

Condensed Interim Consolidated Financial Statements (Unaudited)

Aureus Mining Inc.

For the Three and Nine Months Ended September 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

	September 30, 2016 \$'000	December 31, 2015 \$'000
Assets		
Current assets		
Cash and cash equivalents	5,888	7,128
Trade and other receivables	5,768	805
Inventories (Note 3)	16,452	14,269
	28,108	22,202
Non-current assets		
Property, plant and equipment (Note 4)	220,632	222,189
Intangible assets (Note 5)	37,983	35,676
Available-for-sale investments (Note 6)	58	83
Other assets	588	844
	259,261	258,792
Total assets	287,369	280,994
Liabilities		
Current liabilities		
Trade and other payables (Note 12)	27,855	19,630
Borrowings (Note 7)	27,721	11,339
Finance lease liability (Note 8)	1,256	1,213
Warrant derivative liability (Note 9)	317	1,159
	57,149	33,341
Non-current liabilities		
Borrowings (Note 7)	80,582	91,470
Finance lease liability (Note 8)	7,216	7,651
Provision for rehabilitation	1,721	1,369
	89,519	100,490
	146,668	133,831
Equity		
Share capital (Note 10b)	208,173	177,877
Capital contribution	48,235	48,235
Share based payment reserve (Note 10c)	6,439	6,002
Available-for-sale investment reserve	(450)	(425)
Cumulative translation reserve	(633)	(510)
Deficit	(121,063)	(84,016)
Total equity	140,701	147,163
Total liabilities and equity	287,369	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 September 30,		Nine months ended September 30,	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Gold sales (Note 13)	18,839	-	41,786	-
Cost of sales				
- Production costs (Note 13)	(28,514)	-	(51,268)	-
- Depreciation (Note 13)	(5,146)	-	(9,272)	-
- Costs during temporary plant shutdown (Note 1)	-	-	(4,383)	-
Loss from operations	(14,821)	-	(23,137)	-
Expenses				
Administrative and other expenses (Note 11)	(5,056)	(1,709)	(8,733)	(4,519)
Foreign exchange (loss)/gain	(188)	135	(30)	137
Loss before finance items	(20,065)	(1,574)	(31,900)	(4,382)
Derivative liability gain (Note 9)	494	2,076	842	7
Interest expense	(2,612)	-	(5,992)	-
Finance income	1	20	3	28
Loss for the period	(22,182)	522	(37,047)	(4,347)
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss				
Available-for-sale financial instruments	10	(189)	(25)	(341)
Currency translation differences	(88)	(26)	(123)	(152)
Total comprehensive loss for the period	(22,260)	307	(37,195)	(4,840)
Weighted average number of shares outstanding, basic and diluted				
Loss per share, basic and diluted (US\$)	(0.020)	(0.001)	(0.051)	(0.012)

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

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

	Nine months ended September 30,	
	2016 \$'000	2015 \$'000
Operating activities		
Loss for the period	(37,047)	(4,347)
Items not affecting cash:		
Share-based payments	437	1,030
Depreciation	9,586	353
Impairment of inventory	4,933	-
Unrealized foreign exchange gain	(185)	(15)
Warrant derivative liability gain	(842)	(7)
Interest expense	5,992	-
Changes in working capital		
(Increase)/Decrease in trade and other receivables	(4,963)	(2,212)
Increase/(Decrease) in trade and other payables	23,964	(475)
Increase in inventories	(7,116)	(9,570)
Cash flows used in operating activities	(5,241)	(15,243)
Investing activities		
Payments to acquire intangible assets	(1,416)	(3,386)
Proceeds from pre-production gold sales	14,793	-
Payments to acquire property, plant and equipment	(37,108)	(38,881)
Decrease in other assets	254	252
Finance charges	(153)	(4,709)
Cash flows used in investing activities	(23,630)	(46,724)
Financing activities		
Proceeds from issue of common shares (net of costs)	29,765	14,989
Exercise of stock options	-	10
Borrowings	-	20,000
Finance charges	(2,083)	-
Cash flows from financing activities	27,682	34,999
Impact of foreign exchange on cash balance	(51)	(134)
Net decrease in cash and cash equivalents	(1,240)	(27,102)
Cash and cash equivalents at beginning of period	7,128	32,956
Cash and cash equivalents at end of period	5,888	5,854

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	-	-	-	-	-	-	(4,347)	(4,347)
Other comprehensive loss for the period	-	-	-	-	(341)	(152)	-	(493)
Share-based payments	-	-	1,030	-	-	-	-	1,030
Issue of common shares (net of costs)	15,434	-	-	-	-	-	-	15,434
Exercise of stock options	10	-	-	-	-	-	-	10
Balance at September 30, 2015	166,099	48,235	5,469	1,552	(309)	(524)	(28,576)	191,946
Balance at January 1, 2016	177,877	48,235	6,002	-	(425)	(510)	(84,016)	147,163
Loss for the period	-	-	-	-	-	-	(37,047)	(37,047)
Other comprehensive loss for the period	-	-	-	-	(25)	(123)	-	(148)
Share-based payments	-	-	437	-	-	-	-	437
Issue of common shares (net of costs)	30,296	-	-	-	-	-	-	30,296
Balance at September 30, 2016	208,173	48,235	6,439	-	(450)	(633)	(121,063)	140,701

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

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 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 November 12, 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 including write-down to reduce inventories to net realisable value and permanent impairment of inventories. Cost of sales is based on average costing for contained or recoverable ounces sold for the period.

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For the three and nine months ended September 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.

Going concern

The condensed interim consolidated financial statements have been prepared on a going concern basis. As at September 30, 2016, the Company has net current liabilities of US\$29 million and has approximately US\$24 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 and the recent processing plant stoppage required to optimise the detoxification circuit at New Liberty.

In October 2016, the Company announced that it has raised, conditional on minority shareholder and TSX approval, approximately \$76 million via an equity fundraising to finance the Company's transition to an owner-operator mining model, repay amounts due to Nedbank Limited and FirstRand Bank Limited (the "Lenders") and to strengthen its balance sheet.

The Company received an extension until December 14, 2016 for a default waiver and standstill agreement during which time the Company will work with the Lenders to reschedule its 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.

MNG Gold Jersey Ltd. ("MNG Gold"), the Company's majority shareholder, is also in discussions with the Lenders with regards to potentially providing a corporate guarantee in exchange for the re-sculpting of debt repayments and the relaxation of loan covenants. Should these negotiations not result in an amendment to the terms of the Company's project finance facilities then the Company may be in breach of certain covenants once covenant testing recommences.

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 or raise 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) For the three and nine months ended September 30, 2016 and 2015

(in thousands of US dollars unless otherwise stated)

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 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.

On July 15, 2016 the Company closed the Final Tranche of the equity financing with MNG Gold pursuant to which the Company 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

	September 30, 2016	December 31, 2015
	\$'000	\$'000
Gold doré	510	850
Gold in circuit	2,944	4,294
Ore stockpiles	10,046	7,855
Consumables	2,952	1,270
	16,452	14,269

Gold doré, gold in circuit and ore stockpiles as at September 30, 2016 are stated at their net realisable values. An impairment of \$4,932,956 with respect to the low grade oxide stockpile which is not currently planned to be fed through the processing plant has been recognised in the income statement (see Note 13).

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Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 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	7,336	293	369	15	-	-	8,013
Foreign exchange	-	-	-	-	1	(11)	(10)
At September 30, 2016	218,082	1,662	9,529	1,660	1,234	83	232,250
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	8,823	65	384	204	97	13	9,586
Foreign exchange	-	-	-	(13)	(4)	(9)	(26)
At September 30, 2016	8,823	65	384	1,311	969	66	11,618
Net book value							
At January 1, 2016	221,275	-	-	525	357	32	222,189
At September 30, 2016	209,259	1,597	9,145	349	265	17	220,632

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5 Intangible assets

	January 1, 2015 \$'000	Additions \$'000	Foreign exchange \$'000	December 31, 2015 \$'000	Additions \$'000	Foreign exchange \$'000	September 30, 2016 \$'000
Exploration and evaluation costs:							
Liberia (a)							
New Liberty	869	630	-	1,499	347	-	1,846
Weaju	9,923	1,300	-	11,223	51	-	11,274
Gondoja	1,294	48	-	1,342	59	-	1,401
Silver Hills	499	24	-	523	277	-	800
Ndablama	10,434	1,255	-	11,689	272	-	11,961
Leopard Rock	2,367	60	-	2,427	47	-	2,474
Yambesei	220	238	-	458	140	-	598
Mafa West	210	93	-	303	52	-	355
Archaen West	67	66	-	133	24	-	157
Mabong	53	56	-	109	26	-	135
Cape Mount	-	-	-	-	598	-	598
Cape Mount East	-	-	-	-	148	-	148
Cape Mount West	-	-	-	-	87	-	87
	25,936	3,770	-	29,706	2,128	-	31,834
Cameroon (b)							
Batouri	5,858	193	(81)	5,970	159	20	6,149
	31,794	3,963	(81)	35,676	2,287	20	37,983

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Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 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.

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Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2016 and 2015

(in thousands of US dollars unless otherwise stated)

7 Borrowings

	September 30, 2016 \$'000	December 31, 2015 \$'000
Current		
Bank loan - Senior Facility Tranche A	26,335	11,339
Bank loan - Subordinated Facility	1,025	-
Bank loan - Senior Facility Tranche B	361	-
	<u>27,721</u>	<u>11,339</u>
Non-current		
Bank loan - Senior Facility Tranche A	61,630	73,290
Bank loan - Subordinated Facility	10,250	10,219
Bank loan - Senior Facility Tranche B	8,702	7,961
	<u>80,582</u>	<u>91,470</u>

On December 17, 2013 the Company entered into an agreement for an \$88 million project finance loan facility with the Lenders, (the "Senior Facility"), and also entered into a subordinated loan facility agreement for \$12 million with RMB Resources (the "Subordinated Facility"). On December 9, 2015 the Company entered into an agreement for an additional \$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 September 30, 2016, financed the development of the Company's New Liberty Gold Project.

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 up to October 14, 2016 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 default waiver and standstill agreement has been extended up to December 14, 2016.

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.

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Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 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.

	September 30, 2016 \$'000	December 31, 2015 \$'000
Gross finance lease liability		
- Within one year	2,429	2,332
- Between two and five years	9,023	8,818
- After five years	376	1,753
	11,828	12,903
Future finance cost	(3,356)	(4,039)
Present value of lease liability	8,472	8,863
Current portion	1,256	1,213
Non-current portion	7,216	7,651

9 Warrant derivative liability

	Nine months ended September 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	(842)	(490)
End of the period	317	1,159

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.

	September 30, 2016	December 31, 2015
Exercise price	GBP0.07-0.378	GBP0.07-0.378
Dividend yield	0%	0%
Risk free interest rate	0.26%	1.38%
Expected life	1.1-2.6 years	1.8-3.3 years
Expected volatility (based on historical volatility)	85-131%	60-85%

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

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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	662,222,429	30,000
Share issue costs	-	(235)
Balance at September 30, 2016	1,204,039,001	208,173

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.

On July 15, 2016 the Company closed the Final Tranche of the equity financing with MNG Gold pursuant to which the Company 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.

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10 Equity (continued)**(c) Stock options**

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

	Nine months ended September 30,		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	17,546,000	0.10	10,630,744	0.45
Options exercised	-	-	(68,687)	0.16
Options expired	(4,415,781)	0.48	(1,339,374)	0.49
Options cancelled	(281,127)	0.35	(4,833,941)	1.13
End of the period	30,945,956	0.30	18,096,864	0.54

The weighted average fair value of the 17,546,000 stock options granted in nine months ended September 30, 2016 was estimated at US\$0.05 per option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

	Nine months ended September 30, 2016	Year ended December 31, 2015
Share price at grant date	GBP0.0338-GBP0.0562	CAD\$0.12-CAD\$0.47
Exercise price	GBP0.0338-GBP0.0562	CAD\$0.12-CAD\$0.47
Dividend yield	0%	0%
Risk free interest rate	0.17-1.30%	1.05-1.26%
Expected life	5 years	5 years
Expected volatility (based on historical volatility)	84-129%	43-49%

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11 Administrative and other expenses

	Three months ended		Nine months ended	
	September 30, 2016 \$'000	September 30, 2015 \$'000	September 30, 2016 \$'000	September 30, 2015 \$'000
Wages, salaries and contractual termination payments	(2,382)	(559)	(3,465)	(1,678)
Legal and professional	(2,154)	(128)	(3,685)	(529)
Depreciation	(114)	(116)	(314)	(353)
Share based payments	(138)	(558)	(437)	(1,030)
Other expenses	(268)	(348)	(832)	(929)
	(5,056)	(1,709)	(8,733)	(4,519)

12 Related party transactions

During the period, the Company entered into the following transactions with related parties:

	Three months ended		Nine months ended	
	September 30, 2016 \$'000	September 30, 2015 \$'000	September 30, 2016 \$'000	September 30, 2015 \$'000
MNG Gold Jersey Limited - Management service fees	46	-	46	-
Atmaca Services Liberia Inc. - Lease of mining equipment and related charges	(2,119)	-	(2,119)	-
Company with a common director (relationship ceased on July 15, 2016) - Environmental consulting costs	(13)	(25)	(70)	(29)
Salaries and contractual termination payments to key management personnel	(1,427)	(254)	(1,982)	(763)

Included in trade and other receivables is a receivable from the Company's parent company, MNG Gold Jersey Limited, of \$46 thousand as at September 30, 2016 (December 31, 2015: \$nil) which represents recharged employment costs.

Included in trade and other payables is a payable to Atmaca Services Liberia Inc. ("ASLI"), a subsidiary within the MNG Gold Jersey Limited group, of \$11.9 million as at September 30, 2016 (December 31, 2015: \$nil) which includes historic amounts owed to MonuRent (Liberia) Limited as at September 5, 2016 of \$9.8 million that have been assigned to ASLI and costs incurred from September 5 to 30, 2016 for the provision and maintenance of heavy mining equipment.

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2016 and 2015

(in thousands of US dollars unless otherwise stated)

12 Related party transactions (continued)

During the three months ended September 30, 2016, environmental consulting fees of \$13 thousand (three months ended September 30, 2015: \$25 thousand) were invoiced by a company which had a common director. The related party relationship ceased on July 15, 2016 when the director resigned from the Company and there was no payable as at September 30, 2016 (December 31, 2015: \$4 thousand).

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

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 September 30, 2016:

	New Liberty operations	Liberia exploration	Cameroon exploration	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loss for the period	(18,488)	(110)	-	(3,584)	(22,182)
Gold sales	18,839	-	-	-	18,839
Production costs					
- Mine operating costs	(25,218)	-	-	-	(25,218)
- Change in inventories	1,637	-	-	-	1,637
- Impairment of ore stockpiles	(4,933)	-	-	-	(4,933)
	(28,514)	-	-	-	(28,514)
Depreciation	(5,146)	(108)	(2)	(4)	(5,260)
Segment assets	245,296	32,428	6,221	3,424	287,369
Segment liabilities	(144,186)	(99)	-	(2,383)	(146,668)
Capital additions					
- property, plant and equipment	756	-	-	-	756
- intangible assets	-	599	54	-	653

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

For the three and nine months ended September 30, 2016 and 2015

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13 Segment information (continued)

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

	New Liberty operations	Liberia exploration	Cameroon exploration	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Loss for the period	(30,737)	(286)	(13)	(6,011)	(37,047)
Gold sales	41,786	-	-	-	41,786
Production costs					
- Mine operating costs	(51,009)	-	-	-	(51,009)
- Change in inventories	4,674	-	-	-	4,674
- Impairment of ore stockpiles	(4,933)	-	-	-	(4,933)
	(51,268)	-	-	-	(51,268)
Depreciation	(9,272)	(286)	(13)	(15)	(9,586)
Plant shutdown costs	(4,383)	-	-	-	(4,383)
Capital additions					
- property, plant and equipment	7,998	15	-	-	8,013
- intangible assets	-	2,128	159	-	2,287

Change in inventories for the nine month ended September 30, 2016 of \$4,674,000 includes a reclassification of a write-down of ore stockpile to net realisable value of \$2,607,000 from impairment of ore stockpiles.

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

	New Liberty operations	Liberia exploration	Cameroon exploration	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Profit/(Loss) for the period	158	(104)	(3)	471	522
Segment assets	276,452	29,776	6,008	3,924	316,160
Segment liabilities	123,230	59	-	925	124,214
Depreciation of property, plant and equipment	-	(104)	(3)	(9)	(116)
Capital additions					
- property, plant and equipment	26,004	56	-	-	26,060
- intangible assets	-	786	58	-	844

Aureus Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 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 nine month period ended September 30, 2015:

	New Liberty operations	Liberia exploration	Cameroon exploration	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Profit/(Loss) for the period	158	(303)	(22)	(4,180)	(4,347)
Depreciation of property, plant and equipment	-	(303)	(22)	(28)	(353)
Capital additions					
– property, plant and equipment	64,229	87	-	-	64,317
– intangible assets	-	3,157	154	-	3,311

14 Subsequent events

On October 13, 2016, the Company received from the Lenders an extension of the default waiver and standstill agreement to December 14, 2016.

On October 14, 2016, the Company announced that it has conditionally raised approximately \$72 million, with MNG Gold subscribing for \$60 million of new shares, via an equity fundraising to finance the Company's transition to an owner-operator mining model, repay amounts due to the Lenders and to strengthen its balance sheet.

On October 28, 2016, the Company received a letter of notice from its broker, Numis Securities Limited, on the exercise of an option which was available for all existing shareholders and employees of the Company to increase the size of the equity fundraising by \$3.9 million.