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	Mark Andrew Calderwood	Managing Director
	Colin John Carson	Executive Director
	Alexander Becker	Non-Executive Director
	Rhett Boudewyn Brans	Non-Executive Director
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OVERVIEW

The Company has been very active since its stock exchange debut on 22 September 2004, overcoming a number of obstacles and making some significant discoveries on its strong project portfolio in West Africa and the Kyrgyz Republic. Highlights during the year included:

- The discovery of the Obdilla gold occurrence on the Tolubay project in the Kyrgyz Republic. Impressive trench results have defined an open ended 1.5km long by up to 200m wide gold mineralised zone in a Carlin style setting, now being followed up with diamond drilling.
- The discovery of the Kobo North zone on the Kwatechi licence in Ghana which returned trench intercepts of 10m @ 14.3g/t, 8m @ 10.9g/t and 4m @ 7.5g/t Au.
- Progress on the Grumesa feasibility study, where the Company is assessing a mining, haul and toll milling operation with the aim of producing 50,000 oz of gold over 12 months.
- Additional soil sampling and pitting on the Tengrela project enabling final prioritisation of the initial drill targets for the first 20,000m of drilling.

The level of exploration activities is increasing, with drilling due to commence at Tengrela in October and drilling continuing on the Tolubay project.

KYRGYZ REPUBLIC

Exploration on the Company's five Kyrgyz gold projects has produced encouraging results. Early success was achieved on the Tolubay project, with a 78m drill intercept of 1.0g/t Au at the Tolubay prospect followed up by the discovery of the Obdilla prospect from systematic soil sampling.

During the year junior Canadian explorer Lalo Ventures Ltd ("Lalo") withdrew from the Kyldoo and Savoyardy joint ventures, enabling the Company to take control of exploration on these projects.



Obdilla Hill - Tolubay

Tolubay Gold Project – 100%

The 46.4sq km Tolubay licence area is situated in the south western region of the Kyrgyz Republic, located approximately 74km west south west of Osh, within the foothills of the Alay Range and Chauway Valley.

The geological setting and style of mineralisation is similar to some deposits of the Carlin Trend in Nevada, i.e.:

- Lower Carboniferous marine shelf facies (massive and loamy limestone <Pyrkaff suite>), distal facies (calcareous siltstone, sandstone <Tolubai suite>), chert – jasperoid and silica breccias within major thrust belt; and
- Mesothermal alteration and mineralisation, cinnabar – antimony, arsenopyrite / realgar / orpiment, gold mineralisation over widths of about 40m.

Most insitu gold mineralisation identified to date at Tolubay has been located within altered Tolubai suite associated with arsenic mineralisation stratigraphically above Pyrkaff limestone.





Exploration 2004-2005

In November 2004 Perseus commenced exploration with concurrent drilling and soil sampling. Drill hole ZDDH001, one of three wide spaced holes intercepted a zone of stratabound mineralisation averaging 1.0g/t Au from 77.6m to 142.3m (64.7m) down hole, which included a sub intercept of 21.1m @ 1.8g/t Au. ZDDH001 was successful in confirming the presence of gold mineralisation encountered in sampling of old mine adits and drilling in the 1990s, this sampling included intercepts of 32m# @ 3.7g/t, 14.5m# @ 1.4g/t, 18m# @ 0.9g/t Au in adits and 20m @ 1.9g/t Au in drilling.

A total of 2,278 soil samples collected to July 2005 delineated several first and second order gold anomalies

over a combined strike of about 7.3km. Significantly, none of the four first order anomalies had been drill tested for gold. The previously drilled Tolubay and Sart – Istagan occurrences are within second order gold in soil anomalies.

Trenching commenced at Obdilla in June. Initial assay results and mapping of mineralisation in trenches confirmed the significance of the strong gold in soil anomaly identified at Obdilla. The geology at Obdilla is dominated by a series of high angle reverse faults where the Pyrkaff Limestone has been progressively over thrust onto the Tolubai suite. Sulphide mineralisation is abundant within the poorly exposed altered and crushed Toludai suite close to the faults and limonite alteration is common within the brecciated limestone.

Selected Trench Intercepts - Obdilla Prospect

Trench	North	East	Length (m)	Azm (°)	From (m)	To (m)	Intercept (m)	Au (g/t)
T06	447631	51727	36	140	2	36	34*	1.6
					2	18	16	2.1
T07	447626	51763	5	105	0	70	70#	2.0
					0	32	32*	3.2
T17	447435	50695	36	110	0	36	36#	1.4
					0	6	6*	3.0
T24	447442	50772	92	175	2	32	30	1.0
T27	447656	51906	82	145	0	50	50*	2.6
					20	50	30	3.1
T28	447688	51991	68	190	0	68	68#	1.7
					0	30	30*	2.1
T29	447682	52022	36	135	0	36	36#	1.5
T31	447638	52025	30	190	0	18	18*	2.2
					2	10	8	3.3
T41	447643	51805	78	115	0	78	78#	1.7
					0	52	52*	2.0
T45	447604	51545	30	140	2	30	28*	1.8
T49	447644	51733	18	40	0	18	18#	1.4
T50	447620	51685	20	220	0	10	10*	2.3
T51	447667	51667	34	135	2	34	32*	1.0
T65	447481	51298	55	190	5	55	50*	1.6
					25	40	15	3.5
T66	447499	51325	26	150	2	18	16	1.2
					24	26	2*	3.9

* ended or commenced in mineralisation; # entire trench

Proposed Exploration 2005-2006

Trenching at the Obdilla prospect has continued to enhance the prospectivity of the discovery. Mineralisation has now been delineated within an open ended corridor 1.5km long ranging from 50m to 200m in width. The width of the corridor is yet to be fully defined as 34 of the 39 mineralized trenches end in mineralisation and half of these are mineralized across the entire trench.

Diamond drilling has commenced and is expected to continue into 2006, with additional rigs scheduled to operate from November onwards.

In addition to the resource drilling at Obdilla, the remaining 5.3km of soil anomalies identified at Tolubay will be explored.

Savoyardy Gold Project -100%

The 124sq km Savoyardy licence is located approximately 145km southeast of the city of Osh and approximately 300km south of Bishkek. The project is situated within the Osh Province in the southern Kyrgyz Republic, adjacent to the border with China.

The Savoyardy project is situated within a northeast trending belt of sedimentary rocks, which form part of the Southern Tien Shan thrust/fold complex.

Intermittent gold mineralisation was initially defined over a 12km strike length by sampling surface trenches and in adits at the Savoyardy prospect, which covers 200m of the strike. The main Savoyardy adit intercepted two converging zones of relatively high grade mineralisation referred to as Zones 4 and 10, developed over widths up to 27.2m adjacent to the contact between carbonaceous shale and sandstones.

Exploration 2004-2005

In late 2004, joint venture partner Lalo completed limited re-mapping, re-sampling and a single diamond drill hole. Surface sampling included 205 rock chip samples and 47 channel samples from 270m of trenching.

Due to a late start during the 2004 season and the need to construct 13.5km of roads the exploration team failed to reach the target at Pogranichnoe before the onset of winter, and the single 104.5m diamond drill hole was sited on a low priority target at Jushnoe, several hundred



Drill Access - Obdilla Hill

metres south of the more prospective Pogranichnoe prospect. The single drill hole did not intercept significant mineralisation.

Prior to the 2005 field season Perseus and Lalo agreed to dissolve the Savoyardy Joint Venture, giving Perseus full control of the Savoyardy project and 100% ownership in time for the 2005 field season.

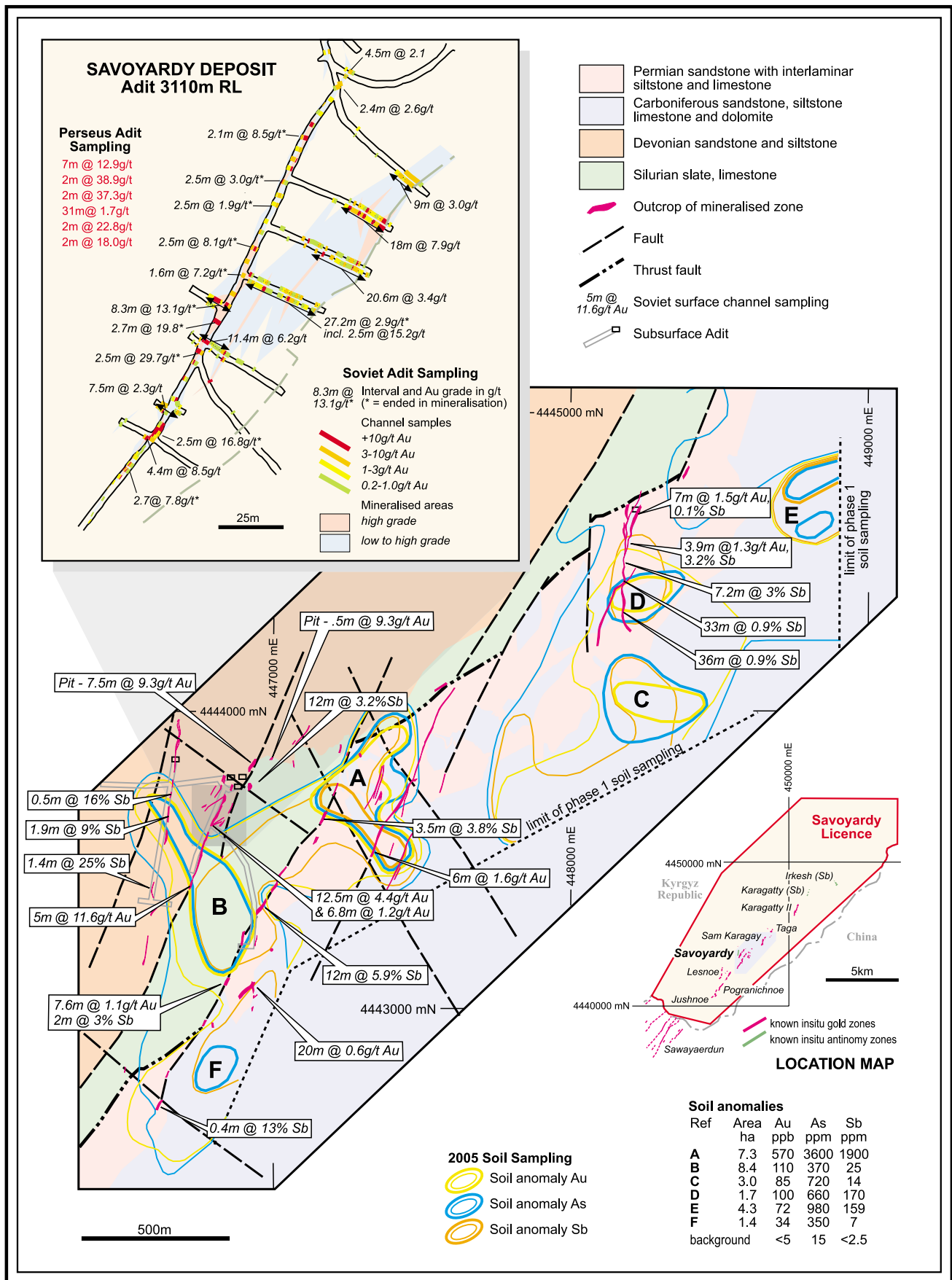
Perseus completed a 1,401 soil sample program over areas of anomalous stream sediments covering a 13.5km strike. Many of the auriferous fracture zones within the Devonian sandstone units gave little or no response in soil sampling. The most impressive areas of soil anomalism were located over poorly explored Carboniferous – Permian sediments in an open ended arc 3,500m long and 500m wide, situated immediately east of the high grade Savoyardy deposit. The anomalous arc is located within a major flexure in the regional geology and probable associated dilation. An individual 400m long by 100m wide sub-anomaly averaging 0.78g/t gold, 0.44% arsenic and 0.28% antimony in soil samples is, like the high grade Savoyardy deposit some 600m to the west, located adjacent to a major east-west regional offset fault.

Proposed Exploration 2005-2006

Re-sampling of the adits commenced in August 2005. Results from 730, 1m and 2m channel samples included open ended intercepts of 7m @ 12.9g/t, 2m @ 38.9g/t, 2m @ 37.3g/t, 31m @ 1.7g/t, 2m @ 22.8g/t and 2m @ 18g/t Au.

The Company has purchased a man portable diamond drill rig to be used at Savoyardy and elsewhere in the Kyrgyz Republic. Subject to delivery of the rig and weather conditions, it is planned to undertake some drilling at Savoyardy in 2005.





Savoyardy Prospect - Savoyardy Gold Project



Krygyz Exploration staff

Further sampling and trenching on the recently discovered Savoyardy East soil anomalies will be completed this year.

It is planned to clear the Savoyardy adit to allow access to an underground diamond drill and to complete road access to the eastern end of the adit in the 2006 field season.

Talas Gold Project-100%

The Talas project is located approximately 252km west of Bishkek on the northern slopes of the Talas Range. The Talas tenement comprises a single exploration licence with an original area of 2,270sq km which has been recently reduced to approximately 1,000sq km. The licence covers a vast number of gold in stream anomalies and copper and gold occurrences within Proterozoic meta-sediments which have been subjected to deformation and subsequent imbricate thrusting on a massive scale along 107km strike of the Talas-Fergana fault zone. The licence is located 40km south west of the large Jerooy gold deposit and 30km north east of the Chaarat discovery.

Gold mineralisation is associated with metasomatic alteration within the thrust faults, gold is variously associated with copper, silver, minor tungsten, arsenic, zinc, molybdenum and antimony.

Exploration 2004-2005

Channel sampling undertaken in 2004 comprised of 651 channel samples of mostly 2m each taken in areas

containing known insitu mineralisation. The sampling was successful in confirming the presence of significant gold mineralisation and included intercepts of 14m @ 1.9g/t, 26m @ 0.7g/t, 4m @ 1.5g/t, 6m @ 1.1g/t and 18m @ 0.3g/t Au.

Systematic soil sampling was undertaken in 2005 for multi-element and gold analysis to define target areas for channel sampling. The soil sampling was undertaken on 3 regional grids (800m line spacing) totalling 117km of traverses and on 3 detailed grids (200m line spacing) totalling 20km of traverses. A total of about 1,922 samples were sent for analysis and results are pending.

Proposed Exploration 2005-2006

Exploration in the 2006 season will focus on the strongest of the soil anomalies from the 106sq km area sampled in 2005. Soil sampling will then be extended to cover a significant portion of the remaining 900sq km of licence area.

Maly Naryn Gold Project – 100%

The 383sq km Maly Naryn licence is situated approximately 190km southeast of Bishkek, along the Jetim Range in the centre of the Kyrgyz Republic. The city of Naryn lies approximately 30km southeast of the licence area and the Kumtor gold mine is located 130km to the east.

The licence incorporates meta-sediments of the Middle Tien Shan fold belt that have been intruded by granite, granodiorite and diorite of Permo-Carboniferous age. Significant contact metamorphism is evident within the carbonaceous shales and limestone adjacent to the intrusives and for up to 7km from the contact. Skarn development within carbonate sequences is in places associated with gold mineralisation.

Channel sampling in 2004 of visual targets outside the areas of known gold mineralisation was not particularly successful in locating the source of stream sediment anomalism. The best results from 825 mostly 1m samples included 1m @ 3.2 g/t and 1m @ 1.9g/t Au, with only 3% of samples assayed recording above 0.1g/t Au.

Soil sampling currently in progress is focusing on a 2,700m by 400m zone of skarn gold and copper mineralisation close to an intrusive contact.



Kyldoo Gold Project – 50%

The 130.7sq km Kyldoo exploration licence area is situated in the central region of the Kyrgyz Republic, 4km west of the Makmal gold mine.

The joint venture project company is owned 50% by JSC Kentor and 50% by Perseus. Lalo completed a four hole diamond drill program in 2004 before withdrawing from the Kyldoo Joint Venture.

The Kyldoo project incorporates rocks of the Middle Tien Shan thrust-fold belt, adjacent to the Talas-Fergana Fault. Lalo's 591m, four hole diamond drilling program targeted an altered, folded Vendian carbonaceous shale setting for Kumtor style mineralisation.

The last hole, KDD04, encountered an altered porphyritic intrusive and pervasively altered limestone and shale host rocks containing abundant sulphides and anomalous gold mineralisation of 8m @ 0.5g/t Au. Alteration and mineralisation encountered in KDD04 are indicative of intrusive contact related mineralisation. The large Makmal gold mine, located 3.7km north-east from KDD04, comprises intrusive contact style gold mineralisation.

Exploration in 2005 has focused on soil sampling of a large intrusive body and altered host rocks 5 to 9km south east of KDD04, but results are pending. Sampling of other targets 17km south east and 3km north of KDD04, is continuing.

WEST AFRICA

The Company has been active on its Grumesa and Kwatechi projects in Ghana and the Tengrela gold project in Ivory Coast during the year. The Grumesa gold project feasibility has progressed and high grade gold has been discovered by trenching at Kwatechi, which was added to the project portfolio during the year. Delays, which have prevented drilling at Tengrela, are expected to be resolved shortly, enabling the large, regionally significant anomalies to be tested in a drilling campaign commencing in October 2005.



Drilling - Grumesa

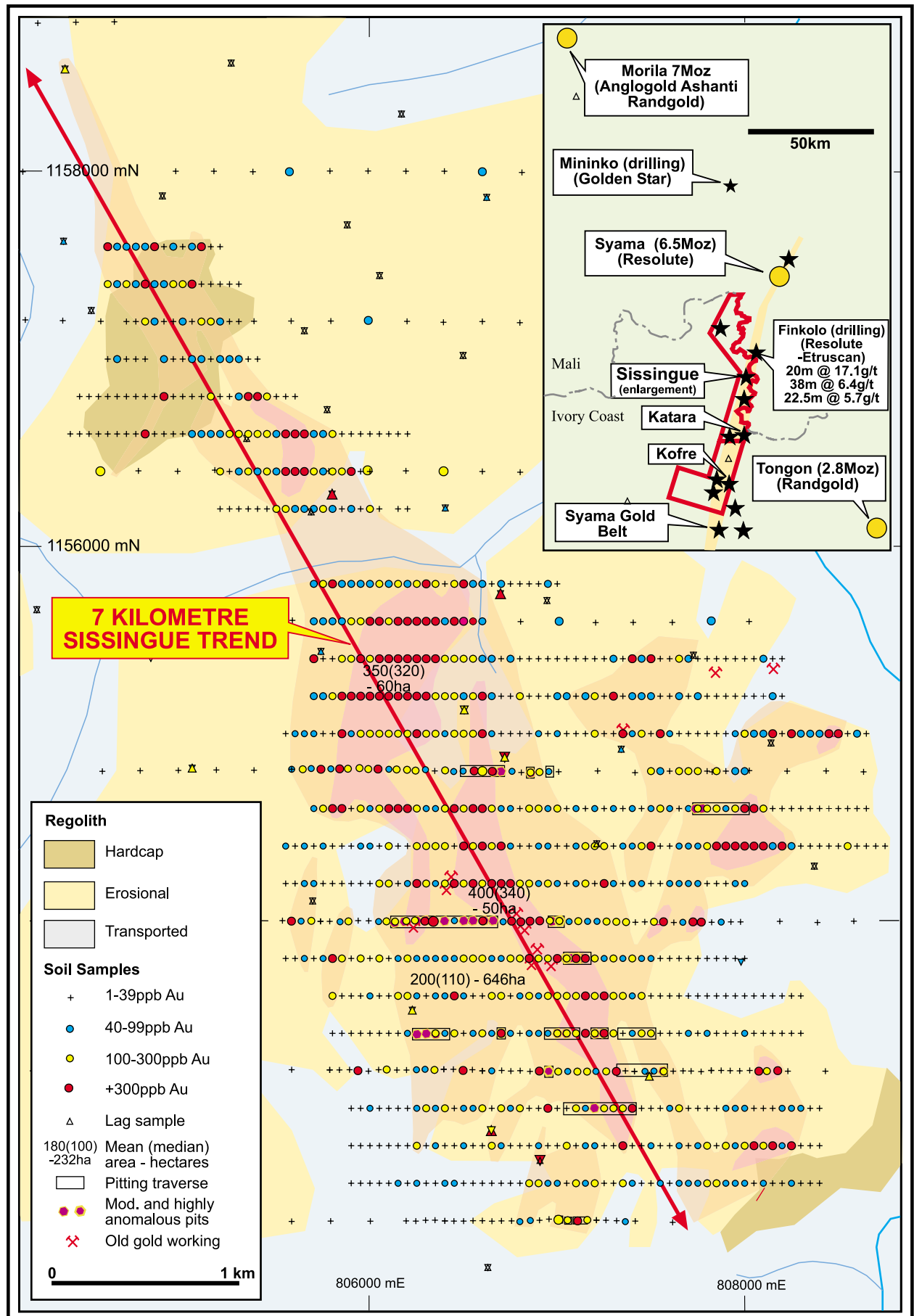
Tengrela Gold Project – 80%

The 885sq km Tengrela project is located in Ivory Coast on the border with Mali, 30km SSW from the Syama gold mine (6.5Moz), along the Syama shear within the Syama - Boundiali greenstone belt. The project lies 150km SSE of the Morila gold mine (7Moz) and 65km WNW of Tongon deposit (3.0Moz).

Perseus has a net 80% interest in the Tengrela project, with 10% held by a local partner and 10% reserved for the Government at the mining stage.

The geology of the northern portion of the Syama - Boundiali greenstone belt has many similarities to the better explored Ashanti gold belt in neighbouring Ghana, where Birimian volcanoclastics dominate over competent volcanics and the development of inner belt basins filled with Tarkwaian epiclastics.

Previous extensive systematic exploration on the Tengrela project including airborne geophysics and 22,500 geochemical samples identified a series of significant soil anomalies over a strike of 75km, mostly along the Syama shear. The ten main soil anomalies at Tengrela are comparable to other significant soil anomalies in the region (Syama group, Tabakoroni-Finkolo, Tioro, Morila) and are prime targets for follow-up exploration. The total area of these anomalies is over 40sq km and will require selective or staged follow-up. Significantly, the Morila-Tongon region has to date had an extremely high conversion rate of significant soil anomalies to discoveries.



SISSENGUE ANOMALY - TENGRELA GOLD PROJECT



Exploration 2004-2005

Exploration did not commence until early 2005 due to delays in access to the ground. 1,547 infill and extensional soil samples in 2005 helped to better define previously identified soil anomalies and resulted in the discovery of one new very strong open ended anomaly. The infill sampling has continued the process of identifying more coherent, higher grade sections of the anomalies.

44 of 115 bedrock pits completed in 2005 returned anomalous results representing drill targets. In December 2004 the Company purchased a reconnaissance RC/RAB drill rig for use at Tengrela. The drill rig was shipped to Ghana and tested on the Grumesa and Kwatechi projects and is now being processed for shipment to the Ivory Coast.

Proposed Exploration 2005-2006

Pitting is ongoing and sites have been allocated for the first 20,000m of reconnaissance drilling. In anticipation of early success at Tengrela, the Company will organise a second, larger rig to be mobilized to site during December-January to follow up initial drill intercepts. The Tengrela project is considered to contain some of the best undrilled targets in West Africa.

Grumesa Gold Project – 90%

The 39sq km Grumesa-Awisam licence is located within the highly prospective Ashanti gold belt of south west Ghana, 30km south east of the 66Moz Obuasi gold mine. The project is situated within the Tarkwaian Series sediments.

Over 22,000m of broad spaced RC and diamond drilling has identified epigenetic gold mineralisation over a strike of 4km and average width of 500m, hosted by upper Tarkwaian conglomerates within a steeply plunging antiform. This gold mineralised system, known as the Kayeya deposit, appears to contain approximately 30,000 ounces of gold per vertical metre. Currently, inferred resources for portion of the Kayeya deposit are estimated at 15.1Mt at 0.9g/t Au (450,000oz). However, the controls to the massive Kayeya mineralised system have not been fully resolved and the deposit may ultimately prove to contain substantial resources.

A detailed review of the higher-grade southern portion of the deposit, previously drilled on sections spaced at 100m, has identified an area for infill and extensional resource drilling with the goal of delineating >1Mt of open pit mill feed at an average grade of about 2.0g/t Au and a low strip ratio that could be mined and toll treated at an operating cost of less than US\$300 per ounce of gold recovered.

Exploration 2004-2005

Drilling to infill and extend a higher-grade portion of the Kayeya deposit in late 2004 comprised 21 RC drill holes and three diamond drill hole tails totalling 1,028m. Nearly all holes in the initial phase were drilled either at the outer limits of the original higher-grade target area or to test depth extensions. Two diamond drill holes totalling 120m were also completed to obtain bulk metallurgical samples.

In April 2005 a further 38 RC drill holes totalling 1,089m were completed to test the outer limits of the southern high-grade zone at Kayeya. The reserve target area was again increased in size and final infill drilling is anticipated to take place in late 2005.

Metallurgical test work undertaken in Australia returned high gold recoveries from gravity separation followed by conventional cyanide leaching, the process used at AngloGold Ashanti's oxide treatment plant in Sansu, Obuasi. Ball Mill Work Index (BBWI) work in the USA returned favourable results, with an average BBWI of 7.3 for transitional material and 12.6 for fresh material. The bulk of the target material is however oxide, which has a much lower BBWI.

Preliminary mining and haulage scope of works documents have been distributed to several contractors and initial prices have been received.

The Kayeya Gold Project has been registered with the Environmental Protection Agency ("EPA") and the Base Line Environmental Study has been completed. The environmental scoping report and terms of reference have been drafted and submitted to the EPA. The terms of reference set out the basis for completion of the Environmental Impact Statement that is required for environmental permitting and the ultimate grant of a mining lease.



Summary of Metallurgical Test Results - Grumesa Project

Sample		Calc. Grade Au g/t	Recovery			Consumption	
			Gravity %	16 hrs %	24 hrs %	Cyanide kg/t	Lime kg/t
Oxide	OX01	2.17	33.7	97.5	98.6	0.45	0.85
	OX02	1.29	53.4	98.5	99.3	0.33	0.37
	OX03	2.53	75.8	98.0	99.6	0.51	1.15
	Average	2.00	54.3	98.0	99.2	0.43	0.79
Transition	TR01	2.05	40.4	97.3	98.3	0.68	1.15
	TR02	2.51	65.0	95.3	95.9	0.37	0.33
	TR03	2.76	73.0	98.6	99.1	0.60	0.65
	Average	2.44	59.5	97.1	97.7	0.55	0.71
Fresh	SU01	1.67	38.9	89.7	96.1	0.36	0.27
	SU02	4.25	62.0	95.6	97.6	0.48	0.23
	SU03	1.59	62.8	97.1	97.7	0.56	0.22
	Average	2.50	54.5	94.2	97.1	0.47	0.24

Notes

- 1) Test work completed by AMMTEC in Perth, Australia.
- 2) Recoveries rounded to one decimal place.

Ball Mill Work Index Testwork – Grumesa Project

Grumesa ID	Sample Type	BWi, kW/st	BWi, kWr/mt
D007c	Transition - Ox	6.2	6.8
D007b	Transition - Fresh	7.0	7.7
D007d	Fresh	10.7	11.8
D144a&b + D145a	Fresh	12.2	13.4

Proposed Exploration 2005-2006

Discussions are continuing with AngloGold Ashanti in relation to the toll treatment procedure and processing costs for use of the 3,000-5,000 tonnes per day CIL plant at Sansu, Obuasi.

Infill drilling will commence on completion of crop compensation procedures, which have been delayed. At least 1,940m of mostly RC infill drilling is planned.

The mine, haul and toll treat feasibility should be completed during the March quarter of 2006.

Feasibility studies are also underway on the heap leach option on a much larger, lower grade, resource base. Initial metallurgical results from ongoing column test work in USA was focused on the fresh material, as this potential ore type was considered the most important in terms of resource potential and least likely to be heap leachable. Initial feedback from ongoing column tests has indicated that recoveries will be far better than expected, with the three fresh rock column tests averaging 65% recovery after 29 days. The 2005-2006 drilling program will likely be increased substantially in view of these very promising results, the strong gold price and exploration success on the nearby Kwatechi licence.





Kwatechi Gold Project – Earning 76%

In January 2005, Caspian Oil & Gas Limited subsidiary, Leo Shield Exploration Ghana Limited (“Leo Shield”), and Perseus subsidiary, Sun Gold Resources Limited (“Sun Gold”), signed an agreement giving Sun Gold the right to earn a 76% interest in the Kwatechi Joint Venture by undertaking exploration and a feasibility study.

The 43.3sq km Kwatechi prospecting licence and 69.5sq km Kwatechi prospecting licence application, owned by Tropical Exploration and Mining Company Ltd (“Tropical”) are the subject of the Kwatechi Joint Venture. The licence adjoins the Grumesa-Awisam licence and lies 8km south of Sun Gold’s Kayeya gold resource and 40km north-east of the Damang mine.

Exploration 2004-2005

The inaugural reconnaissance drilling program was completed on the Kwatechi project in 2005. A total of 209 RC drill holes were completed for 5,689 metres, on traverses of up to 700m wide, using Perseus’s own drill rig.

Significant results were obtained from broad spaced drilling on the large Atua Kobo North zones, including start of hole intercepts of 12m @ 2.2g/t, 8m @ 2.3g/t, 14m @ 1.2g/t, and 8m @ 1.0g/t Au, and end of hole intercepts of 10m @ 2.3g/t, 6m @ 3.3g/t, 6m @ 1.8g/t,

4m @ 1.8g/t and 3m @ 1.8g/t Au. Hole KWRB059 included intercepts 12m @ 2.2g/t Au and 10m @ 2.3g/t Au.

Trenching subsequently undertaken at Kobo North to clarify the geology and geometry of significant mineralisation discovered by drilling was successful in defining gold mineralisation associated with quartz stringers in highly carbonated quartz chlorite schist of apparent volcanoclastic origin. Each of the trenches intercepted a core zone of high-grade gold mineralisation including horizontal intercepts of 10m @ 14.3g/t, 8m @ 10.9g/t and 4m @ 7.5g/t Au.

Proposed Exploration 2005-2006

The Kobo North target zone lies at the northern end of a string of modest soil anomalies within a broadly anomalous zone 10,000m long and on average 700m wide that correlates with the contact zone between the Birimian and Tarkwaian lithologies of the Ashanti Belt. The trenches cover 200m strike of the 1,200m long relatively high grade Kobo North gold in soil anomaly.

Exploration is currently focused on extending the high grade mineralisation at Kobo North and testing the recently defined parallel anomalies. The high grade mineralisation at Kobo North has the potential to significantly enhance the life of the proposed trucking-custom milling operation currently under feasibility study on the Company’s neighbouring Grumesa licence.

Trench Intercepts Kobo North - Kwatechi Project

Trench	North	East	Length (m)	Azm (°)	From (m)	To (m)	Intercept (m)	Au (g/t)
KWAT01	68015	78200	70	90 incl.	6	30	24	6.5
					14	24	10	14.3
					58	70	12*	1.0
KWAT02	68080	78400	60	90 incl.	24	38	14	2.7
					24	28	4	7.5
KWAT03	68080	78200	174	360	0	9	9*	2.0
					26	40	14	1.6
					28	34	6	3.1
					56	62	6	1.5
					86	90	4	1.3
					154	162	8	10.9
				incl.	156	160	4	20.9

* ended or commenced in mineralisation



Your directors present their report together with the financial report of Perseus Mining Limited ("the Company") and its controlled entities, (collectively referred to as the "consolidated entity"), for the year ended 30 June 2005 and the auditor's report thereon.

DIRECTORS

The names and details of the Directors in office during or since the end of the financial year are as follows. Directors were in office for the entire year unless otherwise stated.

Names, qualifications, experience and special responsibilities

Reginald Norman Gillard BA FCPA FAICD JP - Non-Executive Chairman

(Appointed 24/10/2003)

After practising as an accountant for over 31 years, during which time he formed and developed a number of service related businesses, Reg Gillard now focuses on corporate management, corporate governance and the evaluation and acquisition of resource projects. Mr Gillard also serves on the audit committee of the Company. During the past three years he has also served as a director of the following listed companies:

Caspian Oil & Gas Limited *	
Moto Goldmines Limited*	
Aspen Group Limited *	
Lafayette Mining Limited *	
Pioneer Nickel Limited *	from 16 March 2005
Adultshop.com Limited	ceased 12 September 2002
Global Doctor Limited	ceased 24 January 2003
Wentworth Mutual Limited	ceased 19 February 2004

Mark Andrew Calderwood AusIMM - Managing Director

(Appointed 23/01/2004)

Mark Calderwood is a member of the Australasian Institute of Mining and Metallurgy and has extensive experience in exploring for and mining gold. He has eight years' experience in the West African region and has a network of contacts throughout the region. During the past three years he has also served as a director of the following listed company:

Caspian Oil & Gas Limited ceased 8 July 2004.

Colin John Carson CPA FCIS FCIM - Executive Director

(Appointed 24/10/2003)

Colin Carson has been involved as a director and company secretary of a number of Australian public companies since the early 1980s and is responsible for the Company's joint venture negotiations and corporate and legal matters. During the past three years he has also served as a director of the following listed company:

Caspian Oil & Gas Limited *

Dr Alexander Becker PhD (Geology) - Non-Executive Director

(Appointed 20/05/2004)

Alexander Becker has a PhD in structural geology and tectonophysics. He has over 20 years' experience in mineral and petroleum exploration, tectonics, stratigraphy and regional geology in Central Asia, particularly the Kyrgyz Republic. Dr Becker spends a significant portion of his time in the Kyrgyz Republic. During the past three years he has also served as a director of the following listed company:

Caspian Oil & Gas Limited * from 18 February 2004

Names, qualifications, experience and special responsibilities continued

Rhett Boudewyn Brans MIEAust CPENG - Non-Executive Director

(Appointed 26/05/2004)

Mr Brans qualified as a civil engineer at what is now known as Monash University in 1974 and completed an advanced management program at the University of Melbourne in 1991.

Mr Brans has operated a consultancy providing project management services to the mining industry for the past 12 years. In this capacity, he has managed the development of gold and base metal projects. His experience extends across the full range from mining feasibility studies through to commissioning operations. Mr Brans has 30 years' experience in the design and construction of mineral treatment facilities. Mr Brans also serves on the audit committee of the Company. During the past three years he has not served as a director of any other listed companies.

Neil Christian Fearis LL.B.(Hons) MAICD ASIA - Non-Executive Director

(Appointed 26/05/2004)

Neil Fearis has 28 years' experience as a commercial lawyer in the UK and Australia. He practises principally in the area of mergers and acquisitions, takeovers, public flotations, and other forms of capital raising.

Mr Fearis is a member of several professional bodies associated with commerce and the law and also serves as Chairman of the Company's audit committee. During the past three years he has also served as a director of the following listed companies:

Kresta Holdings Limited *

Carnarvon Petroleum Limited *

* denotes current directorship

COMPANY SECRETARY

Susmit Mohanlal Shah

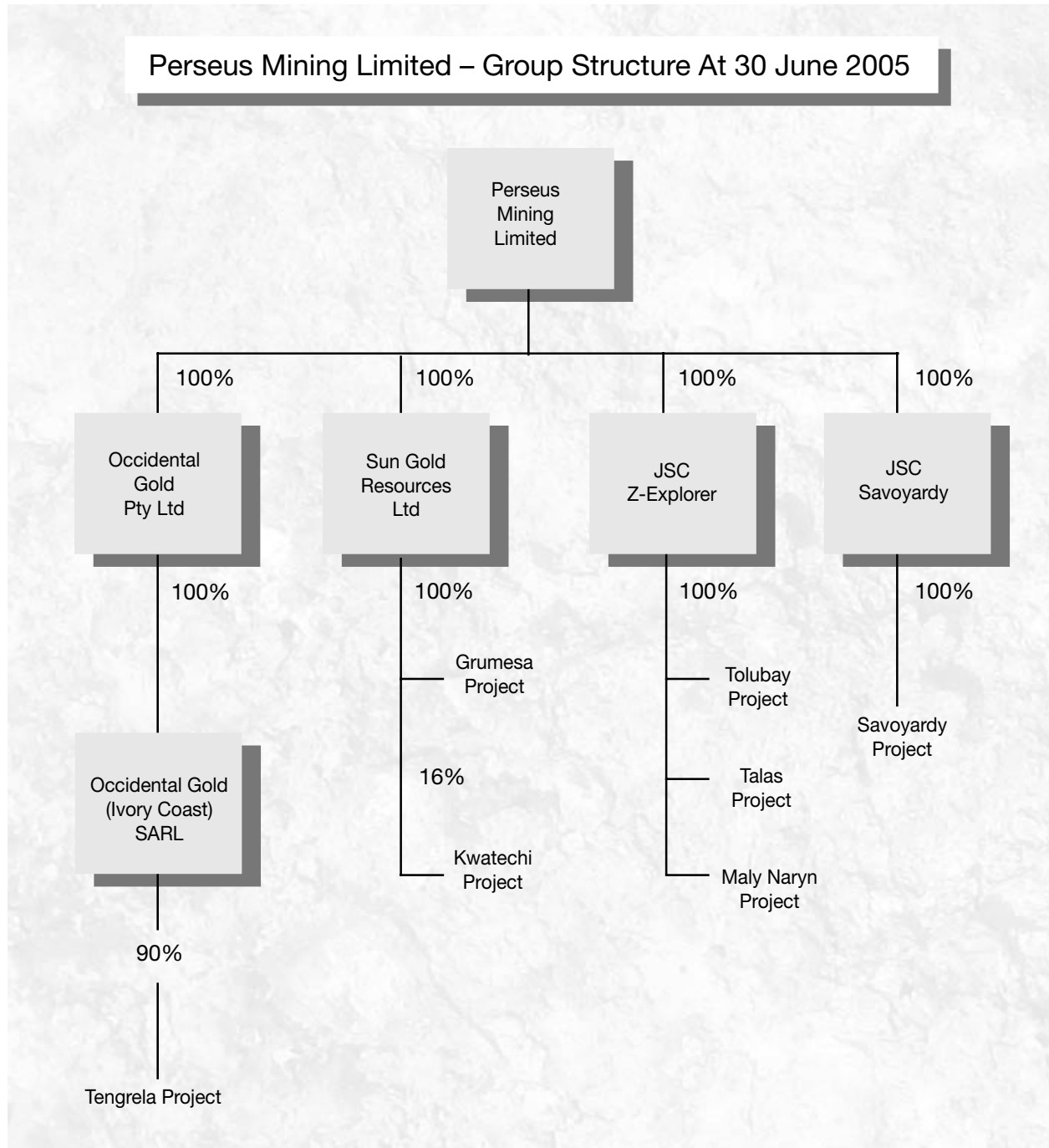
(Appointed 24/10/03)

Susmit Shah is a chartered accountant with over 20 years' experience. Over the last 12 years, Mr Shah has been involved with a diverse range of Australian public listed companies in company secretarial and financial roles.

CORPORATE INFORMATION

Corporate Structure

Perseus Mining Limited is a limited liability company that is incorporated and domiciled in Australia. It has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in the following illustration of the group's corporate structure.



PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial year were mineral exploration and project development in West Africa and the Kyrgyz Republic in Central Asia.

RESULTS AND DIVIDENDS

The consolidated loss after tax for the year ended 30 June 2005 was \$688,344 (2004: \$282,553). No dividends were paid during the year and the Directors do not recommend payment of a dividend.

EARNINGS PER SHARE

Basic loss per share for the year was 1.2 cents (2004: 1.3 cents).

REVIEW OF OPERATIONS

A review of operations of the consolidated entity during the year ended 30 June 2005 is provided in the "Review of Operations" immediately preceding this Directors' Report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

- On 14 July 2004, the Company issued a prospectus to raise a minimum of \$3.5 million and to list on the Australian Stock Exchange. The Company successfully completed its initial public offer on 15 September 2004 by the issue of 18,585,000 fully paid ordinary shares and 9,292,500 free attaching options (exercisable at 20 cents each on or before 31 March 2009) to raise a total of \$3,717,000.

EVENTS SUBSEQUENT TO BALANCE DATE

Since the end of the financial year and to the date of this report no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years, other than the matter referred to below:

- The Company announced that it had entered into agreements for the placement of 12,500,000 fully paid ordinary shares at an issue price of 20 cents each, with 6,250,000 free attaching options for a total subscription amount of \$2,500,000. The options are exercisable at 20 cents each on or before 31 March 2009. Brief details of the agreements are as follows:
 - A subscription agreement was executed with Macquarie Bank Ltd for it to subscribe for 3,500,000 fully paid ordinary shares and 1,750,000 free attaching options for a total subscription amount of \$700,000. The placement was completed in September 2005.
 - An agreement was executed with Montagu Corporate Pty Ltd ("Montagu") for it to procure subscriptions for the remaining 9,000,000 fully paid ordinary shares and 4,500,000 free attaching options for total subscription monies of \$1,800,000. Completion of the placement to clients of Montagu will be subject to shareholder approval at a general meeting to be held in October 2005.

The total funds raised of \$2,500,000 will be used for exploration programs and for general working capital.

LIKELY DEVELOPMENTS

The Company's focus over the next financial year will be on its three lead projects, Grumesa, Tengrela and Tolubay. Further commentary on planned activities in these projects over the forthcoming year is provided in the "Review of Operations". The Company will also assess new opportunities where such projects have synergies with existing projects.

DIRECTORS' MEETINGS

The number of meetings of the Company's Directors and the number of meetings attended by each Director during the year ended 30 June 2005 are:

	Directors' meetings held during period of office	Directors' meetings attended
R N Gillard	8	7
M A Calderwood	8	8
C J Carson	8	8
A Becker	8	3
R B Brans	8	8
N C Fearis	8	8

The audit committee consists of N C Fearis (Chairman), R N Gillard and R B Brans. There was one audit committee meeting during the year ended 30 June 2005.

DIRECTORS' INTERESTS

The interests of each Director in the shares and options of Perseus Mining Limited at the date of this Report are as follows:

	Fully Paid Ordinary Shares	Options Over Ordinary Shares
R N Gillard	210,000	470,000
M A Calderwood	770,000	2,495,000
C J Carson	1,021,423	245,000
A Becker	1,395,254	800,000
R B Brans	50,000	425,000
N C Fearis	100,000	450,000

DIRECTORS' INTERESTS - continued

Options granted to directors' and senior executives

During or since the end of the financial year, the Company granted options for no consideration over unissued ordinary shares in the Company to the following directors as part of their remuneration:

R N Gillard	400,000 options
M Calderwood	2,400,000 options
A Becker	800,000 options
R B Brans	400,000 options
N C Fearis	400,000 options

These options are unlisted and are exercisable at 20 cents each on or before 31 March 2009.

SHARE OPTIONS

As at the date of this report, there are 24,532,500 options to subscribe for unissued ordinary shares in the Company, exercisable at 20 cents each on or before 31 March 2009.

	Number	Exercise Price (cents)	Expiry Date
Listed Options:	14,792,500	20	31 March 2009
Unlisted Options:	9,740,000	20	31 March 2009

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate. There are no options to subscribe for shares in any controlled entity.

Options issued during the year are as follows:

- 9,292,500 options were issued as part of the Company successfully completing its initial public offer on 15 September 2004 by the issue of 18,585,000 fully paid ordinary shares and 9,292,500 free attaching options (exercisable at 20 cents each on or before 31 March 2009) to raise a total of \$3,717,000.
- 4,000,000 options were issued in satisfaction of a capital raising fee to Montagu Stockbrokers.
- 2,940,000 options were issued to executives and employees.
- 2,800,000 options were issued to directors and a consultant, in accordance with shareholder approval granted at the annual general meeting held on 10 December 2004. 400,000 options were granted to the Company's Chief Financial Officer, but were later cancelled due to his resignation during the year.

Options issued after 30 June 2005 and up to the date of this report are as follows:

- 1,750,000 options were issued as part of the subscription agreement executed with Macquarie Bank Ltd for it to subscribe for 3,500,000 fully paid ordinary shares and 1,750,000 free attaching options for a total subscription amount of \$700,000. The placement was completed in September 2005.

No options were exercised to acquire shares in the Company during the financial year or since the year-end.

REMUNERATION REPORT

This report outlays the remuneration arrangements in place for the directors of Perseus Mining Limited. The consolidated entity does not have any executive officers as defined under Section 300A of the Corporations Act 2001 (other than executives who are also directors).

Remuneration philosophy

The Board reviews the remuneration packages applicable to the executive Directors and non-executive Directors on an annual basis. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and level of performance and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Independent advice on the appropriateness of remuneration packages is obtained, where necessary.

Remuneration committee

The Company does not have a formally constituted remuneration committee of the Board. The Directors consider that the Company is not of a size nor are its affairs of such complexity as to justify the formation of a Remuneration committee.

The Board assesses the appropriateness of the nature and amount of remuneration of directors and senior managers on a periodical basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and management team.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive Directors and executive Directors remuneration is separate and distinct.

Non-executive Directors remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at a general meeting on 21 November 2003 when shareholders approved an aggregate remuneration of \$200,000 per year.

The Board reviews the remuneration packages applicable to the non-executive Directors on an annual basis. The Board considers fees paid to non-executive directors of comparable companies when undertaking the annual review process.

The remuneration of the non-executive Directors for the year ending 30 June 2005 is detailed in Table 1 of this report.

REMUNERATION REPORT - continued

Executive Directors remuneration

Objective

The Company aims to reward the Executive Directors with a level of remuneration commensurate with their position and responsibilities within the Company and so as to:

- align the interests of the Executive Directors with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

Structure

Remuneration consists of the following key elements:

- Fixed remuneration
- Variable remuneration

Fixed remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Board and the process consists of a review of companywide, business unit and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practice. Independent advice on the appropriateness of remuneration packages is obtained, where necessary.

The fixed component of the Executive Directors remuneration for the year ending 30 June 2005 is detailed in Table 1 of this report.

Variable remuneration – Long Term Incentive ('LTI')

Objective

The objective of the LTI plan is to reward executives and senior managers in a manner which aligns this element of remuneration with the creation of shareholder wealth.

As such LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance.

Structure

LTI grants to executives are delivered in the form of options. The issue of options as part of the remuneration packages of executive and non-executive directors is an established practice of junior public listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding each of the directors.

The remuneration of the Executive Directors for the year ending 30 June 2005 is detailed in Table 2 of this report.

REMUNERATION REPORT - continued

Employment agreements

Mark Calderwood has entered into an agreement with the Company to be employed as the Managing Director of the Company. The contract commenced on 1 January 2004 and there is no specific termination date.

The terms of the present arrangement include:

- remuneration of \$175,000 per annum;
- reasonable accommodation costs outside Australia;
- the equivalent of three return economy airfares per annum to Australia;
- medical evacuation and insurance cover; and
- either party can terminate the agreement by giving six months written notice.

Colin Carson has entered into an agreement with the Company to be employed as an Executive Director of the Company. The contract commenced on 22 September 2004, which was the listing date of the Company on the ASX, and there is no specific termination date. The terms of the present arrangement include remuneration of \$60,000 per annum including superannuation, and is on the basis that Mr Carson dedicates 80 hours per month for 11 months per annum to the affairs of the Company and provided that a pro rata adjustment will be made if he dedicates a greater or lesser amount of time to the Company.

Table 1 Director remuneration for the year ended 30 June 2005

	Primary Director's Salary / Fees \$	Post employment Superannuation \$	Equity Value of Options (A) \$	Total \$
<i>Directors:</i>				
Reginald Gillard				
2005	40,000	3,600	15,600	59,200
2004	3,333	300	-	3,633
Mark Calderwood				
2005	156,830	-	73,895	230,725
2004	13,406	-	-	13,406
Colin Carson				
2005	49,250	4,433	-	53,683
2004	-	-	-	-
Alexander Becker				
2005	30,000	-	31,200	61,200
2004	2,500	-	-	2,500
Rhett Brans				
2005	30,000	2,700	15,600	48,300
2004	2,500	225	-	2,725
Neil Fearis				
2005	30,000	-	15,600	45,600
2004	2,500	-	-	2,500
Total, all specified directors				
2005	336,080	10,733	151,895	498,708
2004	24,239	525	-	24,764

(A) The fair value of options is calculated at the date of grant using a Black-Scholes model and allocated to each reporting period over the period from grant date to vesting date. The value disclosed above is the portion of the fair value of the options allocated to this reporting period.

REMUNERATION REPORT - continued

Table 2 Options granted as part of remuneration for the year ended 30 June 2005 (in accordance with the LTI plan)

	Grant date	Grant Number	Vesting date	Value per option at grant date	% of Remuneration
<i>Directors</i>					
R N Gillard (i)	10 Dec 2004	400,000	30 June 2005	3.9 cents	36%
M A Calderwood (ii)	7 July 2004	2,400,000	7 July 2004	3.9 cents	47%
A Becker (i)	10 Dec 2004	800,000	30 June 2005	3.9 cents	104%
R B Brans (i)	10 Dec 2004	400,000	30 June 2005	3.9 cents	48%
N C Fearis (i)	10 Dec 2004	400,000	30 June 2005	3.9 cents	52%

- (i) The Options issued to the Non-Executive Directors during the financial year are exercisable at 20 cents each on or before 31 March 2009. These options were allotted on 4 January 2005, following shareholder approval at a meeting held on 10 December 2004.
- (ii) The Options issued to Mr Calderwood during the financial year are exercisable at 20 cents each on or before 31 March 2009. These options were granted on 7 July 2004.

Based on the Black-Scholes option pricing model, each option was notionally valued at 5.2 cents. It was considered appropriate to adjust the notional value calculated under Black and Scholes above and the quoted options price of 5.3 cents by a discount of 25% for the following factors:

- the options proposed for grant are not transferable;
- the options lapse if the holder ceases to be a director of the Company or is not providing consulting services to the Company or its subsidiaries as at 30 June 2005.

The Options issued to Mr Calderwood were discounted a further 50% for the period 7 July 2004 to 22 September 2006 as the options were subject to ASX escrow conditions which effectively prohibit the underlying security from being sold should Mr Calderwood exercise his options and convert to fully paid ordinary shares.

The value was determined based on a share market price of 19 cents for ordinary shares at the date of granting the options and assumptions made to determine the value were a volatility factor of 25% and an interest rate of 5% pa. The value used after adjusting for the 25% discount was 3.9 cents.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

No indemnities have been given during or since the end of the year for a person who is or has been a Director, officer or an auditor of any entity within the consolidated entity and no insurance premiums have been paid or agreed to be paid for insurance against a current or former officer's or auditor's liability or legal costs.

ENVIRONMENTAL REGULATIONS

The consolidated entity's operations are not subject to any significant Australian environmental laws but its exploration and development activities in West Africa and the Kyrgyz Republic are subject to environmental laws, regulations and permit conditions. There have been no known breaches of environmental laws or permit conditions while conducting operations in West Africa or the Kyrgyz Republic during the year.

NON AUDIT SERVICES

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2005:

\$7,000 for the preparation of an Independent Accountant's Report for the purposes of the Company's initial public offer of securities and listing on ASX.

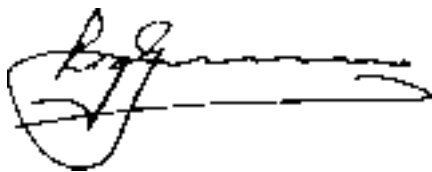
AUDITORS' INDEPENDENCE DECLARATION

The auditor, HLB Mann Judd, has provided the Board of Directors with an independence declaration in accordance with section 307C of the Corporations Act 2001.

The independence declaration is attached to and forms part of this Directors' Report.

There have been no non audit services provided during this year, other than those referred to above.

Signed in accordance with a resolution of Directors.



R N Gillard
Chairman
Perth, 26 September 2005



Auditors' Independence Declaration

As lead auditor for the audit of the financial report of Perseus Mining Limited for the financial year ended 30 June 2005, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.


This declaration is in respect of Perseus Mining Limited.

A handwritten signature in black ink, which appears to read 'Norman G Neill'.

Perth, Western Australia
26 September 2005

N G NEILL
Partner, HLB Mann Judd

HLB Mann Judd (WA Partnership)
15 Rheola Street West Perth 6005. PO Box 263 West Perth 6872 Western Australia. DX 238 (Perth) Telephone +61 (08) 9481 0977.
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Partners: Ian H Barsden, Terry M Blenkinsop, Litsa Christodoulou, Wayne M Clark, Lucio Di Giallonardo, Colin D Emmott, Trevor G Hoddy, Norman G Neill, Peter J Speechley
HLB Mann Judd (WA Partnership) is a member of  International and the HLB Mann Judd National Association of independent accounting firms

The Board of Directors of Perseus Mining Limited is responsible for the corporate governance of the consolidated entity. The board guides and monitors the business and affairs of Perseus Mining Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

In accordance with the Australian Stock Exchange Corporate Governance Council's ("CGC") "Principles of Good Corporate Governance and Best Practice Recommendations" the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed together with the reasons for the departure.

Perseus Mining Limited's corporate governance practices were in place throughout the financial year ended 30 June 2005 and were compliant, unless otherwise stated, with the Corporate Governance Council's principles and recommendations, which are noted below. The Board as a whole is involved in matters where larger Boards would ordinarily operate through sub-committees. For these reasons, some of the best practices recommended by CGC are not cost effective for adoption in a small company environment.

- Principle 1. Lay solid foundations for management and oversight
- Principle 2. Structure the board to add value
- Principle 3. Promote ethical and responsible decision making
- Principle 4. Safeguard integrity in financial reporting
- Principle 5. Make timely and balanced disclosure
- Principle 6. Respect the rights of shareholders
- Principle 7. Recognise and manage risk
- Principle 8. Encourage enhanced performance
- Principle 9. Remunerate fairly and responsibly
- Principle 10. Recognise the legitimate interests of stakeholders

Structure and Composition of the Board

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise at least 3 Directors and should maintain a majority of non-executive directors;
- the Board should comprise Directors with an appropriate range of qualifications and expertise;
- the Board shall meet at least quarterly; and
- the selection of the Board members shall always be for the purpose of their ability to add value to Perseus.

The Company's Constitution provides that one third of the Directors, excluding the Managing Director, shall retire by rotation annually. Retiring Directors are eligible for re-election at the annual general meeting. The Directors are not required to hold any qualifying shares.

Review of Board Performance

The Board meets once a year to review its own performance. The Chairman reviews the performance of the Managing Director annually. Evaluations are based on specific criteria, including whether strategic and operational objectives are being met.

The Board has established a framework for the management of the consolidated entity including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

The full Board holds regular meetings to discuss operational matters, plus strategy meetings and any extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise.

The Board reviews its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills and experience. External advisers may be used to assist in such a process. The Board will then appoint the most suitable candidate who must stand for election at the next general meeting of shareholders.

The Australian Stock Exchange Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations" recommends the appointment of a Nomination Committee for prospective Board appointments. The Board considers that the Company and the Board are currently not of sufficient size to justify the establishment of a Nomination Committee.

The terms and conditions of the appointment and retirement of directors are not formally set out in a letter of appointment. However matters such as remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice are clearly understood by all directors, who are experienced public company directors.

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Director's Report. Directors of Perseus Mining Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered judgement.

The following directors of Perseus Mining Limited are considered to be independent:

Name	Position
N Fearis	Non-Executive Director
R Brans	Non-Executive Director
A Becker	Non-Executive Director

Each director has the right to seek independent professional advice at the Company's expense. However, prior approval of the Chairman will be required, which will not be unreasonably withheld.

The term in office of each director in office at the date of this report is as follows:

Name	Term in Office
R Gillard	1 year 11 months
M Calderwood	1 year 8 months
C Carson	1 year 11 months
N Fearis	1 year 4 months
R Brans	1 year 4 months
A Becker	1 year 4 months

Responsibilities of the Board

The Board is responsible for setting the strategic direction and establishing the policies of the Group. It is responsible for overseeing the financial position, and for monitoring the business and affairs on behalf of the shareholders, by whom the Directors are elected and to whom they are accountable. The Board also addresses issues relating to internal controls and approaches to risk management.

Ethical standards

The Board acknowledges the need for continued maintenance of the highest standards of corporate governance practice and ethical conduct by all Directors and employees of the consolidated entity. A fundamental theme of the consolidated entity's code of ethics is that all business affairs are conducted legally, ethically and with the strict observance of the highest standards of integrity and propriety. The Directors and management have the responsibility to carry out their functions with a view to maximising financial performance of the consolidated entity.

All directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity.

Trading in Company securities by directors and employees

Due to the potential impact on the price of Perseus's securities of the release of exploration activity reports and financial information reports at the end of each calendar quarter, Directors, senior management and certain employees of Perseus with access to sensitive financial information who trade near the end of a calendar quarter incur the risk of being party to a future lawsuit based on an allegation that they are trading on inside information. In order to provide a measure of protection, Perseus has instituted periods ("Black-Out Periods") during which Directors, employees and consultants of Perseus and entities over which those persons have control are not permitted to buy, sell or otherwise trade in securities of Perseus.

Continuous Disclosure and Communication with Shareholders

The Chairman is responsible, in consultation with the Board, for interpreting and monitoring the Company's compliance with the continuous disclosure requirements of the Australian Stock Exchange whilst the Company Secretary is responsible for all communications with the Australian Stock Exchange. It is not considered necessary to commit procedures and processes for compliance with ASX listing rules in writing given the small size of the Company, its workforce and the relatively simple nature of its activities. All directors and senior employees have a general understanding of the continuous disclosure requirements under the ASX listing rules, particularly as they relate to identification of matters that may have a material effect on the price of the Company's securities.

Communication with shareholders is conducted through the following mechanisms:

- Announcements lodged with the Australian Stock Exchange
- Half Yearly and Preliminary Final Reports
- Annual Reports
- Annual General Meetings

The Company also posts corporate information in the investor section of its Company website at www.perseusmining.com

Remuneration

The Australian Stock Exchange Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations" recommends the appointment of a Remuneration Committee for focusing the Company on appropriate remuneration policies, which are designed to meet the needs of the Company and to enhance corporate and individual performance. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and level of performance, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board considers that the Company and the Board are currently not of sufficient size to justify the establishment of a Remuneration Committee and all matters that would be addressed by committees are usually dealt with by the full board of Directors.

Details on the amount of remuneration and all monetary and non-monetary components for each of the directors and executives is provided in the Directors' Report. In relation to the payments of bonuses, options and other incentive payments, discretion is exercised by the board, having regard to the overall performance of Perseus Mining Limited and the performance of the individual during the period.

There were no loans made to directors or executives during the period and there are no amounts owing by directors and executives at the year end.

Risk Management

The Board monitors and receives advice on areas of operational and financial risk and the control framework, and considers strategies for appropriate risk management arrangements. The Directors recognise that mineral exploration is inherently risky.

Financial reporting

The Managing Director and Company Secretary have declared to the Board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

Perseus Mining Limited

Statements of Financial Performance
For the Year ended 30 June 2005



		Consolidated		Company	
	Notes	2005	2004	2005	2004
		\$	\$	\$	\$
Revenue from ordinary activities	2	183,361	66,118	107,484	7,993
Depreciation expense	3	(12,915)	(2,703)	(1,151)	(114)
Employee, directors and consultants costs		(501,714)	(120,640)	(423,953)	(89,438)
Diminution in value of loans to and investments in controlled entities	3	-	-	(335)	(51,190)
Foreign exchange losses	3	-	-	(194,060)	(48,574)
West African administration and overhead costs		(157,738)	(107,122)	-	-
Kyrgyz Republic administration and overhead costs		(6,923)	(32,522)	-	(15,747)
Stock Exchange Listing, Compliance and Listing Fees		(83,978)	(5,439)	(83,643)	(5,239)
Travel expenses		(29,853)	(31,492)	(29,853)	(31,492)
Other expenses from ordinary activities	3	(78,584)	(48,753)	(78,584)	(48,752)
Expenses from ordinary activities		(871,705)	(348,671)	(811,579)	(290,546)
Loss from ordinary activities before related income tax expense		(688,344)	(282,553)	(704,095)	(282,553)
Income tax (expense)/benefit relating to ordinary activities	5	-	-	-	-
Net loss attributable to members of the parent entity		(688,344)	(282,553)	(704,095)	(282,553)
Basic earnings/(loss) per share	6	(1.2) cents	(1.3) cents		

	Notes	Consolidated		Company	
		2005	2004	2005	2004
		\$	\$	\$	\$
Current Assets					
Cash assets	8	1,917,368	402,823	1,832,727	308,940
Receivables	9	62,008	17,849	10,914	6,929
Other	10	6,839	421	-	-
Total Current Assets		1,986,215	421,093	1,843,641	315,869
Non-Current Assets					
Receivables	9	-	-	3,219,838	2,042,846
Other financial assets	11	-	-	34,316	34,316
Property, plant and equipment	12	344,197	13,304	6,240	2,146
Mineral interest acquisition, exploration and development expenditure	13	3,187,285	2,100,166	119,697	100,000
Other – VAT withheld	10	41,385	-	-	-
Total Non-Current Assets		3,572,867	2,113,470	3,380,091	2,179,308
Total Assets		5,559,082	2,534,563	5,223,732	2,495,177
Current Liabilities					
Payables	14	432,075	118,605	116,747	79,219
Provisions	15	7,837	-	3,566	-
Total Current Liabilities		439,912	118,605	120,313	79,219
Total Liabilities		439,912	118,605	120,313	79,219
Net Assets		5,119,170	2,415,958	5,103,419	2,415,958
Equity					
Contributed equity	16	6,090,067	2,698,511	6,090,067	2,698,511
Accumulated losses	17	(970,897)	(282,553)	(986,648)	(282,553)
Total Equity		5,119,170	2,415,958	5,103,419	2,415,958

	Notes	Consolidated 2005 \$	2004 \$	Company 2005 \$	2004 \$
Cash Flows from Operating Activities					
Cash payments in the course of operations		(735,616)	(231,685)	(579,295)	(130,709)
Interest received		104,991	6,495	104,914	6,495
Net Cash used in Operating Activities		(630,625)	(225,190)	(474,381)	(124,214)
Cash Flows from Investing Activities					
Payments for exploration and development expenditure		(793,263)	(80,166)	(19,968)	-
Payments for property, plant and equipment		(359,757)	(16,007)	(5,245)	(2,260)
Advances from other entities		-	45,675	-	13,830
Repayments to other entities		(82,132)	-	(4,140)	-
Advances to Joint Ventures		(7,203)	-	-	-
Payments for investments in controlled entities		-	-	-	(51,179)
Advances to controlled entities		-	-	(1,359,954)	(205,748)
Cash received on withdrawal of JV partner		50	-	-	-
Net Cash used in Investing Activities		(1,242,305)	(50,498)	(1,389,307)	(245,357)
Cash Flows from Financing Activities					
Proceeds from share issues		3,717,000	763,234	3,717,000	763,234
Share issue expenses		(325,443)	(84,723)	(325,443)	(84,723)
Net Cash provided by Financing Activities		3,391,557	678,511	3,391,557	678,511
Net Increase in Cash Held		1,518,627	402,823	1,527,869	308,940
Cash at the beginning of the financial year		402,823	-	308,940	-
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		(4,082)	-	(4,082)	-
Cash at the end of the Financial Year	8	1,917,368	402,823	1,832,727	308,940

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 which includes applicable Australian Accounting Standards and other authoritative pronouncements of the Accounting Standards Board. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with. The financial report covers the consolidated entity of Perseus Mining Ltd (the "Company") and controlled entities, and the Company as an individual parent entity. Perseus Mining Ltd is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising the parent entity and all entities which the Company controlled from time to time during the year and at balance date.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

The financial reports of controlled entities are prepared for the same reporting year as the Company, using consistent accounting policies.

Foreign Currency

Transactions in foreign currencies of entities within the consolidated entity are converted to local currency at the rate of exchange ruling at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are recognised in determining the result for the year.

As the foreign controlled entities are dependent on the parent entity, their monetary assets and liabilities are translated into Australian currency at rates of exchange at balance date. Non-monetary assets are translated at historical rates at the time of the transaction and revenues and expenses are translated at the average of rates ruling during the year. Resulting exchange differences are brought to account in determining the profit or loss for the year.

Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Taxes

Income taxes

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense as applicable.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities that are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash includes:

- cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
- investments in money market instruments which are readily convertible to cash on hand.

Receivables

Trade receivables and other receivables are recorded at amounts due less provision for doubtful debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Acquisition of Assets

The cost method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition.

Recoverable Amount of Non-Current Assets Valued on Cost Basis

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The carrying amounts of non-current assets valued on the cost basis, other than mineral interest acquisition, exploration and development expenditure carried forward, are reviewed annually to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the period in which it occurs.

In assessing recoverable amount of non-current assets, the relevant cash flows have not been discounted to their present value except where specifically stated.

Investments

Investments in associates are carried at the lower of the equity-accounted amount and recoverable amount in the consolidated financial report and the lower of cost and recoverable amount in the Company's financial report.

All other non-current investments are carried at the lower of cost and recoverable amount.

Property, Plant and Equipment

Property, plant and equipment are included at cost and, except for freehold land, are depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Depreciation is provided using the straight line method for all property, plant and equipment. Estimated useful lives of between three and ten years have been used in the calculation of depreciation for plant and equipment.

Mineral Interest Acquisition, Exploration and Development Expenditure

Mineral interest acquisition, exploration and development expenditure is accumulated separately for each area of interest. Such expenditure comprises acquisition costs, direct exploration and development costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Revenue received from the sale or disposal of product, materials or services during the exploration and evaluation phase of operations is offset against expenditure in respect of the area of interest or mineral resource concerned.

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Exploration and development expenditure, which does not satisfy the above criteria, is written off.

Joint Ventures

Joint venture interests are incorporated in the financial statements by including the consolidated entity's proportion of joint venture assets and liabilities under the appropriate headings.

Where part of a joint venture is farmed out and in consideration the farminee undertakes to carry out further expenditure in the joint venture area of interest, expenditure incurred prior to farmout is carried forward without adjustment unless the terms of the farmout indicate that the expenditure carried forward is excessive based on the diluted interest retained. Provision is then made to reduce expenditure carried forward to a recoverable amount.

Any cash received in consideration for farming out part of a joint venture interest is treated as a reduction in the carrying value of the related mineral property.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services. Amounts are unsecured and are usually paid within 30 days of recognition.

Provisions

Provisions are recognised when there is a legal, equitable or constructive obligation to make a future sacrifice of economic benefits as a result of a past event, it is probable that a future sacrifice of economic benefits will be required, and a reliable estimate can be made of the amount of the obligation.

Employee Benefits

Provision is made for the Company's liability for wages and salaries, annual leave and long service leave arising from services rendered by employees to the reporting date. Liabilities so arising and expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates, which are expected to be paid when the liability is settled.

Contributions are made by the consolidated entity to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

The Company has granted options to certain employees. Other than the costs incurred in administering the issue of options, which are expensed as incurred, the value of options granted is not being recognised as an employee benefits expense.

Contributed Equity

Issued capital is recognised at the fair value of the consideration received by the Company.

Transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Earnings per Share

Basic earnings per share is determined by dividing the net result attributable to members, adjusted to exclude costs of servicing equity (other than dividends), by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is determined by dividing the net result attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and any expenses associated with dividends and interest of dilutive potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) adjusted for any bonus element.

Segment Reporting

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists.

Segment assets include all assets used by a segment and consist principally of cash, receivables and property, plant and equipment net of accumulated depreciation. Whilst most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of accounts payable, employee entitlements, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Where segment revenues and expenses include transfers between segments, these are at the same rates which would apply to parties outside the consolidated entity on an arm's length basis. These transfers are eliminated on consolidation.

Implementation of Australian Equivalents of International Financial Reporting Standards ('AIFRS')

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group will issue abstracts corresponding to International Accounting Standards Board (IASB) interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee.

The adoption of AIFRS will be first reflected in the consolidated entity's financial statements for the half-year ended 31 December 2005 and the year ending 30 June 2006.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The consolidated entity's management has analysed the significance of the expected changes and has identified a number of accounting policy changes that will be required. In some cases choice of accounting policies are available, including elective exemptions under Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. Some of these choices are still being analysed to determine the most appropriate accounting policy for the consolidated entity.

The known or reliably estimable impacts on the financial report for the year ended 30 June 2005 had it been prepared using AIFRS are set out below. The expected financial effects of adopting AIFRS are shown for each key area. Although the adjustments disclosed in this note are based on managements' best knowledge of expected standards and interpretations, and current facts and circumstances, these may change due to:

- Amended or additional standards or interpretations may be issued by the AASB and the IASB; and
- Emerging accepted practice in the interpretation and application of AIFRS and Urgent Issues Group ('UIG') Interpretations.

Therefore, until the consolidated entity prepares its full AIFRS financial statements, the possibility cannot be excluded that the major changes shown below may have to be adjusted.

Equity-based compensation benefits

Under AASB 2 Share-based Payment, equity-based compensation to employees will be recognised as an expense in respect of the services received.

The consolidated entity has elected to adopt the exemption under AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards and has not valued options issued to employees after 7 November 2002 which vested before 1 January 2005. Under AASB 2 Share-based Payment, equity-based compensation to employees that vested after 1 January 2005 will be recognised as an expense in respect of the services received. This will result in a change to the current accounting policy, under which no expense is recognised for equity-based compensation.

In relation to options issued to employees, consultants and directors, management has estimated that an expense of \$204,155 will be required to be recognised in the statement of financial performance for the year ended 30 June 2005 with a corresponding credit made to an option reserve in equity for comparative purposes.

Management has estimated an amount of \$139,579 for options issued to Montagu Stockbrokers Pty Ltd, the Broker to the Company's initial public offer of securities, will be required to be recognised as a reduction in equity in the statement of financial position as at 30 June 2005 with a corresponding credit made to an option reserve in equity for comparative purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment of Assets

Under Accounting Standard AASB 136 'Impairment of Assets', the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the Company's current accounting policy, which determines the recoverable amount of an asset on the basis of undiscounted cash flows.

Management do not believe that any assets were impaired on transition or at 30 June 2005.

Income taxes

Currently, the consolidated entity adopts the liability method of tax effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the Australian equivalent to IAS 12, the consolidated entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

Management do not believe that there will be any significant impact in terms of the statement of financial position or performance.

Presentation of Financial Statements

There will be presentation impact as required under various standards. Key impacts include:

Under AIFRS, government grants and interest revenue are classified as other income. This is in contrast to the current Australian GAAP treatment under which such items are classified as revenue. This will require a reclassification in the financial statements.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to AIFRS, as not all standards have been analysed as yet, and some decisions have not yet been made where choices of accounting policies are available. For these reasons it is not yet possible to quantify all of the impacts of the transition to AIFRS on the consolidated entity's financial position and reported results.

Notes	Consolidated		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
2. REVENUE FROM ORDINARY ACTIVITIES				
Revenues from outside operating activities				
Interest-other parties	107,561	7,993	107,484	7,993
Foreign currency exchange gains	68,753	58,125	-	-
Gain on withdrawal of JV partner	7,047	-	-	-
Total revenue from ordinary activities	183,361	66,118	107,484	7,993

		Consolidated		Company	
	Notes	2005	2004	2005	2004
		\$	\$	\$	\$

3. LOSS FROM ORDINARY ACTIVITIES

Loss from ordinary activities before income tax has been determined after:

(a) Expenses

Depreciation of plant and equipment		12,915	2,703	1,151	114
Foreign exchange losses	3(b)	-	-	194,060	48,574
Diminution in value of loans to and investments in controlled entities		-	-	335	51,190

Other expenses include:

Corporate promotion and advertising		6,500	9,817	6,500	9,817
Conferences and seminars		13,781	-	13,781	-
Legal expenses		2,167	10,975	2,167	10,975
Printing & Stationery		11,559	3,368	11,559	3,368

(b) Losses

Net foreign currency exchange losses		-	-	194,060	48,574
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4. AUDITORS' REMUNERATION

Audit services:

- Auditors of the company – HLB Mann Judd		17,000	5,000	17,000	5,000
- Other auditors		6,612	2,399	-	-
		23,612	7,399	17,000	5,000

Other services:

- Auditors of the company – HLB Mann Judd		7,000	-	7,000	-
- Other auditors		-	-	-	-
		7,000	-	7,000	-

Other services comprise the preparation of the Independent Accountant's Report included in the prospectus for the Company's initial public offer of securities.

Notes	Consolidated		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$

5. INCOME TAX EXPENSE

- (a) The prima facie tax benefit at 30% on loss from ordinary activities is reconciled to the income tax provided in the financial statements as follows:

Loss from ordinary activities	688,344	282,553	704,095	282,553
Prima facie income tax benefit @ 30%	206,503	84,766	211,229	84,766
Tax effect of permanent differences:				
Provision for non-recovery of loans and write-down in investments in controlled entities	-	-	-	(15,357)
Foreign exchange gains / (losses) not deductible	20,626	17,437	(58,219)	(14,572)
Other non-deductible items	(11,040)	(9,224)	(9,859)	(23,968)
Income tax benefit adjusted for permanent differences	216,089	78,236	143,151	30,869
Income tax benefit not brought to account	(216,089)	(78,236)	(143,151)	(30,869)
Income tax attributable to operating losses	-	-	-	-

- (b) The potential future income tax benefits arising from tax losses and timing differences have not been recognised as an asset because recovery of tax losses is not virtually certain and recovery of timing differences is not assured beyond any reasonable doubt:

Australian tax losses	174,020	30,869	174,020	30,869
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The future income tax benefits will only be obtained if the conditions in Note 1 (Income taxes) are satisfied and if:

- the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the consolidated entity continues to comply with the conditions for deductibility imposed by the relevant tax legislation;
- no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for losses.

For the purposes of income tax, Perseus Mining Ltd and its 100% owned Australian subsidiaries intend to form a tax consolidated group. At the date of signing the financial report, Perseus Mining Ltd has not determined the date of entry into tax consolidation because this decision will be based upon the most favourable outcome in terms of the transitional rules in the tax consolidation legislation. The date of entry will be determined by December 31 2005.

5. INCOME TAX EXPENSE - continued

As part of the entry into consolidation, it is anticipated that members of the group will enter into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. In addition, it is anticipated that the agreement will provide for the allocation of income tax liabilities between the entities should the parent entity default on its tax payments obligations.

Tax consolidation is not expected to have a material effect on the group's future income tax benefit.

No adjustments have yet been made to reflect the Company's possible intention to form a consolidated tax group.

Consolidated	
2005	2004
cents	cents

6. EARNINGS PER SHARE

Basic earnings/(loss) per share

(1.2)	(1.3)
2005	2004
Number	Number

Weighted average number of ordinary shares
used in the calculation of basic earnings per share

55,597,779	21,741,270
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The Company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these options would result in a decrease in the net loss per share.

7. SEGMENT INFORMATION

The consolidated entity operated principally in three geographical segments (primary reporting segments) being Australia, West Africa and Central Asia, and two business segments (secondary reporting segments), namely investing and mineral exploration. The segment information is prepared in conformity with the accounting policies described in Note 1.

Geographical Segments (Primary Segment)

The consolidated entity comprises the following main geographical segments:

Australia	Investing activities and corporate management.
West Africa	Mineral exploration activities.
Central Asia	Mineral exploration activities.

Business Segments (Secondary Segment)

In presenting information on the basis of business segments, segment revenue, expenses and assets are based on the business nature of the operations.

The consolidated entity operates in the following business segments:

Investing	Investing in equities, cash management and corporate management.
Mineral Exploration	Mineral exploration, predominantly for gold in West Africa and Central Asia.

Perseus Mining Limited

Notes to the Financial Statements
For the year ended 30 June 2005



7. SEGMENT INFORMATION - continued

	Australia	Australia	West Africa	West Africa	Central Asia	Central Asia	Consolidated	Consolidated
	2005	2004	2005	2004	2005	2004	2005	2004
	\$	\$	\$	\$	\$	\$	\$	\$
Geographical segments (Primary Segment)								
Revenue								
Other external revenue	103,072	7,993	91,135	56,020	(10,846)	2,105	183,361	66,118
Total segment revenue	103,072	7,993	91,135	56,020	(10,846)	2,105	183,361	66,118
Results								
Operating loss before income tax	(636,294)	(231,562)	(41,077)	(31,698)	(10,973)	(19,293)	(688,344)	(282,553)
Income tax expense							-	-
Net loss							(688,344)	(282,553)
Non-Cash Expenses								
Depreciation	1,151	114	9,442	-	2,322	2,589	12,915	2,703
Non-cash expenses other than depreciation	-	-	-	-	2,982	-	2,982	-
Assets								
Segment assets	1,849,881	318,015	3,226,716	1,988,029	482,485	228,519	5,559,082	2,534,563
Non-current assets acquired	5,245	2,260	1,194,648	1,955,722	227,287	158,191	1,427,180	2,116,173
Liabilities								
Segment liabilities	101,665	79,222	289,927	34,305	48,320	5,078	439,912	118,605

	Investing	Investing	Mineral Exploration	Mineral Exploration	Consolidated	Consolidated
	2005	2004	2005	2004	2005	2004
	\$	\$	\$	\$	\$	\$
<hr/>						
Business segments (Secondary Segment)						
Segment revenue	103,072	7,993	80,289	58,125	183,361	66,118
Segment assets	1,849,881	318,015	3,709,201	2,216,548	5,559,082	2,534,563

	Notes	Consolidated		Company	
		2005	2004	2005	2004
		\$	\$	\$	\$
8. CASH ASSETS					
Cash assets		110,714	162,905	26,073	69,022
Deposits at call		1,806,654	239,918	1,806,654	239,918
		1,917,368	402,823	1,832,727	308,940

9. RECEIVABLES

Current

Sundry debtors		18,348	17,849	10,914	6,929
Sundry debtors – amounts due from associated entities		43,660	-	-	-
		62,008	17,849	10,914	6,929

Non-current

Loans to controlled entities		-	-	4,392,218	3,327,297
Provision for non-recovery of loans to controlled entities		-	-	(1,172,380)	(1,284,451)
		-	-	3,219,838	2,042,846

Terms and conditions relating to the above financial instruments:

- Trade and sundry debtors are non-interest bearing and generally on 30 day terms.
- Loan advances have been made to wholly owned controlled entities. The loans are interest free, unsecured and repayable only when the borrower's cash flow permits.

10. OTHER

Current

Prepayments		6,839	421	-	-
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Non-current

VAT Withheld		41,385	-	-	-
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- VAT has been withheld in the Kyrgyz Republic and is only refundable when the Kyrgyz companies commence generating revenues. For that reason the amounts have been classified as non-current.

Perseus Mining Limited

Notes to the Financial Statements
For the year ended 30 June 2005



	Notes	Consolidated		Company	
		2005	2004	2005	2004
		\$	\$	\$	\$
11. OTHER NON-CURRENT FINANCIAL ASSETS					
Investment in controlled entities - unlisted shares at cost (refer 11 (a))		-	-	51,179	51,179
Provision for diminution		-	-	(16,863)	(16,863)
		-	-	34,316	34,316

(a) Particulars in relation to controlled entities

Name of controlled entity	Notes	Place of Incorporation	Consolidated Entity Interest	Consolidated Entity Interest
			2005 %	2004 %
Parent Entity				
Perseus Mining Limited		Australia		
Controlled entities				
Occidental Gold Pty Ltd (i)		Australia	100	100
Sun Gold Resources Ltd	(a)	Ghana	100	100
JSC Z-Explorer	(a)	Kyrgyzstan	100	100
JSC Savoyardy	(a)	Kyrgyzstan	100	100
(i) Controlled entities of Occidental Gold Pty Ltd				
Occidental Gold (Ivory Coast) sarl	(a)	Ivory Coast	100	100

Notes: (a) Not audited by HLB Mann Judd.

	Notes	Consolidated		Company	
		2005	2004	2005	2004
		\$	\$	\$	\$
12. PROPERTY, PLANT AND EQUIPMENT					
Plant and equipment—at cost		382,568	16,007	7,505	2,260
Accumulated depreciation		(38,371)	(2,703)	(1,265)	(114)
Total property, plant and equipment net book value		344,197	13,304	6,240	2,146

Reconciliation:

Balance at the beginning of the year	13,304	-	2,146	-
Additions	359,757	16,007	5,245	2,260
Additions through withdrawal of JV partner	6,997	-	-	-
Depreciation	(12,915)	(2,703)	(1,151)	(114)
Depreciation capitalised to Exploration expenditure	(22,946)	-	-	-
Carrying amount at the end of the year	344,197	13,304	6,240	2,146

	Notes	Consolidated		Company	
		2005	2004	2005	2004
		\$	\$	\$	\$
13. MINERAL INTEREST ACQUISITION, EXPLORATION AND DEVELOPMENT EXPENDITURE					
Balance at the beginning of the year		2,100,166	-	100,000	-
Purchase price for mineral interests		225,665	2,020,000	-	100,000
Expenditure incurred during the period		861,454	80,166	19,697	-
Carried forward		3,187,285	2,100,166	119,697	100,000

The expenditure above relates principally to the exploration and evaluation phase. The ultimate recoupment of this expenditure is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

14. PAYABLES

Current

Trade creditors and accruals	432,075	118,605	116,747	79,219
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Terms and conditions relating to the above financial instruments:

- Trade and other creditors are non-interest bearing and are normally settled on 30 day terms.
- The amount due for the acquisition of the remaining 20% interest for the Grumesa Joint Venture from AngloGold Ashanti is non-interest bearing. The liability is USD\$140,000 which equated to AUD\$203,448 at 30 June 2005.

15. PROVISIONS

Current

Employee benefits	7,837	-	3,566	-
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Perseus Mining Limited

Notes to the Financial Statements
For the year ended 30 June 2005



Notes	Consolidated		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
16. CONTRIBUTED EQUITY				
(a) Issued and paid-up share capital				
59,518,450 (2004: 40,933,450) ordinary shares, fully paid	6,090,067	2,698,511	6,090,067	2,698,511
Movements in Ordinary Shares:				
	Number	Number	\$	\$
Balance at the beginning of the year	40,933,450	-	2,698,511	-
Subscriber Shares issued at 20 cents each on 24/10/2003	-	5	-	1
Promoter Shares issued at 0.1 cents each on 23 /01/2004	-	13,233,445	-	13,233
Shares at 10 cents each to Caspian Oil & Gas Ltd for assignment of debt on 05/03/2004	-	16,000,000	-	1,600,000
Shares at 10 cents each to Caspian Oil & Gas Ltd for acquisition of Grumesa Joint Venture on 05/03/2004	-	3,200,000	-	320,000
Shares at 10 cents each to Caspian Oil & Gas Ltd for acquisition of interest in Kyldoo Joint Venture on 31/03/ 2004	-	1,000,000	-	100,000
Shares at 10 cents each issued as seed capital between 5 March 2004 and 12 April 2004	-	7,500,000	-	750,000
Shares at 20 cents each pursuant to prospectus	18,585,000	-	3,717,000	-
Transaction costs arising from issue for cash	-	-	(325,444)	(84,723)
Balance at the end of the year	59,518,450	40,933,450	6,090,067	2,698,511

(b) Share Options

Options to take up ordinary shares in the capital of the Company have been granted as follows:

Exercise Period	Note	Exercise Price	Opening Balance	Options Issued	Options Exercised/ Cancelled/ Expired	Closing Balance
			1 July 2004	2004/05	2004/05	30 June 2005
			Number	Number	Number	Number
On or before 31 March 2009	(i-iv)	\$0.20	3,750,000	19,432,500	(400,000)	22,782,500

- (i) 9,292,500 options were issued as part of the Company successfully completing its initial public offer on 15 September 2004 by the issue of 18,585,000 fully paid ordinary shares and 9,292,500 free attaching options (exercisable at 20 cents each on or before 31 March 2009) to raise a total of \$3,717,000.

16. CONTRIBUTED EQUITY - continued

- (ii) 4,000,000 options were issued in satisfaction of a capital raising fee to Montagu Stockbrokers.
- (iii) 2,940,000 options were issued to executives and employees.
- (iv) 2,800,000 options were issued to directors and a consultant, in accordance with shareholder approval granted at the annual general meeting held on 10 December 2004. 400,000 options were granted to the Company's Chief Financial Officer, but were cancelled later in the year due to his resignation.

(c) Terms and conditions of contributed equity

Ordinary Shares:

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Notes	Consolidated		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
17. ACCUMULATED LOSSES				
Accumulated losses at the beginning of the period	282,553	-	282,553	-
Net loss attributable to members of the parent entity	688,344	282,553	704,095	282,553
Accumulated losses at the end of the year	970,897	282,553	986,648	282,553

18. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk Exposures

The consolidated entity may be exposed to interest rate risk through primary financial assets and liabilities. The following table summarises interest rate risk for the consolidated entity, together with effective interest rates as at balance date.

2005	Weighted average effective interest rate	Floating interest rate	Fixed interest rate maturing in:		Non- interest bearing	Total
			1 year or less	Over 1 year		
		\$	\$	\$	\$	\$
Financial Assets:						
Current:						
Cash at bank	3.62%	1,832,717	-	-	84,651	1,917,368
Receivables		-	-	-	62,008	62,008
Total Financial Assets		1,832,717	-	-	146,659	1,979,376
Financial Liabilities:						
Current:						
Trade creditors		-	-	-	432,075	432,075
Total Financial Liabilities		-	-	-	432,075	432,075

2004	Weighted average effective interest rate	Floating interest rate	Fixed interest rate maturing in:		Non- interest bearing	Total
			1 year or less	Over 1 year		
		\$	\$	\$	\$	\$
Financial Assets:						
Current:						
Cash at bank	3.45%	402,823	-	-	-	402,823
Receivables		-	-	-	17,849	17,849
Total Financial Assets		402,823	-	-	17,849	420,672
Financial Liabilities:						
Current:						
Trade creditors		-	-	-	118,605	118,605
Total Financial Liabilities		-	-	-	118,605	118,605

18. FINANCIAL INSTRUMENTS – continued

(b) Net fair values

The aggregate net fair value of financial assets and financial liabilities approximate the carrying amount of the financial assets and financial liabilities as indicated in the Statements of Financial Position. There are no unrecognised financial assets or financial liabilities at year-end.

(c) Credit risk exposures

The consolidated entity's maximum exposures to credit risk at year end in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statements of Financial Position.

(d) Concentration of credit risk

As the consolidated entity is exclusively involved in exploration rather than trading there is currently very little credit risk. The risk is considered immaterial to the operations of the consolidated entity.

(e) Exchange rate exposures

The Company has not entered into any general or specific contracts to hedge against losses that may arise from exchange rate fluctuations. The Company may suffer such exchange rate fluctuation losses as it has a number of assets and liabilities denominated in foreign currencies, particularly US dollars.

19. COMMITMENTS

(a) Exploration expenditure commitments

For those mineral concessions where the consolidated entity is not the titleholder, the earning of equity interest is by incurring exploration expenditure of specified amounts by certain dates. Where the consolidated entity or its joint venture partners are the concession holder, renewal will be subject to satisfying the relevant authority as to the adequacy of exploration programs by comparison to work programs submitted at the time of grant of the concession. It is estimated that the consolidated entity is required to make the following outlays to satisfy joint venture and exploration permit conditions. These commitments are subject to variation dependent upon matters such as the results of exploration on the mineral concessions.

Should parties with whom the parent entity has farm in agreements fail to contribute to their share of farm in agreement obligations, Perseus Mining Limited will become liable to meet additional expenditure commitments. At balance date, the directors were not aware of any such commitments.

	Notes	Consolidated		Company	
		2005	2004	2005	2004
		\$	\$	\$	\$
Within one year		400,000	225,000	-	-
One year or later and not later than five years		1,100,000	500,000	-	-
Later than five years		1,100,000	500,000	-	-
		2,600,000	1,225,000	-	-

19. COMMITMENTS – continued

(b) Capital commitments

Sun Gold Resources Limited (Sun Gold) had entered into an agreement with AngloGold Ashanti whereby AngloGold Ashanti had agreed to sell to Sun Gold the 20% interest it owns in the Grumesa Joint Venture for a consideration of USD\$140,000 which equated to AUD\$201,472 at 30 June 2004.

Sun Gold had agreed to purchase from Caspian Oil & Gas Limited (formerly Afminex Limited) plant and equipment for use in the West African operations. The consideration of USD\$103,319 which equated to approximately AUD\$148,685 at 30 June 2004, was paid in September 2004.

The consolidated entity has no capital commitments as at 30 June 2005.

Notes	Consolidated		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
Within one year	-	350,157	-	-
One year or later and not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	350,157	-	-

20. CONTINGENT LIABILITIES

There were no contingent liabilities of the consolidated entity, not provided for in the financial statements at 30 June 2005.

Notes	Consolidated		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
21. STATEMENTS OF CASH FLOWS				
(a) Reconciliation of the loss from ordinary activities to net cash used in operating activities				
Loss from ordinary activities after income tax	(688,344)	(282,553)	(704,095)	(282,553)
Add back non-cash items:				
Depreciation	12,915	2,703	1,151	114
Provision for non-recovery of investments in and loans to controlled entities	-	-	335	51,190
Employee benefits provision	(3,746)	11,583	3,566	11,583
Foreign currency loss / (gain)	(68,753)	-	194,060	48,574
Management Fees	-	-	8,960	-
Gain on withdrawal of JV partner	(7,047)	-	-	-
Change in assets and liabilities:				
(Increase) in receivables	(41,943)	(17,849)	(4,044)	(6,929)
(Increase) in other assets	(6,418)	(421)	-	-
Increase in payables	172,711	61,347	25,686	53,806
Net cash used in operating activities	(630,625)	(225,190)	(474,381)	(124,215)

(b) Acquisition of Controlled Entities

During the period ended 30 June 2004, Perseus Mining Limited ("Perseus") acquired 100% of the issued capital of Occidental Gold Pty Ltd for a purchase consideration of \$1. Perseus acquired 100% of the issued capital of Sun Gold Resources Ltd for \$1 and paid a further \$15,554 to convert the shares to fully paid ordinary shares.

Perseus also acquired 100% of the issued capital of JSC Z-Explorer for \$30,772 and 100% of the issued capital of JSC Savoyard for \$4,851.

The total amounts invested in the controlled entities during the period ended 30 June 2004 totalled \$51,179.

(c) Non-Cash Financing and Investing Activities

During the period ended 30 June 2004, Perseus acquired mineral interests in Ghana, Ivory Coast and the Kyrgyz Republic from Caspian Oil & Gas Limited (formerly Afrimex Limited) by the issue of 20,200,000 fully paid ordinary shares in the Company at 10 cents each. Please refer to note 24 for further details.

Perseus Mining Limited

Notes to the Financial Statements
For the year ended 30 June 2005



Notes	Consolidated		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$

22. EMPLOYEE BENEFITS

The aggregate employee benefit liability is comprised of:

Accrued wages, salaries and on costs - current	24,892	4,977	-	-
Annual leave provision - current	7,837	-	3,566	-
	32,729	4,977	3,566	-
	No.	No.	No.	No.
- Number of employees at year end	9	6	1	-

23. DIRECTOR AND EXECUTIVE DISCLOSURES

The Company has applied the exemption under Corporations Amendment Regulation 2005 which exempts listed companies from providing remuneration disclosures in relation to their specified directors and executives in their annual financial reports by Accounting standard AASB 1046, 'Director and Executive Disclosures by Disclosing Entities'. These remuneration disclosures are provided in the Remuneration Report of the Directors' Report designated as audited.

Shareholdings

The numbers of shares in the Company held during the financial year by directors, including shares held by entities they control, are set out below:

	Balance at 1 July 2004	Received as Remuneration	Options Exercised	Other Movements	Balance at 30 June 2005
<i>Parent entity directors</i>					
Reginald Gillard	-	-	-	210,000	210,000
Mark Calderwood	-	-	-	710,000	710,000
Colin Carson	-	-	-	945,000	945,000
Alexander Becker	1,395,254	-	-	12,000	1,407,254
Rhett Brans	-	-	-	50,000	50,000
Neil Fearis	-	-	-	100,000	100,000

23. DIRECTOR AND EXECUTIVE DISCLOSURES – continued

Option holdings

The numbers of options in the Company held during the financial year by directors, including shares held by entities they control, are set out below.

	Balance at 1 July 2004	Received as Remuneration	Options Exercised	Other Movements	Balance at 30 June 2005	Vested and exercisable at year end
<i>Parent entity directors</i>						
Reginald Gillard	-	400,000	-	70,000	470,000	470,000
Mark Calderwood	-	2,400,000	-	95,000	2,495,000	2,495,000
Colin Carson	-	-	-	245,000	245,000	245,000
Alexander Becker	-	800,000	-	-	800,000	800,000
Rhett Brans	-	400,000	-	25,000	425,000	425,000
Neil Fearis	-	400,000	-	50,000	450,000	450,000

Other transactions with directors

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at year-end.

24. RELATED PARTY TRANSACTIONS

(a) Directors and specified executives remuneration

The Company has applied the exemption under Corporations Amendment Regulation 2005 which exempts listed companies from providing remuneration disclosures in relation to their specified directors and executives in their annual financial reports by Accounting standard AASB 1046, 'Director and Executive Disclosures by Disclosing Entities'. These remuneration disclosures are provided in the Remuneration Report of the Directors' Report designated as audited.

(b) Transactions with Directors and Director-Related Entities

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

	Notes	Consolidated		Company	
		2005	2004	2005	2004
		\$	\$	\$	\$
(a)	Accounting, secretarial and corporate service fees paid or payable to Corporate Consultants Pty Ltd, a company in which Mr Gillard is a director and has a beneficial interest.	102,222	45,504	102,222	45,504
(b)	Rent paid or payable to Ledger Road Partnership, an entity in which Mr Gillard and Mr Carson both have a beneficial interest.	5,412	-	5,412	-

Perseus Mining Limited

Notes to the Financial Statements
For the year ended 30 June 2005



24. RELATED PARTY TRANSACTIONS – continued

	Notes	Consolidated		Company	
		2005	2004	2005	2004
		\$	\$	\$	\$
(c) Taxation services paid or payable to Icon Financial Management Pty Ltd, an entity in which Mr Gillard is a director and has a beneficial interest.		2,663	-	2,663	-

Balances due to Directors and Director Related Entities at year end

- included in trade creditors and accruals	70,088	45,753	54,487	45,753
--------------------------------------------	--------	--------	--------	--------

(c) Transactions with Related Parties - Controlled Entities

Wholly Owned Group

The parent entity incurs exploration expenditure on behalf of the controlled entities. Investments in and loans to wholly owned controlled entities are disclosed in Notes 11 and 9 respectively.

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

(d) Ultimate parent entity

Perseus Mining Limited was incorporated as a 100% subsidiary of Caspian Oil & Gas Limited (formerly Afrimex Limited) in October 2003. As at 30 June 2004, the ultimate parent entity of Perseus Mining Limited was Caspian Oil & Gas Limited, which held 58% of the issued share capital of the Company. Following the successful completion of the Company's initial public offer on 15 September 2004, Caspian Oil & Gas Limited's interest in the capital of the Company has reduced to 39%.

During the previous period, the Company acquired mineral interests and entered into agreements with Caspian Oil & Gas Limited as follows:

- The Tengrela project by the issue of 16,000,000 shares at 10 cents each on March 5 2004 and the grant of a royalty interest;
- The Grumesa Joint Venture by the issue of 3,200,000 shares at 10 cents each on March 5 2004 and the grant of a royalty interest;
- The Kyldoo Joint Venture by the issue of 1,000,000 shares at 10 cents each on March 31 2004 and the grant of a royalty interest;
- The Company had agreed to purchase plant and equipment for use in the West African operations for consideration of USD\$103,319, payable upon listing of the Company on ASX; and
- The sharing of certain staff and office resources in Ghana with the costs determined on the basis of usage of resources by both companies.

Mr Gillard, Mr Carson and Dr Becker are directors of Caspian Oil & Gas Limited.

(e) Transactions with Other Related Parties

During the year, the Company concluded an agreement with its associate, Caspian Oil & Gas Ltd in respect of the Kwatechi mineral property in Ghana. Caspian assigned its farm-in rights to earn a 67% interest in the property such that Perseus can earn 60% out of Caspian's 67% by funding expenditure to a mining operation. Effectively, the Company will free carry Caspian to a 7% interest. In a separate transaction, the Company acquired on an outright basis a 16% interest held in the property by a third party. Consequently, the Company can now earn an interest of 76% in the property.

25. EVENTS OCCURRING AFTER THE REPORTING DATE

There are no matters or circumstances that have arisen since 30 June 2005 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial years, other than the matter referred to below:

- In September 2005, the Company announced that it had entered into agreements for the placement of 12,500,000 fully paid ordinary shares at an issue price of 20 cents each, with 6,250,000 free attaching options for a total subscription amount of \$2,500,000. The options are exercisable at 20 cents each on or before 31 March 2009. Brief details of the agreements are as follows:
 - A subscription agreement was executed with Macquarie Bank Ltd for it to subscribe for 3,500,000 fully paid ordinary shares and 1,750,000 free attaching options for a total subscription amount of \$700,000. The placement was completed in September 2005.
 - An agreement was executed with Montagu Corporate Pty Ltd ("Montagu") for it to procure subscriptions for the remaining 9,000,000 fully paid ordinary shares and 4,500,000 free attaching options for total subscription monies of \$1,800,000. Completion of the placement to clients of Montagu will be subject to shareholder approval at a general meeting to be held in October 2005.

The total funds raised of \$2,500,000 will be used for exploration programs and for general working capital.

The financial effects of the above event occurred after balance date and have not been recognised in this financial report.

Directors' Declaration

30 June 2005



In the opinion of the Directors of Perseus Mining Limited ("the Company"):

- (a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2005 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2005.

Signed in accordance with a resolution of the Directors made pursuant to s 295(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read "R N Gillard", written over a horizontal line.

R N Gillard
Chairman
Dated at Perth, 26 September 2005

INDEPENDENT AUDIT REPORT

**To the members of
PERSEUS MINING LIMITED**

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position as at 30 June 2005, statement of financial performance, statement of cash flows and accompanying notes to the financial statements for the year then ended, and the directors' declaration of Perseus Mining Limited ("the company"). The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether or not the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.


We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

HLB Mann Judd (WA Partnership)
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Partners: Ian H Barsden, Terry M Blenkinsop, Litsa Christodoulou, Wayne M Clark, Lucio Di Giallonardo, Colin D Emmott, Trevor G Hoddy, Norman G Neill, Peter J Speechley
HLB Mann Judd (WA Partnership) is a member of  International and the HLB Mann Judd National Association of independent accounting firms

Independent Audit Report

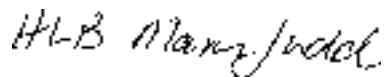
Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the financial report of Perseus Mining Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year then ended; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



HLB MANN JUDD
Chartered Accountants



N G NEILL
Partner

Perth, Western Australia
26 September 2005

Group Mineral Concession Interests at 21 September 2005

<i>Location</i>	<i>Concession name and type</i>	<i>Registered Holder</i>	<i>File Number</i>	<i>Perseus's current equity interest</i>	<i>Maximum equity interest capable of being earned</i>	<i>Notes</i>
Ghana	Grumesa-Awisam Prospecting Licence	Ashanti Goldfields Company Limited	PL2/30	80%	90%	1,3
	Kwatechi Prospecting Licence	Tropical Exploration and Mining Company Limited	PL3/64	16%	76%	1,2
Ivory Coast	Tengrela East Research Permit	Occidental Gold (Ivory Coast) s.a.r.l	145	80%	80%	3,4,5
	Tengrela South Research Permit	Societe Miniere de Côte d'Ivoire	146	80%	80%	3,4
Kyrgyz Republic	Savoyardy Exploration Licence	JSC Savoyardy	Au-87-04	100%	100%	3,7
	Kyldoo Exploration Licence	JSC Kyldoo	Au-63-04	50%	80%	3,6,7
	Maly Naryn Exploration Licence	JSC Z-Explorer	Au-161-03	100%	100%	7
	Talas Exploration Licence	JSC Z-Explorer	Au-188-03	100%	100%	7
	Tolubay Exploration Licence	JSC Z-Explorer	Au-171-02	100%	100%	7

- Notes -
1. The governments of West African countries in which the Company operates are entitled to equity in mining companies owning projects as follows – Ghana and Ivory Coast 10%. Perseus Mining's quoted equity is after allowance for that national interest, which occurs when a new project company is established prior to commencement of mining. In addition, production royalties are payable to the Ghana (between 3% and 12%) and Ivory Coast Governments (3%).
 2. The Company has the right to earn a 76% interest in the property by funding the development of the project to profitable production. Tropical and Leo Shield each retain a 7% interest which is convertible to a 1.25% net smelter royalty at the option of those parties within 30 days of completion of a feasibility study. The Company can withdraw from the joint venture at any time and is required to pay US\$3,600 to Tropical annually whilst it remains in the joint venture.
 3. A royalty of 0.5% of the value of minerals recovered from the licence is payable to Caspian Oil & Gas Ltd (arising from the original spin off of Caspian's gold assets into the Company).
 4. The joint venture partner is free carried to production with its share of costs subsequently recoverable by Perseus from production.
 5. A royalty of US\$0.80 per ounce of gold produced from the licence is payable.
 6. Perseus has a 50% interest in the Kyldoo project and management rights to the joint venture. The parties are required to contribute to ongoing exploration expenditure or dilute, provided that if no party wishes to contribute, Perseus must withdraw from the joint venture. JSC Kentor ("Kentor"), the joint venture partner, may at any time elect to convert its equity in the project vehicle to a net smelter royalty ("NSR") on gold produced. The NSR is 1.5% if the average gold price in a month is below US\$350, 2% if the average gold price in a month is between US\$350 and US\$400 and 2.5% if the average gold price in a month is US\$400 or more.
 7. A production royalty of 5% is payable to the Kyrgyz Government.

The shareholder information set out below was applicable as at 16 September 2005.

Substantial Shareholders

Holdings of substantial shareholders as advised to the Company are set out below.

Name of Interest Holder	Number of Ordinary Shares
Caspian Oil & Gas Limited	23,285,135
Macquarie Bank Limited	3,500,000

Distribution of Holders of Equity Securities

Size of Holding	Ordinary Shares	Options (PRUO)
1 to 1,000	0	0
1,001 to 5,000	7	117
5,001 to 10,000	107	8
10,001 to 100,000	107	90
100,001 and over	43	17
	<hr/> 264	<hr/> 232

The number of shareholdings comprising less than a marketable parcel was 2.

Voting Rights

The voting rights attaching to ordinary shares are governed by the Constitution. On a show of hands every person present who is a Member or representative of a Member shall have one vote and on a poll, every Member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. None of the options have any voting rights.

Twenty Largest Shareholders as at 16 September 2005	Number of Shares	% Held
Caspian Oil & Gas Limited	23,285,135	36.95
Westpac Custodian Nominees Limited	11,500,000	18.25
Macquarie Bank Limited	3,500,000	5.55
Tatiana Dmitrieva	2,244,253	3.56
Alexander Becker	1,395,254	2.21
Waldemar Mueller	1,316,278	2.09
Yaroslav Bandurak	1,184,650	1.88
Sergei Shestaev	1,184,650	1.88
Alexander Novak	1,184,650	1.88
James Bremner Skinner & Janice Ivy Skinner	1,000,000	1.59
SDC Pty Ltd	840,000	1.33
Hargrave Holdings Pty Ltd	756,423	1.20
Mark Kennard Connell	700,000	1.11
Mark Andrew Calderwood	690,000	1.09
Karari Australia Pty Ltd	658,086	1.04
Pauline Mueller	638,580	1.01
Brian Bertelsen	500,000	0.79
John Campbell Robertson	400,000	0.63
ANZ Nominees Pty Ltd	376,000	0.60
Reginald George & Julie Dianne Maddock	338,630	0.54
	<hr/> 53,692,589	<hr/> 85.18

Restricted Securities

A total of 33,433,445 ordinary shares are subject to escrow to 22 September 2006.

Twenty Largest Optionholders as at 16 September 2005 Options Expiring 31 March 2009 (ASX code: PRUO)

	Number of Options	% Held
Westpac Custodian Nominees Limited	5,750,000	30.60
Montagu Capital Ltd	4,000,000	21.29
Macquarie Bank Limited	1,750,000	9.31
James Bremner Skinner & Janice Ivy Skinner	1,000,000	5.32
SDC Pty Ltd	375,000	2.00
Geraldton Agricultural Services Pty Ltd	334,500	1.78
Vivien Mary Dwyer	250,000	1.33
Gazump Resources Pty Ltd	250,000	1.33
Karema Capital Pty Ltd	235,000	1.25
John Campbell Robertson	200,000	1.06
John Edward & Narelle Robin Beaver	180,000	0.96
Hargrave Holdings Pty Ltd	170,000	0.90
Ulrich Werner	150,000	0.80
Andrew John Fleischer	147,500	0.78
Andrew William Skinner	130,000	0.69
Toltec Holdings Pty Ltd	125,000	0.67
Peter Anthony Diamond	125,000	0.67
Rainbow Enterprises Pty Ltd	100,000	0.53
Ursula Ulrich	100,000	0.53
Loeb Aron & Co Ltd	100,000	0.53
	15,472,000	82.33

Restricted Securities

A total of 6,400,000 options are subject to escrow as follows:

6,400,000 options in escrow up to 22 September 2006

Unquoted Options

Unquoted options on issue at 16 September 2005 were as follows:

Refer Note	Number of Options	Exercise Price	Exercise Periods/ Expiry Dates	Number of Holders
1	5,740,000	20 cents	On or before 31 March 2009	4

The names of the holders of 20% or more options in these unquoted securities are listed below:

Note	Name	Number of Options Held
1	M A Calderwood	2,400,000