10
Balance at June 30, 2015	165,654	48,235	4,910	1,552	(121)	(498)	(29,098)	190,634
Balance at January 1, 2016	177,877	48,235	6,002	-	(425)	(510)	(84,016)	147,163
Loss for the period	-	-	-	-	-	-	(14,864)	(14,864)
Other comprehensive loss for the period	-	-	-	-	(35)	(35)	-	(70)
Share-based payments	-	-	299	-	-	-	-	299
Issue of common shares (net of costs)	3,132	-	-	-	-	-	-	3,132
Balance at June 30, 2016	181,009	48,235	6,301	-	(460)	(545)	(98,880)	135,660

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

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2016 and 2015

(in thousands of US dollars unless otherwise stated)

1 Nature of operations and basis of preparation

Aureus Mining Inc. ("Aureus Mining" or the "Company") was incorporated under the Canada Business Corporations Act on February 1, 2011. The focus of Aureus Mining's business is the exploration, development and operation of gold assets in West Africa, specifically the New Liberty Gold Mine in Liberia. Commercial production at New Liberty was declared on March 1, 2016 following which:

- capitalisation of revenues earned and costs incurred during the pre-production period ceased;
- revenues earned and costs incurred after commencement of commercial production are accounted for in profit or loss;
- capitalisation of borrowing costs ceased and are now accounted for in profit or loss; and
- depreciation of New Liberty Gold Mine assets on a units of production basis commenced.

These condensed interim consolidated financial statements ("interim financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", they do not include all disclosures that would otherwise be required in a complete set of financial statements. They follow accounting policies and methods of their application consistent with the audited consolidated financial statements for the year ended December 31, 2015 except for the adoption of new accounting policies as discussed below. Accordingly, they should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2015.

These interim financial statements were authorised by the Board of Directors on August 5, 2016.

New accounting policies adopted effective January 1, 2016

Gold sales

Revenue from sales of gold is recognised when:

- the Company has passed the significant risks and rewards of ownership of the product to the buyer, usually when gold doré leaves the gold room;
- it is probable that the economic benefits associated with the sale will flow to the Company;
- the sales price can be measured reliably;
- the Company has no significant continuing involvement; and
- the costs incurred or to be incurred in respect of the sale can be measured reliably.

Cost of sales

Cost of sales consists of production costs, depreciation of mining assets and costs during temporary plant shutdown.

Production costs include mine operating expenses (such as hire of mining equipment, staff costs, fuel, consumables, maintenance and repair costs, general and administrative costs), third-party smelting, refining and transport fees, royalty expense, changes in inventories for the period and any impairment to reduce inventories to net realisable value. Cost of sales is based on average costing for contained or recoverable ounces sold for the period.

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Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2016 and 2015

(in thousands of US dollars unless otherwise stated)

1 Nature of operations and basis of preparation (continued)

Costs during temporary plant shutdown are mine operating expenses that were incurred during the temporary suspension of plant processing operations from May 7 to June 30, 2016 as a consequence of operating problems with the detoxification circuit in the process plant.

Promissory note

A promissory note is initially recognised at the fair value of the proceeds, net of transaction costs incurred. These transaction costs are subsequently amortised under the effective interest rate method through the income statement. A promissory note is classified as a current liability unless the Company has an unconditional right to defer settlement of the liability for at least one year after the balance sheet date.

New accounting standards or interpretations that became effective for periods beginning January 1, 2016 had no material impact on the financial statements.

Going concern

The condensed interim consolidated financial statements have been prepared on a going concern basis. As at June 30, 2016, the Company has net current liabilities of US\$33.3 million and has approximately US\$19.0 million of debt repayments due in the next twelve months. The net current liability position is as a result of commissioning and ramp up issues at New Liberty during the second half of 2015 and early 2016 and the recent processing plant stoppage required to optimise the detoxification circuit at New Liberty.

The Company has completed a number of mine plan scenarios at varying gold price levels and these plans have been submitted to Rand Merchant Bank ("RMB") and Nedbank Limited ("Nedbank") (collectively, the "Lenders") as the basis for discussions with the Company, to mutually agree an appropriate debt repayment schedule. The Company also received credit approval from the Lenders for a four month default waiver and standstill agreement during which time the Company will work with the Lenders to reschedule the debt repayment profile. The waivers encompass all existing, as well as future breaches of the loan documentation that may occur during the standstill period, and a deferral by the Lenders of all principal and interest payments during this time.

Based on discussions and the support received to date, there is a reasonable expectation that an appropriate debt repayment schedule 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.

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

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2 Equity financing with MNG Gold Jersey Ltd.

On June 14, 2016 the Company entered into an agreement for an equity financing with MNG Gold Jersey Ltd. ("MNG Gold") to strengthen the Company's balance sheet and fund working capital as it completes the restart of the processing plant at the New Liberty Gold Mine.

On June 21, 2016 the Company closed the Initial Tranche of the equity financing with MNG Gold pursuant to which the Company issued 59,533,674 new common shares in the Company ("Shares") at a price of \$0.045302 per Share and a promissory note for the aggregate principal amount of US\$12,303,006 to MNG Gold ("the Promissory Note"), raising gross proceeds of \$15 million. The Promissory Note was unsecured and carried interest at the rate of 12% per annum. Costs of issuing the Shares and Promissory Note amounted to \$0.1 million and \$0.4 million, respectively.

On July 15, 2016 the Company closed the Final Tranche of the equity financing with MNG Gold pursuant to which the Company has issued 331,111,209 new Shares at a price of \$0.045302 per Share to MNG Gold, raising gross proceeds of \$15 million.

Further, the Promissory Note issued by the Company to MNG Gold pursuant to the Initial Tranche of the equity financing automatically converted into 271,577,546 Shares (also at a price of \$0.045302 per Share) upon closing of the Final Tranche of the equity financing and receipt of the required TSX approval. An aggregate of 662,222,429 Shares have been issued pursuant to the two tranches of the equity financing and the automatic conversion of the Promissory Note following which MNG Gold became a 55% shareholder of the Company.

3 Inventories

	June 30, 2016	December 31, 2015
	\$'000	\$'000
Gold doré	149	850
Gold in circuit	2,352	4,294
Ore stockpiles	14,294	7,855
Consumables	3,128	1,270
	19,923	14,269

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2016 and 2015

(in thousands of US dollars unless otherwise stated)

4 Property, plant and equipment

	Mining assets	Mine closure and rehabilitation	Assets held under finance lease	Machinery and equipment	Vehicles	Leasehold improvement	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost							
At January 1, 2015	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 31, 2015	221,275	-	-	1,645	1,233	94	224,247
Transfers	(10,529)	1,369	9,160	-	-	-	-
Additions	6,683	293	246	34	-	-	7,256
Foreign exchange	-	-	-	-	(3)	(9)	(12)
At June 30, 2016	217,429	1,662	9,406	1,679	1,230	85	231,491
Accumulated depreciation							
At January 1, 2015	-	-	-	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
Charge for the period	3,926	28	172	123	69	9	4,327
Foreign exchange	-	-	-	(8)	(1)	(8)	(17)
At June 30, 2016	3,926	28	172	1,235	944	63	6,368
Net book value							
At January 1, 2016	221,275	-	-	525	357	32	222,189
At June 30, 2016	213,503	1,634	9,234	444	286	22	225,123

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Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

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(in thousands of US dollars unless otherwise stated)

5 Intangible assets

	January 1, 2015 \$'000	Additions \$'000	Foreign exchange \$'000	December 31, 2015 \$'000	Additions \$'000	Foreign exchange \$'000	June 30, 2016 \$'000
Exploration and evaluation costs:							
Liberia (a)							
New Liberty	869	630	-	1,499	205	-	1,704
Weaju	9,923	1,300	-	11,223	32	-	11,255
Gondoja	1,294	48	-	1,342	35	-	1,377
Silver Hills	499	24	-	523	189	-	712
Ndablama	10,434	1,255	-	11,689	188	-	11,877
Leopard Rock	2,367	60	-	2,427	24	-	2,451
Yambesei	220	238	-	458	100	-	558
Mafa West	210	93	-	303	27	-	330
Archaen West	67	66	-	133	14	-	147
Mabong	53	56	-	109	16	-	125
Cape Mount	-	-	-	-	514	-	514
Cape Mount East	-	-	-	-	123	-	123
Cape Mount West	-	-	-	-	62	-	62
	25,936	3,770	-	29,706	1,529	-	31,235
Cameroon (b)							
Batouri	5,858	193	(81)	5,970	105	(23)	6,052
	31,794	3,963	(81)	35,676	1,634	(23)	37,287

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Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2016 and 2015

(in thousands of US dollars unless otherwise stated)

5 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. 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 478 km² 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 new exploration licenses referred to as Yambesei (759 km²), Archean West (112.6 km²), Mabong (36.6 km²) and Mafa West (15.6 km²).

On January 6, 2016, the Company completed the acquisition of Sarama Investments Liberia Limited which holds the Cape Mount, Cape Mount East and Cape Mount West licences, for a total consideration of 5,648,310 Aureus common shares. The acquired licences are contiguous to the Company’s Bea Mountain Mining Licence and are located close to the New Liberty Gold Mine. As a result of the acquisition, the Company’s total land portfolio in Liberia has increased to 1,683 km².

(b) Cameroon

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

6 Financial instruments

The Company’s financial instruments consist of cash and cash equivalents, accounts receivable, available-for-sale investments, borrowings, trade payables and accruals, and a warrant derivative liability. Financial instruments are initially recognized at fair value with subsequent measurement depending on classification.

The Company holds 615,855 shares in Stellar Diamonds plc, a diamond mining and exploration company listed on the AIM market operated by the London Stock Exchange. The Company’s available-for-sale investments are classified as Level 1 where the fair value is determined by reference to quoted prices (unadjusted) in active markets.

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2016 and 2015

(in thousands of US dollars unless otherwise stated)

7 Borrowings

	June 30, 2016 \$'000	December 31, 2015 \$'000
Current		
Bank loan - Senior Facility Tranche A	19,938	11,339
Bank loan - Subordinated Facility	500	-
Bank loan - Senior Facility Tranche B	60	-
	20,498	11,339
Non-current		
Bank loan - Senior Facility Tranche A	66,493	73,290
Bank loan - Subordinated Facility	10,371	10,219
Bank loan - Senior Facility Tranche B	8,608	7,961
	85,472	91,470

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 June 30, 2016, financed the development of the Company's New Liberty Gold Project.

The Senior Facility's first repayment of US\$3.1 million was originally due 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.

Following the Company's transaction with MNG Gold as discussed in Note 2, the Company received credit approval from the Lenders for a four month default waiver and standstill agreement during which time the Company will work with the Lenders to reschedule the debt repayment profile. The waivers encompass all existing, as well as future breaches of the loan documentation that may occur during the standstill period, and a deferral by the Lenders of all principal and interest payments during this time.

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.

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2016 and 2015

(in thousands of US dollars unless otherwise stated)

8 Finance lease liability

The finance lease liability relates to diesel-powered generators and related equipment and the fuel storage facility at the New Liberty Gold Mine.

	June 30, 2016 \$'000	December 31, 2015 \$'000
Gross finance lease liability		
- Within one year	2,282	2,332
- Between two and five years	9,379	8,818
- After five years	467	1,753
	<u>12,128</u>	<u>12,903</u>
Future finance cost	(3,590)	(4,039)
Present value of lease liability	<u>8,538</u>	<u>8,863</u>
Current portion	1,500	1,213
Non-current portion	<u>7,038</u>	<u>7,651</u>

9 Warrant derivative liability

	Six months ended June 30, 2016 \$'000	Year ended December 31, 2015 \$'000
Beginning of the period	1,159	672
Issued during the period	-	977
Change in fair value	(348)	(490)
End of the period	<u>811</u>	<u>1,159</u>

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.

	June 30, 2016	December 31, 2015
Exercise price	GBP0.07-0.378	GBP0.07-0.378
Dividend yield	0%	0%
Risk free interest rate	0.81%	1.38%
Expected life	1.3-2.8 years	1.8-3.3 years
Expected volatility (based on historical volatility)	<u>79-125%</u>	<u>60-85%</u>

The weighted average exercise price of all warrants which are accounted for as derivative liability as at June 30, 2016 is GBP0.22 (December 31, 2015: GBP0.22).

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(in thousands of US dollars unless otherwise stated)

10 Equity

(a) Authorised

Unlimited number of common shares without par value.

(b) Issued

	Shares	Amount \$'000
Balance at January 1, 2015	310,650,964	150,655
Shares issued on private placement	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
Shares issued to Sarama Investments Liberia Limited	5,648,310	531
Shares issued to MNG Gold	59,533,674	2,697
Share issue costs	-	(96)
Balance at June 30, 2016	601,350,246	181,009

On January 6, 2016, the Company completed the acquisition of Sarama Investments Liberia Limited which holds the Cape Mount, Cape Mount East and Cape Mount West licences, for a total consideration of 5,648,310 common shares at a price of 6.38p per share (\$0.094).

On June 21, 2016, the Company closed the Initial Tranche of the equity financing with MNG Gold pursuant to which the Company issued 59,533,674 new common shares in the Company at a price of \$0.045302 per share.

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Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

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10 Equity (continued)

(c) Stock options

Information relating to stock options outstanding at June 30, 2016 is as follows:

	Six months ended June 30, 2016		Year ended December 31, 2015	
	Number of options	Weighted average exercise price per share Cdn\$	Number of options	Weighted average exercise price per share Cdn\$
Beginning of the period	18,096,864	0.54	13,708,122	0.81
Options granted	11,796,000	0.11	10,630,744	0.45
Options exercised	-	-	(68,687)	0.16
Options expired	(453,750)	0.34	(1,339,374)	0.49
Options cancelled	(281,127)	0.35	(4,833,941)	1.13
End of the period	29,157,987	0.37	18,096,864	0.54

The weighted average fair value of the 11,796,000 stock options granted in six months ended June 30, 2016 was estimated at US\$0.06 per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	Six months ended June 30, 2016	Year ended December 31, 2015
Share price at grant date	GBP0.0562	CAD\$0.12-0.47
Exercise price	GBP0.0562	CAD\$0.14-0.47
Dividend yield	0%	0%
Risk free interest rate	1.30%	1.05-1.26%
Expected life	5 years	5 years
Expected volatility (based on historical volatility)	84%	43-49%

Aureus Mining Inc.**Notes to Condensed Interim Consolidated Financial Statements (Unaudited)
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(in thousands of US dollars unless otherwise stated)

11 Administrative and other expenses

	Three months ended		Six months ended	
	June 30, 2016 \$'000	June 30, 2015 \$'000	June 30, 2016 \$'000	June 30, 2015 \$'000
Wages and salaries	514	457	1,082	1,120
Legal and professional	1,168	170	1,531	401
Depreciation	99	121	201	237
Share based payments	117	293	299	471
Other expenses	293	215	564	581
	2,191	1,256	3,677	2,810

12 Related party transactions

During the six months ended June 30, 2016, the Company incurred environmental consulting fees of \$57,485 (six months ended June 30, 2015: \$3,891) payable to a company with a common director. During the three months ended June 30, 2016, the Company incurred environmental consulting fees of \$36,625 (three months ended June 30, 2015: \$nil) payable to a company with a common director. The payable to related parties as at June 30, 2016 was \$36,625 (December 31, 2015: \$3,535).

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

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(in thousands of US dollars unless otherwise stated)

13 Segment information

The Company is engaged in the acquisition, exploration, development and operations 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:

- New Liberty operations;
- Liberia exploration;
- Cameroon exploration; and
- Corporate.

Following is an analysis of the Group's results, assets and liabilities by reportable segment for the three month period ended June 30, 2016:

	New Liberty operations	Liberia exploration	Cameroon exploration	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loss for the period	(8,695)	(88)	(6)	(446)	(9,235)
Gold sales	14,695	-	-	-	14,695
Production costs					
- Mine operating costs	(18,114)	-	-	-	(18,114)
- Change in inventories	4,659	-	-	-	4,659
	(13,455)	-	-	-	(13,455)
Depreciation	(2,255)	(89)	(6)	(4)	(2,354)
Plant shutdown costs	(4,383)	-	-	-	(4,383)
Segment assets	246,407	31,981	6,123	4,046	288,557
Segment liabilities	(138,006)	(330)	-	(14,561)	(152,897)
Capital additions					
- property, plant and equipment	2,801	-	-	-	2,801
- intangible assets	-	508	47	-	555

Aureus Mining Inc.**Notes to Condensed Interim Consolidated Financial Statements (Unaudited)**

For the three and six months ended June 30, 2016 and 2015

(in thousands of US dollars unless otherwise stated)

13 Segment information (continued)

Following is an analysis of the Group's results, assets and liabilities by reportable segment for the six month period ended June 30, 2016:

	New Liberty operations	Liberia exploration	Cameroon exploration	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loss for the period	(12,249)	(177)	(12)	(2,426)	(14,864)
Gold sales	22,948	-	-	-	22,948
Production costs					
- Mine operating costs	(25,792)	-	-	-	(25,792)
- Change in inventories	5,645	-	-	-	5,645
- Impairment of ore stockpiles	(2,607)	-	-	-	(2,607)
	(22,754)	-	-	-	(22,754)
Depreciation	(4,126)	(178)	(12)	(11)	(4,327)
Plant shutdown costs	(4,383)	-	-	-	(4,383)
Capital additions					
- property, plant and equipment	7,176	80	-	-	7,256
- intangible assets	-	1,529	105	-	1,634

Following is an analysis of the Group's results, assets and liabilities by reportable segment for the three month period ended June 30, 2015:

	Liberia development (New Liberty)	Liberia exploration	Cameroon exploration	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loss for the period	-	(101)	(13)	(2,058)	(2,172)
Segment assets	254,885	29,053	5,950	12,123	302,011
Segment liabilities	(107,311)	(1,026)	-	(3,040)	(111,377)
Depreciation	-	(99)	(13)	(9)	(121)
Capital additions					
- property, plant and equipment	18,422	-	-	-	18,422
- intangible assets	-	824	51	-	875

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and six months ended June 30, 2016 and 2015

(in thousands of US dollars unless otherwise stated)

13 Segment information (continued)

Following is an analysis of the Group's results, assets and liabilities by reportable segment for the six month period ended June 30, 2015:

	Liberia development (New Liberty)	Liberia exploration	Cameroon exploration	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loss for the period	-	(199)	(20)	(4,650)	(4,869)
Depreciation	-	(199)	(20)	(18)	(237)
Capital additions					
– property, plant and equipment	8,256	-	-	-	8,256
– intangible assets	-	2,370	104	-	2,474

14 Subsequent events

On July 15, 2016 the Company closed the Final Tranche of the equity financing with MNG Gold pursuant to which the Company has issued 331,111,209 new Shares at a price of \$0.045302 per Share to MNG Gold, raising gross proceeds of \$15 million.

Further, the Promissory Note issued by the Company to MNG Gold pursuant to the Initial Tranche of the Offering automatically converted into 271,577,546 Shares (also at a price of \$0.045302 per Share) concurrently with the closing of Final Tranche. An aggregate of 662,222,429 Shares have been issued pursuant to the two tranches and the automatic conversion of the Promissory Note and MNG Gold became a 55% shareholder of the Company.