



Perseus
MINING LIMITED

ABN 27 106 808 986

Annual
Report
2008



CORPORATE DIRECTORY > SNAPSHOT



DIRECTORS

Reginald Norman Gillard

Non-Executive Chairman

Mark Andrew Calderwood

Managing Director

Colin John Carson

Executive Director

Rhett Boudewyn Brans

Executive Director

Neil Christian Fearis

Non-Executive Director

Company Secretary

Susmit Mohanlal Shah

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STOCK EXCHANGE LISTINGS

Australian Stock Exchange Limited
(Code – **PRU & PRUO**)

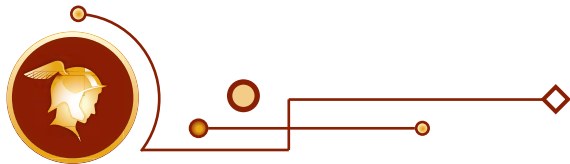
GERMAN STOCK EXCHANGE

Frankfurt, Berlin-Bremen and Munich
(Code – **P4Q**)

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CHAIRMAN'S LETTER > REGINALD NORMAN GILLARD

The past year has been another good year for your Company but a difficult one for the gold industry generally. The turmoil on world financial markets of late has impacted commodity prices, adding to their volatility. The industry enjoyed record high prices earlier in the financial year, with a slow pull back that saw those prices fall by some 26%. The volatility has continued of late, with gold again demonstrating its worth in uncertain financial times staging its biggest one day rally ever, rising over US\$70.

Technically your company has advanced considerably moving from a resource base of 3.6 million ounces last financial year to 4.7 million ounces at the end of this financial year. This is a significant achievement for a junior exploration company in West Africa. We have also commenced a robust exploration program at the Tengrela Project in the Ivory Coast which holds a very significant potential to increase the Company's gold reserve inventory in the next twelve months.

With gold production still declining globally and demand at all time record highs, plus enormous economic uncertainty, the stage appears to be set for a sustained and significant recovery in the gold price.

Your Company has placed approximately 30 million shares during the year to raise \$36.5 million. I believe your management and Board has handled fund raising requirements of the Company in an efficient manner and will continue to do so in the future.

In July 2008 the Company spun out its assets in the Kyrgyz Republic into Manas Resources Limited, which is dedicated and focussed solely on exploring the Kyrgyz assets in a very professional and efficient manner. Your Company retains a 42% shareholding in Manas Resources Limited.

Recently the Board strengthened its management team by appointing Rhett Brans, previously a Non-Executive Director, to the role of Executive Director to oversee the Company's Ayanfuri feasibility study and transition into an emerging producer.

On behalf of the Board I would like to thank the Managing Director Mark Calderwood for his continuing tireless efforts and his extremely able team in both Perth and West Africa and to our loyal shareholders who I am sure will see the fruits of their combined efforts delivered in 2009.

REGINALD NORMAN GILLARD
NON-EXECUTIVE CHAIRMAN



MANAGING DIRECTOR'S REPORT > MARK ANDREW CALDERWOOD

Perseus Mining is ready to take the next step in its development – as an emerging gold producer.

This exciting phase for the Company comes from the aggressive drilling program undertaken at the Ayanfuri Gold Project in Ghana's Central Ashanti region. A considerable focus on extensional and infill drilling over the year provided an 80% resource increase in Ghana to 4.7 million ounces (Table Five contains details of resources).

At the Tengrela Project in northern Ivory Coast (Côte d'Ivoire), drilling to produce an initial resource estimate by the end of 2008 is progressing well, and we are expecting to be able to announce a significant initial resource, followed by further upgrades during 2009. Tengrela is beginning to prove to us that it has a very golden future.

Work on the Definitive Feasibility Study (DFS) for Ayanfuri is progressing, with the Preliminary Economic Assessment (PEA) to be released on 30 September 2008. This document will provide direction on how the DFS should proceed.

The focus for Perseus during the coming financial year will be to deliver the Ayanfuri DFS by March 2009 and then begin project implementation in July 2009 with the aim of commencing mining in 2010.

Further follow-up 'green-field' exploration drilling will be undertaken on new prospects at Ayanfuri and other drill targets discovered in 2007-2008 which have had to await drilling due to the 'brown-field' drilling requirements for the DFS.

A Preliminary Economic Assessment has recently commenced for the Tengrela Project in the Ivory Coast and our expectation is to have a DFS completed by the end of 2009. Drilling at Tengrela will see exploration drilling on several gold-in-soil anomalies within the large tenement area, while resource drilling will continue at the Sissingue prospect where extensive medium to high grade gold mineralisation has been revealed. The Company is operating four rigs at Tengrela and will endeavour to increase this number.

Wide-spaced geochemical sampling across the 839sq km Mahalé and the 1,000sq km M'Bengué reconnaissance permits in northern Ivory Coast is also underway. These two permits are located north-west of Tengrela and about 60 kilometres south-east of Tengrela and adjacent to Randgold Resources' 4.3Moz Tongon project.

Perseus is very pleased with its 42% holding in Manas Resources which is the spin-of vehicle for its Kyrgyz Republic gold assets. Manas hold an exciting suite of Carlin style gold licences in the Central Asian country, including the high grade Shambesai project.

I would like to take the opportunity to thank the Perseus staff, contractors and consultants for their efforts during the past very active year which saw the completion of in excess 140km of drilling in West Africa alone, including in 54km of core drilling.



MARK ANDREW CALDERWOOD
MANAGING DIRECTOR



REVIEW OF OPERATIONS

The year ending 30 June 2008 was one of strong progress for Perseus Mining Limited ("Perseus" or the "Company"). Active exploration programmes on its projects saw continued solid growth in the Company's resource base in Ghana:

- 1.06Moz in June 2006; to
- 2.64Moz in June 2007, an 150% increase from 2006; to
- 4.74Moz in June 2008, a further 80% increase from June 2007.

The collective Ayanfuri deposits currently total in excess of 3.9 million ounces of gold, making Ayanfuri a "world class" project.

Perseus spun out its Kyrgyz gold projects into a new ASX listed company Manas Resources Limited in July 2008, retaining a 42% interest in Manas, reducing its global resource base by 0.48Moz in the process.

With a focus as an advanced West African gold explorer, Perseus expects to continue to build on its exploration successes both in Ghana, at the Ayanfuri and Grumesa Projects in the Central Ashanti region, and in neighbouring Ivory Coast where the Tengrela Project is located in the northern border region with Mali. Perseus is targeting resources of six million ounces between both project groups by the end of 2008 and eight million by the end of 2009.

GHANA

Ghana is one of the most stable democracies in Africa, with a GDP growth rate of 6.2% in 2006. According to the World Trade Organisation; "since its last Review in 2001, Ghana's macroeconomic fundamentals have improved considerably".

The WTO has recognised the Government's significantly improved fiscal position as well as the rationalization of Ghana's tariff regime. Ghana's merchandise exports and imports have increased strongly since its last WTO Review, with cocoa beans, gold, and timber as Ghana's major export products, while its imports remain dominated by manufactured goods. The EC is its main trading partner.

Ghana's main economic policy objective is to achieve middle-income status by 2015 and become a leading agri-industrial country. Ghana's investment regime is liberal with the mining sector attracting the lion's share of foreign direct investment.

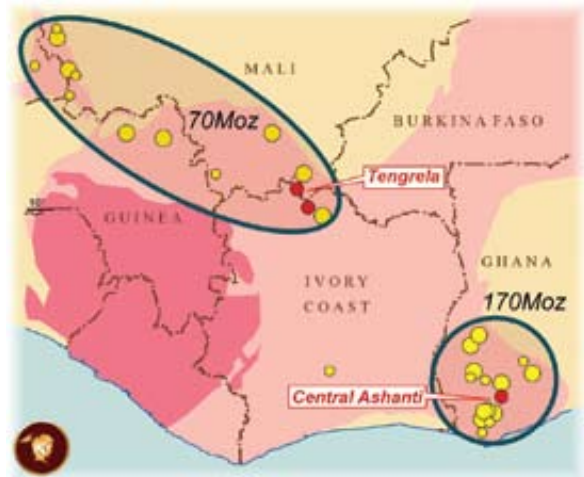
Ghana was known as the "Gold Coast" – because of the area's strong gold production history – up until the region's independence from the United Kingdom in 1957.

Quarter	Ayanfuri Diamond Drilling	Ayanfuri RC Drilling	Grumesa RC Drilling	Total
2007 Q3	5,060	4,602	-	9,662
2007 Q4	14,794	13,335	7,676	35,805
2008 Q1	11,154	10,033	5,280	26,467
2008 Q2	14,091	10,613	5,461	30,165

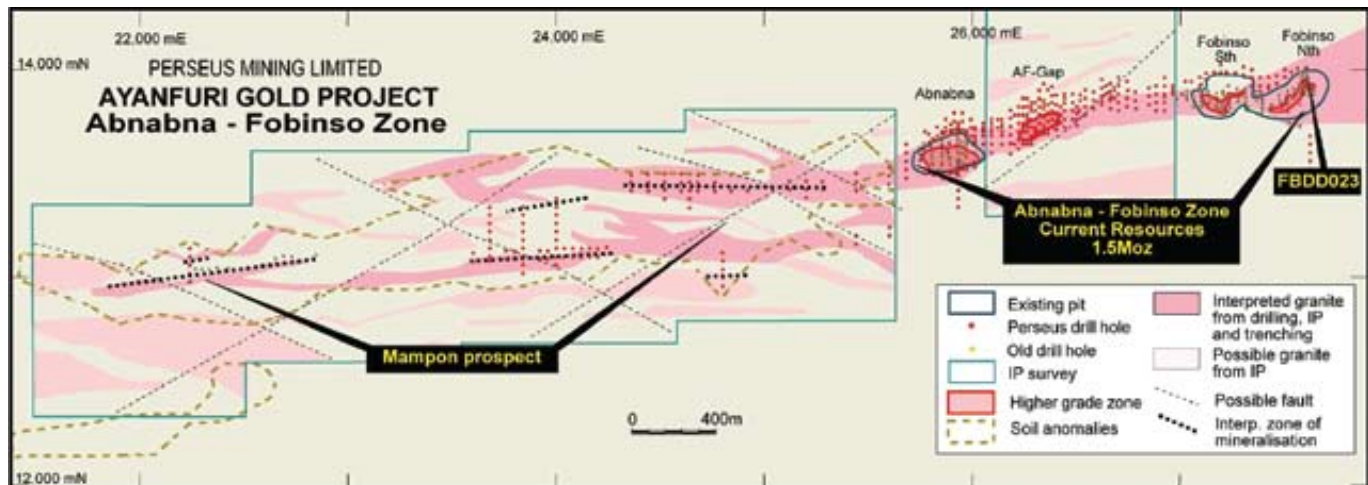
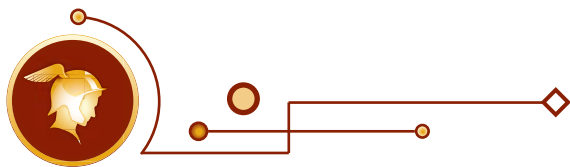
Table One Drilling (in metres) for 2007-2008 - Ghana

Operations

Perseus's Central Ashanti Projects comprise 650sq km of tenements located from 30km south west and south east of the 60Moz Obuasi gold deposit.



Gold resources at the Company's Ayanfuri and Grumesa Projects rose to 4.7Moz during the year, an increase of 80% on the previous financial year. Exploration on the tenements increased significantly during the year with two new greenfield deposits identified. There are still areas that remain under-explored.



Map One AYANFURI GOLD PROJECT - Abnabna - Fobinso Zone

AYANFURI GOLD PROJECT

Perseus's Ayanfuri Project lies in the Central Ashanti region of the country, some 320 kilometres and five hours from the capital Accra and 107km from the large port of Takoradi. It is located 25-65kms south-west of Obuasi, on the Ashanti Gold Belt.

Ayanfuri has continued to provide extremely pleasing results throughout the year, with increases to total resources, as well as significant transition from Inferred to Indicated resources.

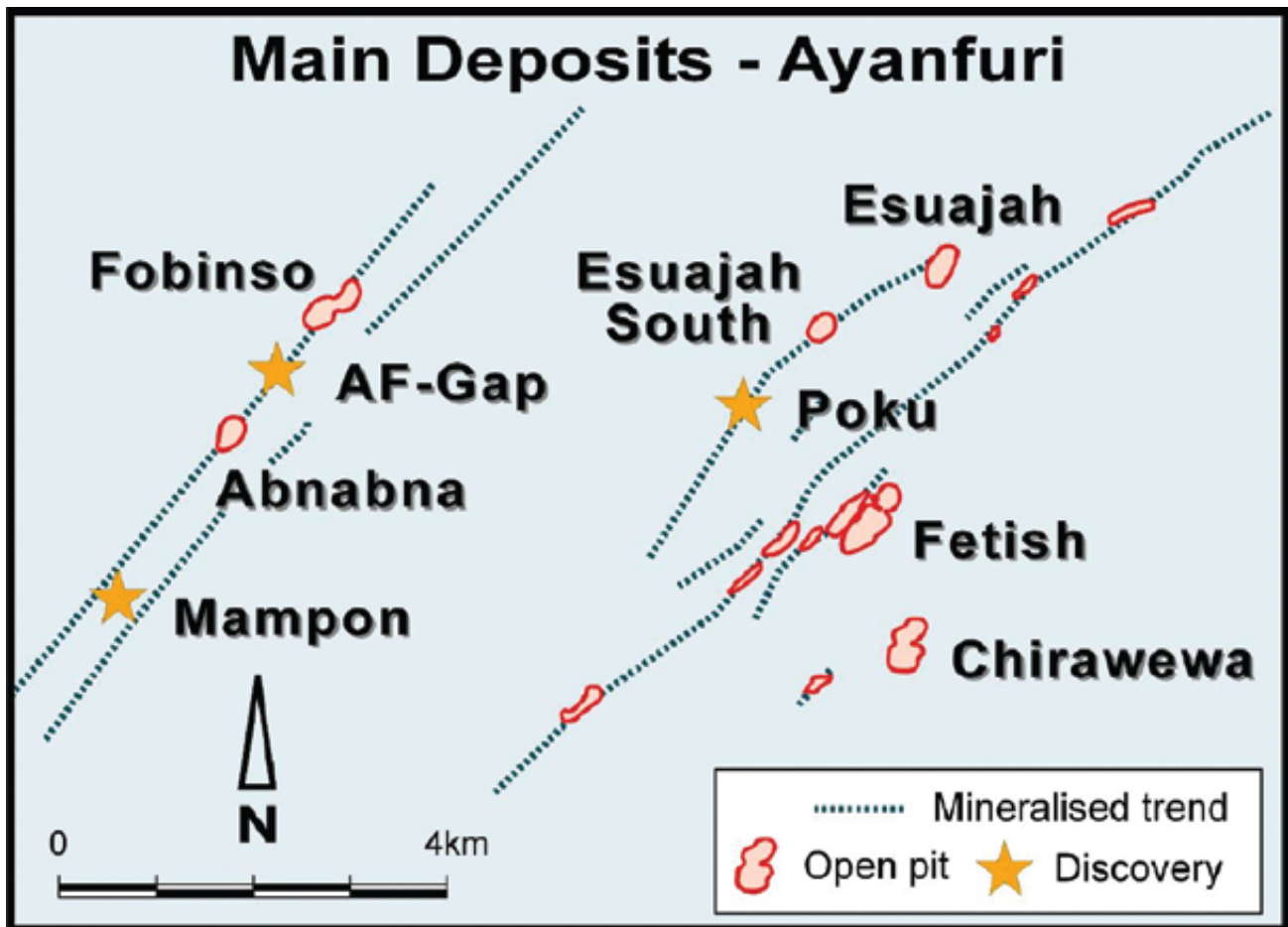
Perseus continued its active drilling campaign at Ayanfuri through FY2007-2008 with impressive resource growth from "brown-fields" exploration, and a number of new discoveries from limited exploration drilling.

Deposit	Indicated			Inferred			Total		
	Tonnes	g/t Au	Ounces Au	Tonnes	g/t Au	Ounces Au	Tonnes	g/t Au	Ounces Au
Esujah North ⁽¹⁾	6,429,000	1.2	249,200	5,796,000	1.1	199,100	12,225,000	1.1	448,200
Esujah South ⁽¹⁾	4,591,000	1.8	263,500	3,370,000	2.2	238,000	7,961,000	2.0	501,500
Abnabna-Fobinso ⁽¹⁾	15,230,000	1.6	760,900	13,306,000	1.4	608,100	28,536,000	1.5	1,369,000
Fetish ⁽¹⁾	4,809,000	1.1	176,200	10,930,000	1.5	543,500	15,739,000	1.4	719,700
Ataasi ⁽²⁾	340,000	2.6	28,500	200,000	2.8	18,000	540,000	2.7	46,500
Chirawewa ⁽²⁾				1,200,000	1.6	65,000	1,200,000	1.7	65,000
Dadieso ⁽³⁾				2,720,000	1.8	153,400	2,720,000	1.8	153,400
Totals	31,399,000	1.5	1,478,300	37,522,000	1.5	1,825,000	68,921,000	1.5	3,303,300

Table Two Mineral Resources (Gold) - Ayanfuri Gold Project 30 April 2008 (>0.8g/t Au)

Deposit	Indicated			Inferred			Total		
	Tonnes	g/t Au	Ounces Au	Tonnes	g/t Au	Ounces Au	Tonnes	g/t Au	Ounces Au
Esujah North ⁽¹⁾	4,295,000	0.6	88,000	8,035,000	0.6	161,900	12,329,000	0.6	249,900
Esujah South ⁽¹⁾	934,000	0.7	19,500	820,000	1.0	25,300	1,755,000	0.8	44,900
Abnabna-Fobinso ⁽¹⁾	3,877,000	0.6	76,400	5,889,000	0.6	113,500	9,766,000	0.6	189,800
Fetish ⁽¹⁾	2,693,000	0.7	56,300	2,410,000	0.7	52,000	5,103,000	0.7	108,300
Dadieso ⁽²⁾				1,142,000	0.9	34,100	1,142,000	0.9	34,100
Totals	11,799,000	0.6	240,200	18,296,000	0.7	386,800	30,095,000	0.7	627,000

Table Three Mineral Resources (Gold) - Ayanfuri Gold Project 30 April 2008 (Low Grade)



Feasibility overview

Progress on the Definitive Feasibility Study ("DFS") continues, with the completion of the Preliminary Economic Assessment ("PEA") stage at the end of September 2008. The PEA will define the basis on which to proceed to completion of the DFS, identify further work required, and will identify opportunities to enhance the project economics.

Metallurgical test-work, capital cost estimations and operating cost estimates have been completed for the base case 4.5Mtpa throughput rate. The extensive ongoing drilling campaign will see the resources reclassified to Measured and Indicated, and allow for reserves estimation and refinement of the production schedule to optimize waste movement and bring forward higher grade material for early plant feed.

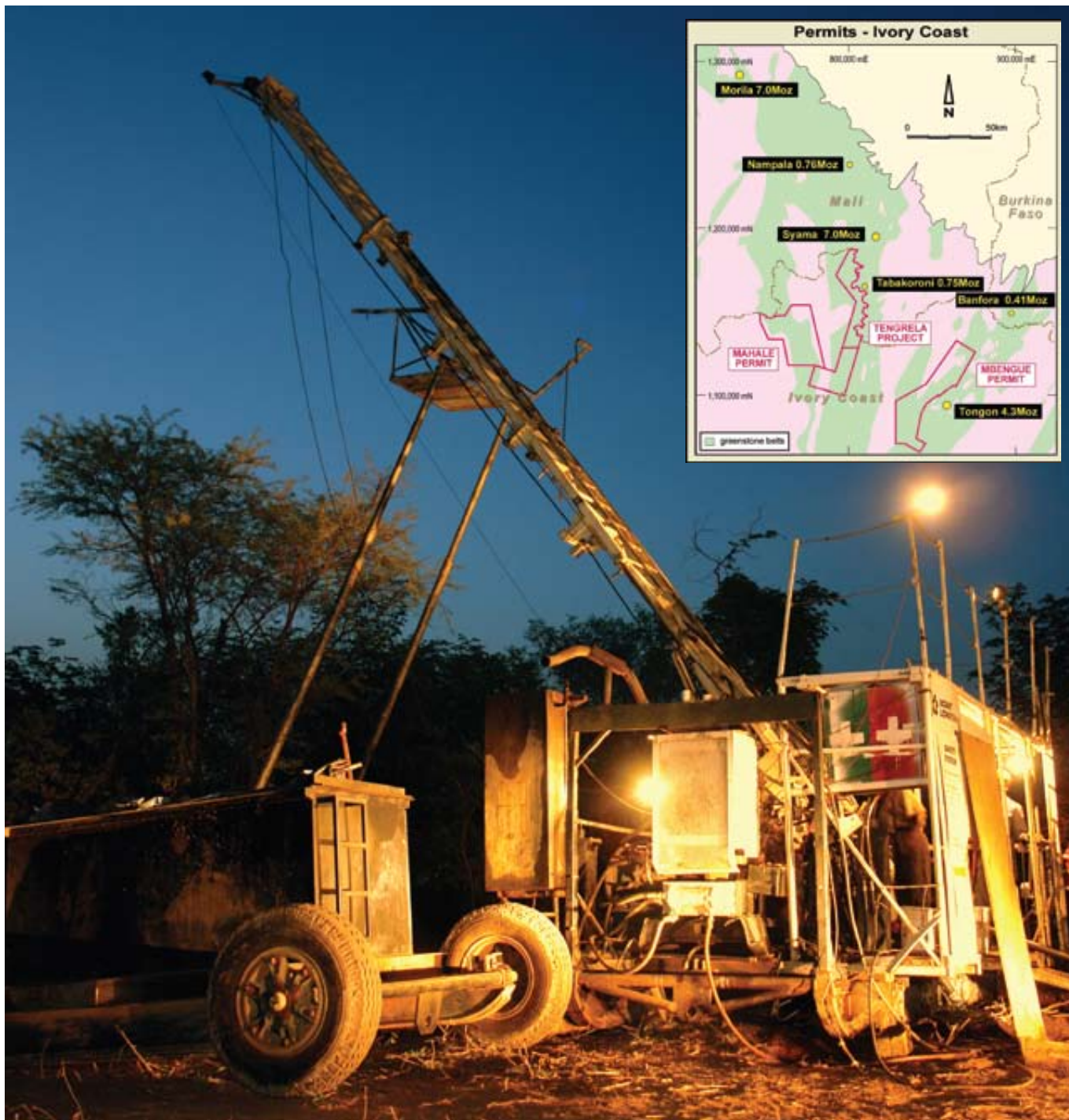
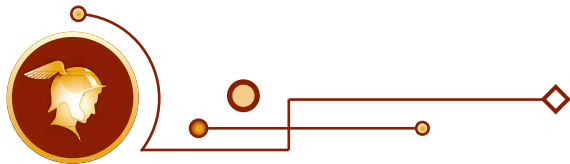
The PEA was based on resource estimates completed to April 2008. Drilling for the DFS is expected to be completed by November 2008 and the first draft of the full DFS targeted for completion in April 2009. Drilling is expected to continue to add resources after completion of the DFS.

GRUMESA GOLD PROJECT

The Grumesa gold project is located 30km east of the Ayanfuri gold project. The Kayeya deposit on the Grumesa licence is a very large low grade Tarkwaian-hosted gold deposit that is amenable to heap leach gold extraction. Current resources are 30 million tonnes at 0.8g/t Au.

18,417m of RC infill resource drilling was completed at Kayeya in 2007-2008. A resource upgrade will be undertaken later in 2008.

The Company has commenced refurbishment of its 1.4mtpa heap leach plant and will continue to review opportunities for use of the plant at Grumesa or elsewhere.



IVORY COAST

Ivory Coast is one of Africa's more developed countries, with good infrastructure and relatively sophisticated bureaucracy.

Ivory Coast's agricultural industry dominates over mining, even though it has the largest share of greenstone belts prospective for gold in West Africa. Equigold's Bonikro mine, currently under construction, is expected to become the first significant gold producer for the under-explored country.

Randgold's Tongon project in northern Ivory Coast is expected to commence production in 2010.

Perseus's tenement holding in Ivory Coast has been significantly increased to 2,724sq km with the addition of the 839sq km Mahalé reconnaissance permit located over a greenstone belt extending north-west from Perseus's Tengrela Project, and the 1,000sq km M'Bengué reconnaissance permit located adjacent to Randgold Resources' 4.3Moz Tongon project, about 60km south-east of Tengrela.



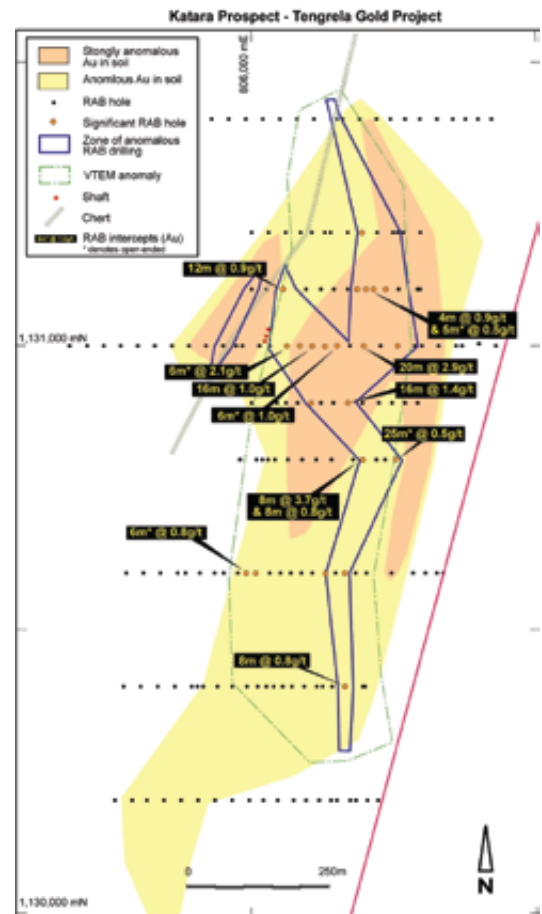
TENGRELA GOLD PROJECT

The 885sq km Tengrela Project is located immediately south of Resolute Mining Limited's 6.8Moz Syama and Finkalo projects, along the same structural/stratigraphic corridor within the Syama-Boundiali greenstone belt. The project lies 150km SSE of the Morila gold mine (7Moz) and 65km WNW of the Tongon deposit (4.3Moz).

Drilling continued throughout the financial year with a slower than expected increase in monthly drill production. Three rigs are currently undertaking resource drilling and another is undertaking reconnaissance exploration drilling. To the end of August 2008 a total of 260 reverse circulation and diamond drill holes had been completed within the 1000m portion of the Sissingué prospect that will be the subject of a maiden resource estimate later in 2008.

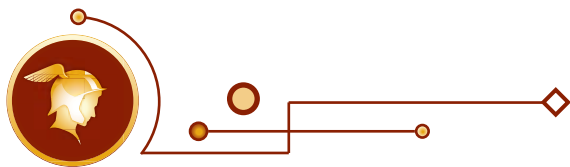
Intercepts from 2007-2008 included:

- 30m at 10.3g/t Au from 1.5m;
- 8m at 46.8g/t Au from 36m;
- 105.5m at 1.9g/t Au from 54m;
- 31m at 11.3g/t Au from 69m;
- 142.5m at 1.8g/t Au from 76.5m;
- 129m at 2.4g/t Au from 90m;
- 60m at 2.3g/t Au from 90m; and
- 6m at 11.7g/t Au from 177m.



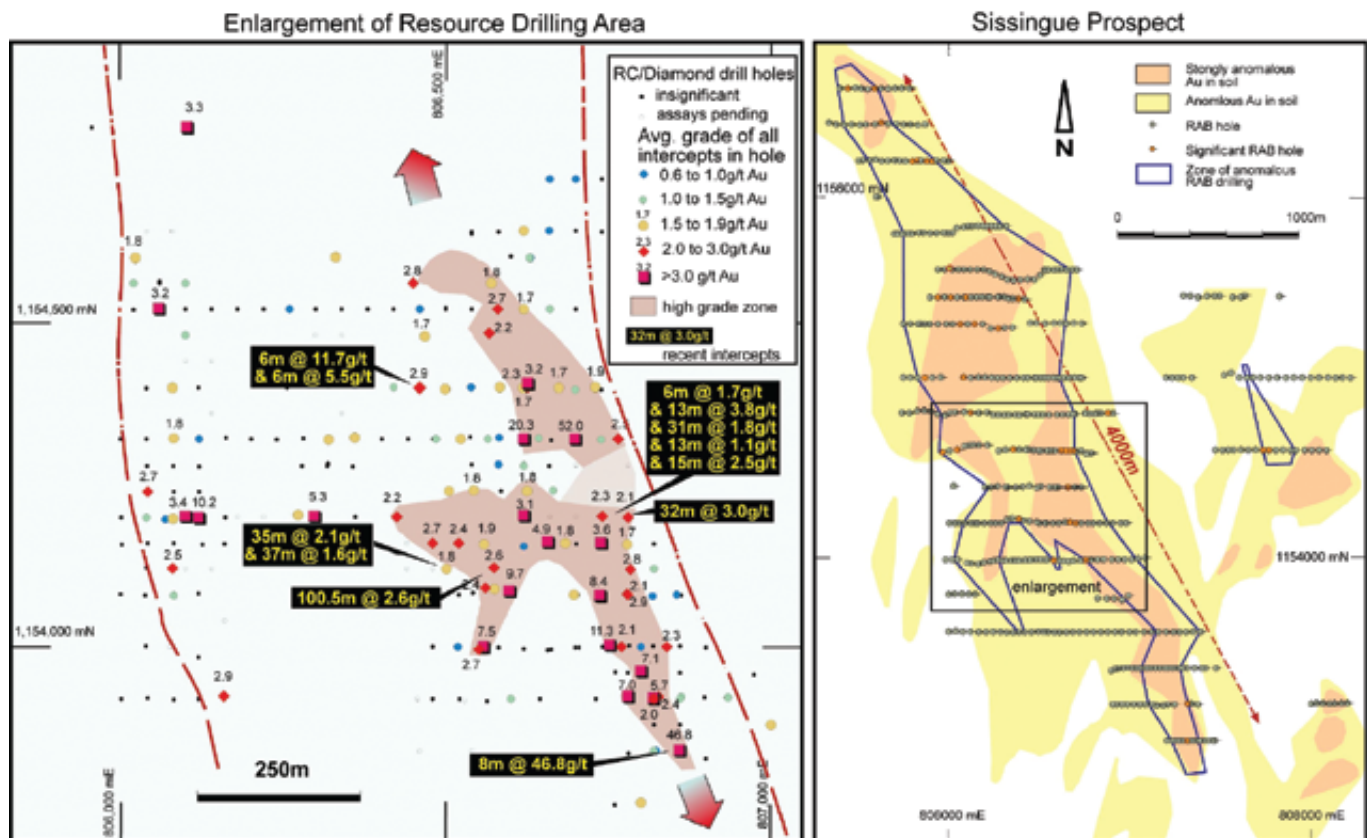
The extensive Sissingué prospect has significant resource potential and it is anticipated that resource upgrades will be released at six month intervals in 2009 and 2010 as resource drilling extends over the open 4km strike length of mineralisation encountered to date.

Even though a resource has not yet been declared for Sissingué, feasibility work has commenced. Preliminary metallurgical test-work has been completed on Sissingué East oxide and sulphide samples as a prerequisite to more comprehensive metallurgical test-work. Results to date indicate that gravity-leach and gravity-flotation recoveries are high. More comprehensive metallurgical sampling has commenced as part of an Options Study to be undertaken at the completion of the maiden resource. The Company is targeting completion of a detailed feasibility study by the end of 2009.



Quarter	Tengrela Diamond Drilling	Tengrela RC Drilling	Tengrela RAB Drilling	Total
2007 Q3	-	2,187	4,335	6,522
2007 Q4	-	1,585	5,306	6,891
2008 Q1	3,181	3,510	5,171	11,862
2008 Q2	5,690	2,339	5,288	13,317

Table Four Drilling (in metres) for 2007 - 2008 - Tengrela Drill Production



Kyrgyz Republic

The Kyrgyz Republic is located in Central Asia. Landlocked and mountainous, it borders Kazakhstan to the north, Uzbekistan to the west, and the People's Republic of China to the southeast.

A democratic country, it has a stable economy, stable currency and an excellent fiscal regime with low tax rates - 10% income tax and a royalty of 5% for the gold industry. It is a member of the World Trade Organisation (WTO) and has a free market economy with freedom to transfer funds and exchange currency.

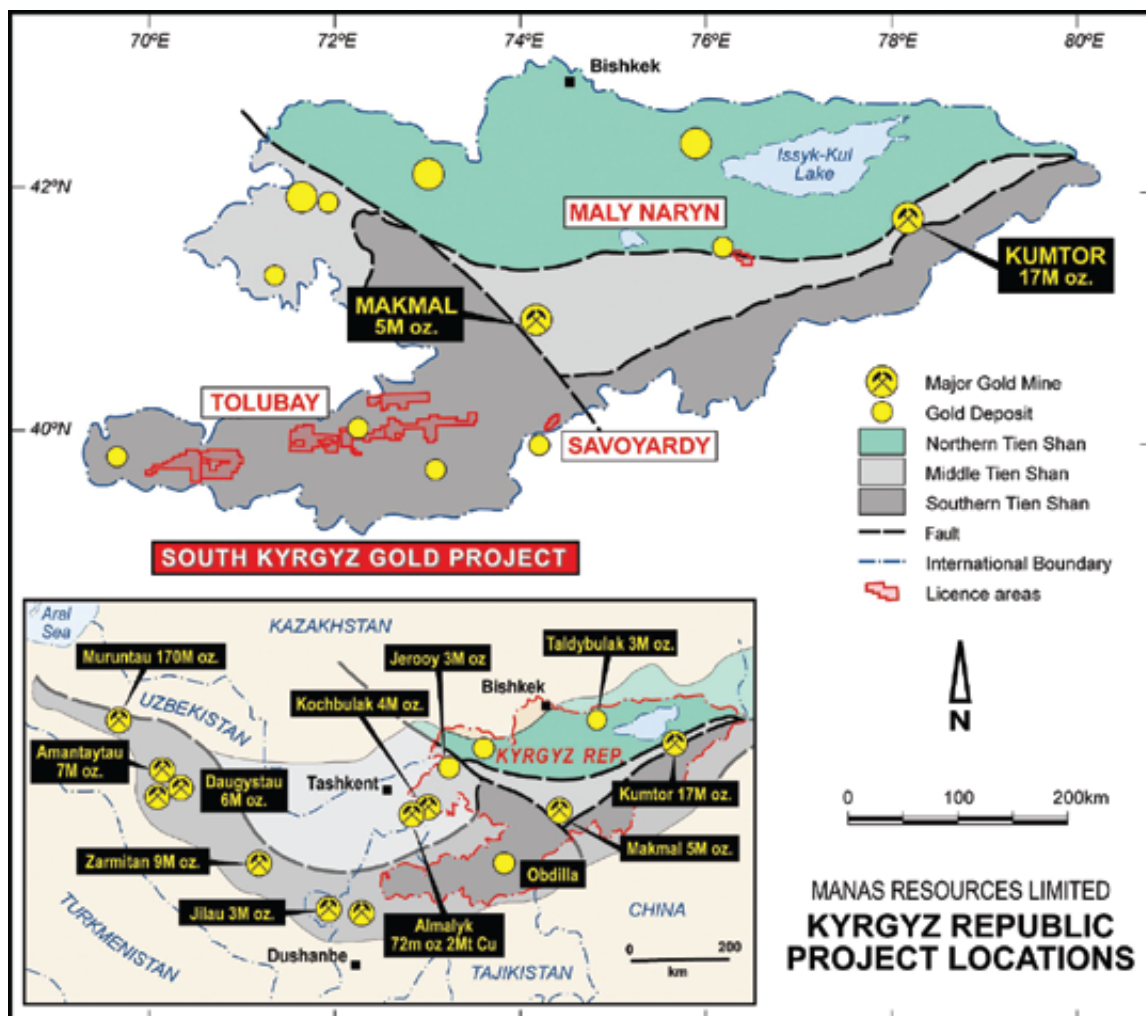
In 2005 Perseus discovered a "Carlin-Style*" gold deposit on the Tolubay licence which prompted the acquisition of a large land position in the south of the country. In 2007 Perseus discovered another high grade Carlin-Style gold deposit on the Isfairsai licence.

During 2007-2008 Perseus decided to assign the Kyrgyz mineral assets to a new entity that would list on the ASX. The new entity 'Manas Resources Limited ("Manas")' listed on the ASX on 22 July 2008 after successfully raising \$6 million. Perseus shareholders were given a priority allocation of 20 million shares and this allocation was oversubscribed. Perseus retains a 42% interest in Manas.

For a junior explorer Manas is well positioned with three significant projects including the Tolubay Project which has a 477,000 ounce resource and the nearby high grade Shambesai deposit which was discovered in 2007 and is currently subject to resource drilling.

Surface trench results from Shambesai during 2007-2008 included intercepts of: 57.7m at 7.3g/t; 42m at 23.0g/t; 30m at 8.1g/t; 52m at 8.8g/t and 50m at 15.8g/t Au. Drill results included: 5.1m at 15.2g/t; 34m at 12.2g/t; 35m at 4.9g/t; 13m at 8.8g/t; 34m at 4.1g/t; 14.6m at 5.2g/t and 10m at 8.4g/t Au.

**The mines of the Carlin Trend in Nevada were one of the main driving forces for the growth of both Newmont and Barrick Gold.*





BOART
LONGYEAR

Project / Country	Indicated			Inferred			Total				
	Tonnes	g/t Au	Ounces Au	Tonnes	g/t Au	Ounces Au	Tonnes	g/t Au	Ounces Au	Max. Equity ⁽⁴⁾	Equity Ounces
Ayanfuri ⁽¹⁾ >0.8g/t Au	31,399,000	1.5	1,478,300	37,522,000	1.5	1,825,000	68,921,000	1.5	3,303,300	90%	2,972,970
Ayanfuri ⁽¹⁾ 0.4-0.8g/t Au	11,799,000	0.6	240,200	18,296,000	0.7	386,800	30,095,000	0.7	627,000	90%	564,300
Grumesa ⁽²⁾	7,118,000	0.9	195,000	23,300,000	0.8	619,000	30,418,000	0.8	814,000	90%	732,600
Total Ghana			1,913,500			2,830,800			4,744,300		4,269,870
Tolubay	6,277,000	1.8	363,300	2,996,000	1.4	134,900	9,272,000	1.6	477,000	100%	477,000
Total Kyrgyz Republic ⁽³⁾			363,300			134,900			477,000		477,000

Table Five Perseus Group (all projects) Resources at 30 June 2008

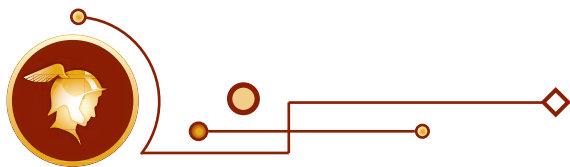
Notes

- 1 Last updated 2/5/2008
- 2 Last updated 30/4/2007
- 3 Last updated 15/7/2008, when Tolubay was assigned to Manas Resource Limited which is currently 42% owned by Perseus Mining Limited
- 4 Maximum available equity to the Company allowing for Government equity right at the commencement of mining

Competent Person's Statement

The information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Mark Calderwood, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Calderwood is a Director and full-time employee of the Company. Mr Calderwood has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Calderwood consents to the inclusion in this report of the matters based on his information in the form and context in which it appears





HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY

During 2007-2008, Perseus Mining operated across four countries and three continents, employing over 270 people with different language skills and cultures. Managing the health and safety requirements for such diverse groups was a considerable challenge, but one that the Company took to heart.

The company sold its Kyrgyz assets to Manas Resources in July 2008 and now employs about 250 people in Ghana and the Ivory Coast in West Africa, and in Australia.

Since January 2008, Perseus employed an occupational health and safety officer stationed in Obuasi, Ghana, to establish suitable OH&S policies, systems and procedures for its exploration, construction and engineering activities.

SAFETY

It is pleasing to note that only one lost time injury was reported during the six months from January through June 2008, and encouragingly, seven incident reports were received.

Implementing sound and successful safety policies and procedures for Perseus Mining's West African operations received significant focus.

Tool box meetings were initiated to educate and engage front line employees and to reinforce safety on a daily basis. Engaging employees to identify the risks associated with their tasks and then to develop safe working procedures remains a large part of these meetings.

The following procedures were developed and implemented:

- employee induction programmes;
- emergency responses;
- emergency evacuations;
- vehicle procedures; and
- tagging procedures.

In support of the emergency response and evacuation procedures, a review of local hospitals and evacuation routes was conducted. This initiative was discussed with suppliers as well as networking with medical service and product suppliers.

HEALTH

First aid kits and basic medical supplies were purchased and in several instances medical supplies were imported.

Food preparation and hygiene standards in remote and semi-remote areas were reviewed with emphasis on the quality of food supplies, food preparation, cooking, food service and food storage affected by unreliable power supply.

At Tengrela, the company undertook a community meningitis inoculation programme.



ENVIRONMENT

Perseus's policy is to minimise and manage any environmental disturbances from its operations. The company's primary activity during the year was gold exploration at Ayanfuri in Ghana, Tengrela in the Ivory Coast and in the Kyrgyz Republic.

During the year the company embarked on a definitive feasibility study for the development of the Ayanfuri mining lease in Ghana which requires a comprehensive understanding of the environment in that region, establishing baseline data and considering any possible impact from future mining operations.

Importantly, the Company engaged Dr Ed Watkins, a pre-eminent environmental scientist to undertake an intensive environmental and social audit. This will provide base line data for the required Environmental Protection Agency (EPA) Environmental and Social Impact Assessment (ESIA) approvals.

Dr Watkins brings a wealth of experience to the organisation and has already worked closely with the Ghanaian EPA to develop protocols that allowed for dewatering of existing pits that were abandoned prior to Perseus's involvement at Ayanfuri. Some of these pits have already shown that they cover newly identified resources.

Background and base line studies are also being undertaken for noise, air and water, all adding to the data presentation in support of mining.



COMMUNITY

Perseus Mining continues to work closely with its local communities in both Ghana and the Ivory Coast.

At Ayanfuri, in Ghana, the company commissioned a socio-economic baseline survey for the Upper Denkyira Administrative District collecting household/farming data in the area.

The Company has developed a strong working relationship with farming communities based around the Ayanfuri project. Perseus compensates farmers for any loss of viable land at rates equal to or above industry standards.

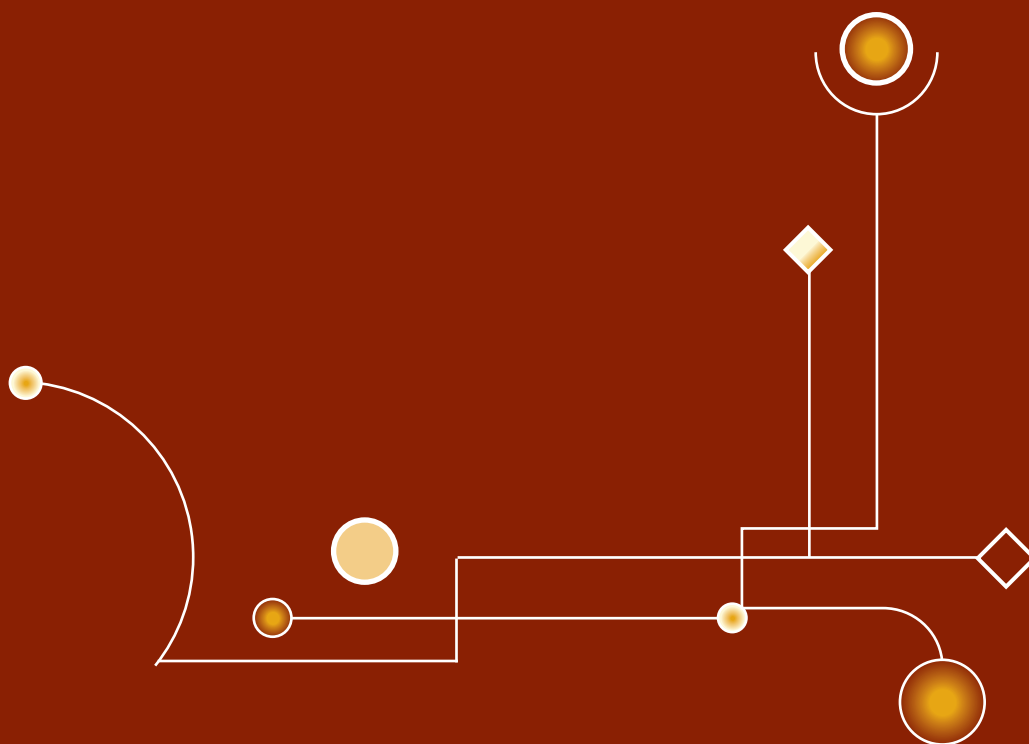
The Company has been active in water bore rehabilitation and construction, it has also provided capital for community projects.

At Tengrela in the Ivory Coast, the Company conducted a meningitis vaccination programme in four villages targeting some 1,000 children near Sissingue and Papara. The company continues to assist in providing school education needs, clean water bores, repairs to community buildings and roads while investigating other community infrastructure requirements.

Perseus was applauded by the Ivorian Government for its commitment to exploration within the country.



FINANCIAL SECTION



DIRECTORS' REPORT

Your Directors present their report together with the financial report of Perseus Mining Limited and its controlled entities (collectively referred to as the "consolidated entity") for the year ended 30 June 2008 and the auditor's report thereon. In order to comply with the provisions of the Corporations Act, the Directors report as follows:

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 30 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 *	
Aspen Group Limited *	
Lindian Resources Limited*	appointed 30 October 2006
Eneabba Gas Limited *	appointed 2 August 2005
Tiger Resources Limited *	appointed 9 December 2005
Lafayette Mining Limited	resigned 20 June 2008
Pioneer Nickel Limited	appointed 17 March 2005 and resigned 13 June 2008
Elemental Minerals Limited	appointed 6 June 2006 and resigned 30 June 2008
Moto Goldmines Limited	resigned 17 August 2005

Mark Andrew Calderwood AusIMM - Managing Director (Appointed 23/01/2004)

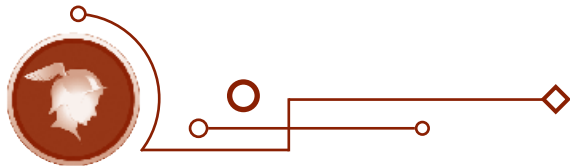
Mark Calderwood is a member of the Australasian Institute of Mining and Metallurgy and has extensive experience in exploring for and mining gold. He has over 10 years' experience in the West African region and has a network of contacts throughout the region. During the past three years he has also served as a Director of the following listed company:

Manas Resources Limited*	appointed 17 October 2007
--------------------------	---------------------------

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 companies:

Caspian Oil & Gas Limited *	
Manas Resources Limited *	appointed 17 October 2007



DIRECTORS' REPORT

Names, qualifications, experience and special responsibilities - *continued*

Rhett Boudewyn Brans MIEAUST CPENG - 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 14 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 over 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 also served as a Director of the following listed company:

Tiger Resources Limited * appointed 11 July 2008

Neil Christian Fearis LL.B.(Hons) MAICD F FIN - Non-Executive Director (Appointed 26/05/2004)

Neil Fearis has 30 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 *

Liberty Resources Ltd* appointed 25 June 2007

** denotes current directorship*

COMPANY SECRETARY

Susmit Mohanlal Shah BSc Econ CA (Appointed 24/10/2003)

Susmit Shah is a chartered accountant with over 25 years' experience. Over the last 13 years, Mr Shah has been involved with a diverse range of Australian public listed companies in company secretarial and financial roles.

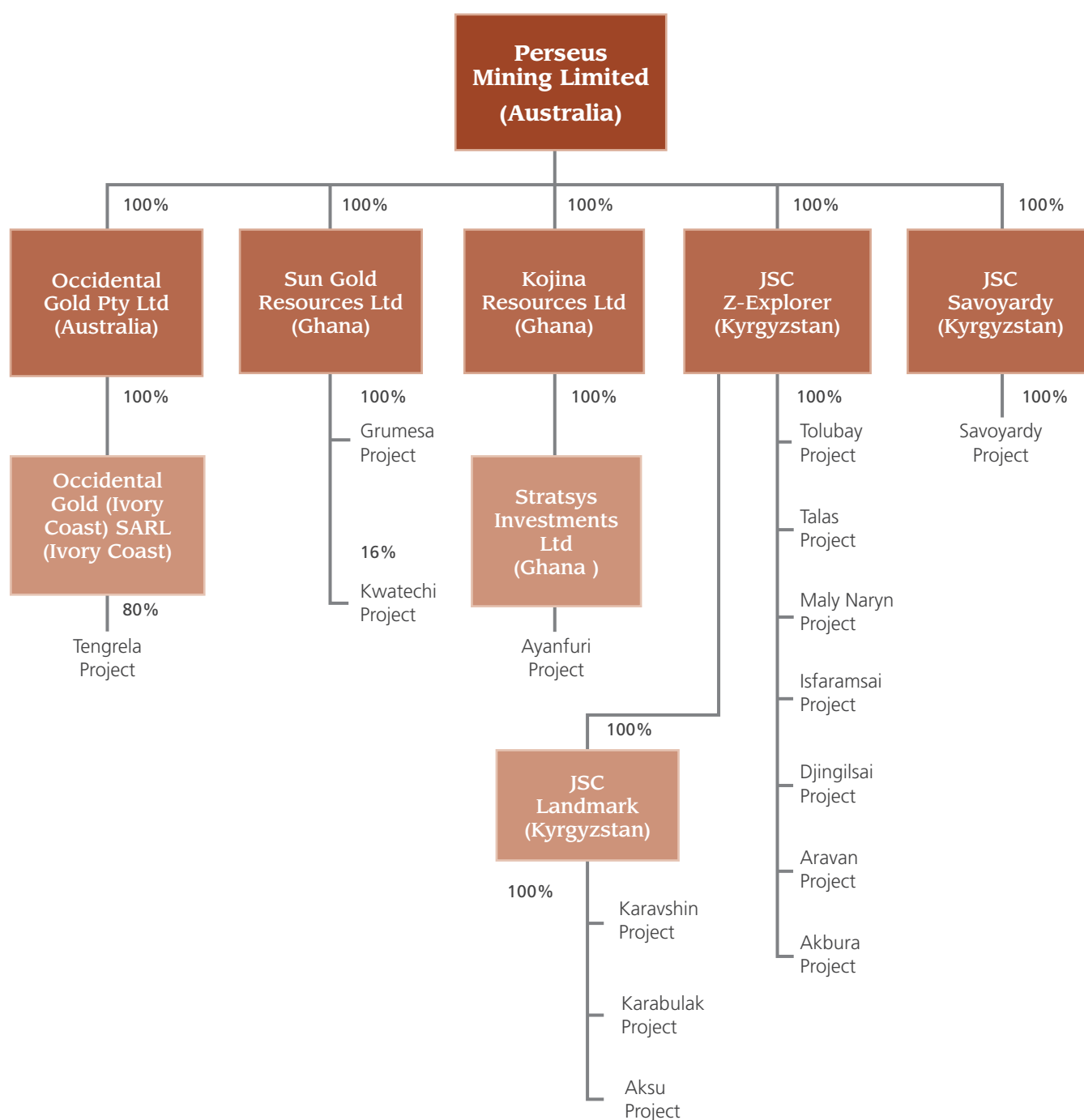
DIRECTORS' REPORT

CORPORATE INFORMATION

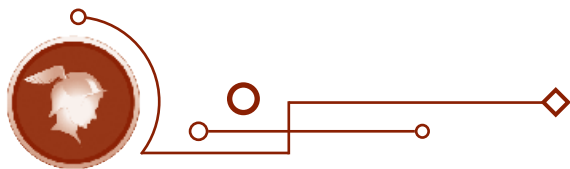
Corporate structure

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.

PERSEUS MINING LIMITED - GROUP STRUCTURE AT JUNE 2008



In July 2008, the Kyrgyz companies (JSC Z-Explorer, JSC Landmark and JSC Savoyardy) ceased to be part of the Perseus Group.



DIRECTORS' REPORT

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 2008 was \$4,841,074 (2007: \$521,491). 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 3.4 cents (2007: 0.5 cents).

REVIEW OF OPERATIONS

A review of operations of the consolidated entity during the year ended 30 June 2008 is provided in the section headed "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:

- The Company issued a total of 30,714,286 new shares through private placements at issue prices ranging from \$1.06 to \$1.40 per share to raise \$37,100,000 in gross proceeds for the purposes of funding continuing exploration activity.
- The Company also issued a total of 26,066,815 new shares upon conversion of options at issue prices ranging from \$0.20 to \$0.50 per share to raise \$8,988,063.

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 matters referred to below:

In May 2008, Perseus entered into a Sale and Purchase Agreement with Manas Resources Limited ("Manas") to sell the ownership of two wholly owned subsidiaries of Perseus. These two subsidiaries, JSC Z-Explorer and JSC Savoyardy, and JSC Landmark, a company jointly owned by JSC Z-Explorer and JSC Savoyardy, were the legal and beneficial holders of all mineral permits of the Perseus Group in the Kyrgyz Republic.

The Sale and Purchase Agreement provided for the transfer of the shares held by Perseus in the subsidiaries and the assignment to Manas of outstanding loans by Perseus to the subsidiaries in exchange for the issue of 25,000,000 shares and 12,500,000 options in Manas. Each option is exercisable at 25 cents and has an expiry date of 31 December 2010.

Completion of the Sale and Purchase Agreement was conditional upon Manas raising at least \$4 million via a public flotation and listing on the ASX. This was achieved on 21 July 2008, with Manas actually raising \$6 million, and transfer of the ownership of the Kyrgyz subsidiaries was completed on that date.

Upon settlement of the sale of the Kyrgyz subsidiaries and at the date of this Report, Perseus owns 42% of the issued capital of Manas. In accounting terms, Perseus has exchanged its direct ownership of the Kyrgyz mineral assets for a financial asset, being securities in Manas. Based on the 20 cents issue price of Manas shares, the sale transaction by Perseus does not result in a material change in the value of underlying Kyrgyz mineral assets.

The Kyrgyz subsidiaries and the related loans have been reported in this financial report as a non-current disposal group held for sale.

DIRECTORS' REPORT

LIKELY DEVELOPMENTS

The Company's focus over the next financial year will be on its key projects, Ayanfuri, Grumesa and Tengrela. 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 these have synergies with existing projects.

DIRECTORS' MEETINGS

The number of meetings of the Directors and the number of meetings attended by each Director during the year ended 30 June 2008 were:

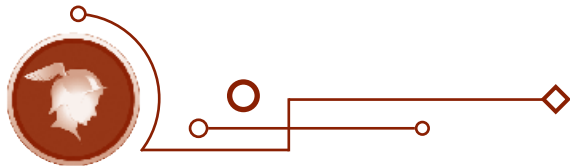
	Directors' meetings held during period of office	Directors' meetings attended
R N Gillard	6	6
M A Calderwood	6	6
C J Carson	6	6
R B Brans	6	6
N C Fearis	6	6

The Audit Committee consists of N C Fearis (Chairman), R N Gillard and R B Brans. There were two Audit Committee meetings during the year ended 30 June 2008, with Mr Brans unable to attend one meeting.

DIRECTORS' INTERESTS

The interests of each Director in the shares and options of the Company at the date of this report are as follows:

	Fully Paid Ordinary Shares	Options Over Ordinary Shares
R N Gillard	675,000	605,000
M A Calderwood	2,470,237	3,270,000
C J Carson	339,500	1,439,000
R B Brans	50,000	825,000
N C Fearis	100,000	700,000



DIRECTORS' REPORT

Options granted to Directors' and officers and analysis of share-based payments granted as remuneration

The Company granted the following options over unissued ordinary shares during or since the end of the financial year to any Directors or officers as part of their remuneration.

- Options exercisable at \$1.50 each with an expiry date of 31 July 2010 were issued to R N Gillard (600,000), M A Calderwood (1,200,000), C J Carson (1,200,000), N C Fearis (400,000) and R B Brans (400,000), following shareholder approval.
- 200,000 options exercisable at \$1.00 with an expiry date of 12 July 2010 and 400,000 options exercisable at \$1.30 with an expiry date of 26 October 2010 to K Thomson.
- 100,000 options exercisable at \$1.00 with an expiry date of 12 July 2010 and 150,000 options exercisable at \$1.50 with an expiry date of 10 July 2011 to S Shah.

During or since the end of the financial year, no options over unissued ordinary shares in the Company were forfeited or exercised by Directors or officers of the Company except for the exercise of:

- 465,000 options by Mr R Gillard at an exercise price of 20 cents per share
- 1,000,000 options by Mr M Calderwood at an exercise price of 20 cents per share
- 75,000 options by Mr K Thomson at an exercise price of 50 cents per share.

SHARE OPTIONS

As at the date of this report, there are 20,252,969 options over unissued ordinary shares in the Company outstanding, summarised as follows:

	Number	Exercise Price (dollars)	Expiry Date
Listed Options:	10,487,969	\$0.20	31 March 2009
Unlisted Options:	2,300,000	\$0.20	31 March 2009
Unlisted Options:	700,000	\$0.26	1 December 2008
Unlisted Options:	525,000	\$0.50	1 April 2010
Unlisted Options:	150,000	\$0.65	30 May 2010
Unlisted Options:	610,000	\$1.00	12 July 2010
Unlisted Options:	3,800,000	\$1.50	31 July 2010
Unlisted Options:	400,000	\$1.30	26 October 2010
Unlisted Options:	1,080,000	\$1.15	26 February 2011
Unlisted Options:	50,000	\$1.15	31 March 2011
Unlisted Options:	150,000	\$1.50	10 July 2011

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:

- in December 2007, 3,800,000 options were issued to the Directors of the Company, exercisable at \$1.50 each after 1 July 2008 and up to 31 July 2010; and
- since 1 July 2007, 2,140,000 options were issued under the terms of the Perseus Mining Limited Employee Option Plan.

No options have been issued after 30 June 2008 and up to the date of this report, other than 150,000 options issued under the terms of the Perseus Mining Limited Employee Option Plan.

DIRECTORS' REPORT

Shares issued on exercise of options

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows:

Number of shares	Amount paid on each share (\$)
13,221,815	0.20
245,000	0.26
400,000	0.45
12,200,000	0.50

Since the end of the financial year and up to the date of this report, the Company has issued 318,000 ordinary shares as a result of the exercise of options (all at 20 cents each).

REMUNERATION REPORT (AUDITED)

This report outlays the remuneration arrangements in place for the Directors and executives (as defined under section 300A of the Corporations Act 2001) of Perseus Mining Limited.

It also provides the remuneration disclosures required by paragraphs Aus 25.4 to Aus 25.7.2 of AASB 124 "Related Party Disclosures", which have been transferred to the Remuneration Report in accordance with Corporations Regulations and have been audited.

The following were Directors and executives of the Company during or since the end of the financial year.

Non-Executive Directors

Mr Reginald Gillard

Mr Rhett Brans

Mr Neil Fearis

Executive Directors

Mr Mark Calderwood

Mr Colin Carson

Other senior management

The term 'senior management' is used in this Remuneration Report to refer to the following persons. Except as noted the named persons held their current position for the whole of the financial year and since the end of the financial year:

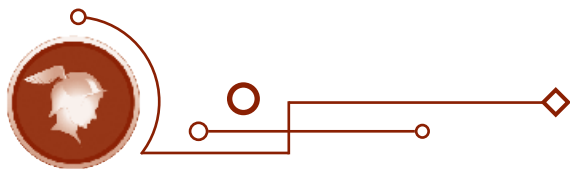
Susmit Shah – Company Secretary. Mr Shah's services are provided by Corporate Consultants Pty Ltd, a company in which Mr Gillard and Mr Shah are Directors and have beneficial interests.

Kevin Thomson - Regional Exploration Manager (West Africa) commenced April 2007 and was appointed to key management role from 1 July 2007.

There have been no changes of the CEO or key management personnel after reporting date and the date the financial report was authorised for issue, except that Mr Brans has been appointed to an executive role.

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.



DIRECTORS' REPORT

REMUNERATION REPORT - CONTINUED

Remuneration Committee

The Company has a formally constituted Remuneration Committee of the Board, comprising Mr Gillard, Mr Brans and Mr Fearis. The Committee's charter includes the following duties:

- reviewing the remuneration guidelines for senior management, including base salary, bonuses, share options, salary packaging and final contractual agreements;
- reviewing non-executive fees and costs by seeking external benchmarks; and
- reviewing the Managing Director's remuneration, allowances and incentives and final package in consultation with both independent and external reference.

Equity components of remuneration, including the issue of options, are required to be approved by shareholders prior to award.

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 remuneration for Non-Executive Directors and Executive Directors 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 the shareholders in 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 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 2008 is detailed in Table 1 of this report.

DIRECTORS' REPORT

REMUNERATION REPORT - CONTINUED

Senior managers and Executive Directors' remuneration

Objective

The Company aims to reward the senior managers and 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 senior managers and 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; and
- 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 company wide, 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 senior managers and Executive Directors' remuneration for the year ending 30 June 2008 is detailed in Table 1 of this report.

Variable remuneration – Long Term Incentive ('LTI')

Objective

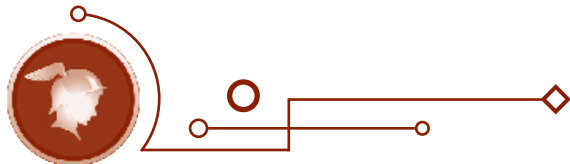
The objective of the LTI plan is to reward executives and senior managers in a manner which aligns this element of remuneration with the creation of shareholder wealth.

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 senior managers and Executive Directors for the year ending 30 June 2008 is detailed in Table 1 of this report.



DIRECTORS' REPORT

REMUNERATION REPORT - CONTINUED

Employment agreements

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

The terms of the arrangement during the year included remuneration of \$250,000 per annum, with superannuation contributions by the Company being capped based on the statutory maximum earnings. 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. 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 arrangement during the year included remuneration of \$100,000 per annum with superannuation contributions by the Company being capped based on the statutory maximum earnings.

Kevin Thomson was appointed Exploration Manager in April 2007. The employment contract includes remuneration of CDN\$160,000 per annum net of taxes, furnished accommodation in Accra, Ghana, company vehicle, company phone, medical and disability insurance up to a value of US\$2,000 per annum, family school fees of US\$7,000 per annum and a travel allowance up to US\$15,000. Either party can terminate the agreement by giving two months' written notice.

Company secretarial services provided by Mr Shah are charged to the Company by Corporate Consultants Pty Ltd (CCPL), a company in which Mr Gillard and Mr Shah have a beneficial interest. Remuneration for accounting, company secretarial and administrative services provided by CCPL throughout the year is included in Note 22.

DIRECTORS' REPORT

REMUNERATION REPORT - CONTINUED

Table 1 Director remuneration for the year ended 30 June 2008

	Primary	Post employment	Equity	
Salary / Fees	Other	Superannuation	Value of options	Total
\$	\$	\$	\$	\$

Directors :

Reginald Gillard					
2008	45,000	2,525	4,050	750,400	801,975
2007	42,917	2,647	3,864	-	49,428
Mark Calderwood					
2008	250,000	2,525	13,129	1,855,800	2,121,454
2007	208,433	2,647	12,217	-	223,297
Colin Carson					
2008	100,000	2,525	9,000	820,800	932,325
2007	87,508	2,647	7,876	-	98,031
Rhett Brans					
2008	35,000	2,525	3,150	273,600	314,275
2007	32,917	2,647	2,964	-	38,528
Neil Fearis					
2008	35,000	2,524	3,150	273,600	314,274
2007	32,917	2,646	-	35,000	70,563
Total, all specified Directors					
2008	465,000	12,624	32,479	3,974,200	4,484,303
2007	404,692	13,234	26,921	35,000	479,847

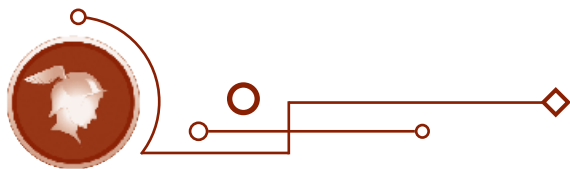
Senior Managers

Susmit Shah (iii)					
2008	-	-	-	55,300	55,300
2007	-	-	-	-	-
Kevin Thomson (i)					
2008	165,732	71,429 (ii)	-	389,150	626,311
2007	-	-	-	-	-
Total, senior managers					
2008	165,732	71,429	-	444,450	681,611
2007	-	-	-	-	-

(i) Appointed April 2007; included as a senior manager from 1 July 2007.

(ii) Includes the value of non-cash benefits such as allowances for travel, school fees, and accommodation. Also in-country taxes paid on behalf of employee.

(iii) Company Secretarial services provided by Mr Shah are charged to the Company by Corporate Consultants Pty Ltd (CCPL), a company in which Mr Gillard and Mr Shah have a beneficial interest. Remuneration for accounting, company secretarial and administrative services provided by CCPL throughout the year is included in Note 22.



DIRECTORS' REPORT

REMUNERATION REPORT - CONTINUED

Options granted as part of remuneration

	Value of options granted as remuneration	Value of options exercised at exercise date	Value of options lapsed at time of lapse	Total value of options granted, exercised and lapsed	Remuneration represented by options for the year
	\$	\$	\$	\$	%
<i>Directors :</i>					
Reginald Gillard					
2008	410,400	340,000	-	750,400	93.5
2007	-	-	-	-	-
Mark Calderwood					
2008	820,800	1,035,000	-	1,855,800	87.5
2007	-	-	-	-	-
Colin Carson					
2008	820,800	-	-	820,800	88.0
2007	-	-	-	-	-
Rhett Brans					
2008	273,600	-	-	273,600	87.1
2007	-	-	-	-	-
Neil Fearis					
2008	273,600	-	-	273,600	87.1
2007	-	35,000	-	35,000	49.6
Total, all specified Directors					
2008	2,599,200	1,375,000	-	3,974,200	
2007	-	35,000	-	35,000	
<i>Senior managers</i>					
Susmit Shah					
2008	55,300	-	-	55,300	-
2007	-	-	-	-	-
Kevin Thomson					
2008	337,400	51,750	-	389,150	62.1
2007	-	-	-	-	-
Total, senior managers					
2008	392,700	51,750	-	444,450	
2007	-	-	-	-	

For details on the valuation of options, including models and assumptions used, refer to Note 17.

DIRECTORS' REPORT

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

The Company's Constitution requires it to indemnify Directors and officers of any entity within the consolidated entity against liabilities incurred to third parties and against costs and expenses incurred in defending civil or criminal proceedings, except in certain circumstances. An indemnity is also provided to the Company's auditors under the terms of their engagement. The Directors and officers of the consolidated entity have been insured against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The insurance premium, amounting to \$12,624, relates to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever the outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a willful breach of duty or improper use of information or position to gain a personal advantage.

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

There have been no non-audit services provided by the Company's auditor during the year (2007: nil).

AUDITOR'S 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.

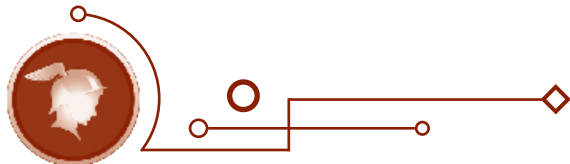
Signed in accordance with a resolution of Directors.



M A CALDERWOOD

Managing Director

Perth, 29 September 2008



AUDITOR'S INDEPENDENCE DECLARATION



Accountants | Business and Financial Advisers

Auditor's Independence Declaration

As lead auditor for the audit of the financial report of Perseus Mining Limited for the year ended 30 June 2008, 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.

Perth, Western Australia
29 September 2008


N G NEILL
Partner, HLB Mann Judd

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 2 15 Rheola Street West Perth 6005 PO Box 263 West Perth 6872 Western Australia. Telephone +61 (08) 9481 0977. Fax +61 (08) 9481 3686.

Email: hlb@hlbwa.com.au. Website: <http://www.hlb.com.au>

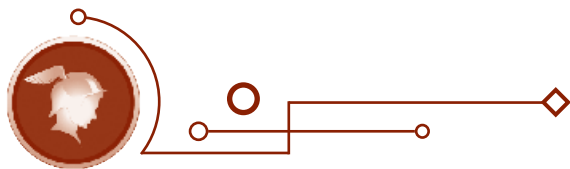
Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of  International, a world-wide organisation of accounting firms and business advisers

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
Revenue					
Finance revenue		776,160	381,648	774,219	380,577
Other revenue		126,239	1,407,525	10,000	1,383,082
Total revenue	2	902,399	1,789,173	784,219	1,763,659
Expenses from ordinary activities					
Depreciation expense	3	(29,652)	(57,871)	(11,277)	(9,830)
Employee, Directors and consultants costs		(4,667,402)	(1,246,106)	(4,520,359)	(1,184,584)
Exploration expenditure written off		-	-	-	-
Impairment of loans to and investments in subsidiaries	3	-	-	(704,260)	(276,989)
Foreign exchange losses		-	(316,365)	(3,744,578)	(2,042,179)
West African administration and overhead costs		(216,176)	(142,133)	-	-
Stock Exchange listing and compliance fees		(181,900)	(128,136)	(178,633)	(128,136)
Travel expenses		(167,035)	(123,533)	(167,035)	(123,533)
Other expenses from ordinary activities	3	(277,872)	(179,480)	(271,245)	(179,480)
Expenses from ordinary activities		(5,540,037)	(2,193,624)	(9,597,387)	(3,944,731)
Loss from ordinary activities before related income tax expense		(4,637,638)	(404,451)	(8,813,168)	(2,181,072)
Income tax (expense)/benefit relating to ordinary activities	5	-	-	-	-
Loss from disposal group held for sale	10	(203,436)	(117,040)	-	-
Net loss attributable to members of the parent entity		(4,841,074)	(521,491)	(8,813,168)	(2,181,072)
Basic earnings/(loss) per share from continuing operations	6	(3.27) cents	(0.41) cents		
Basic earnings/(loss) per share		(3.41) cents	(0.52) cents		



BALANCE SHEETS

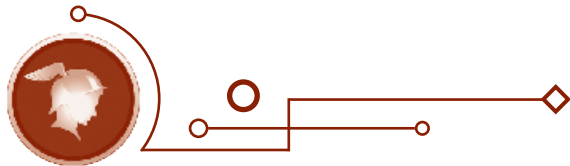
AS AT 30 JUNE 2008

	Notes	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
Current assets					
Cash and cash equivalents	8	19,153,491	5,390,895	18,642,501	4,938,164
Receivables	9	1,281,674	137,654	924,476	57,360
Other	11	69,581	56,753	-	-
		20,504,746	5,585,302	19,556,977	4,995,524
Assets of disposal group classified as held for sale	10	5,229,743	-	5,280,643	-
Total current assets		25,734,489	5,585,302	24,847,620	4,995,524
Non-current assets					
Receivables	9	1,827,218	1,178,134	37,892,901	18,603,318
Other financial assets	12	-	-	1	34,316
Property, plant and equipment	13	1,259,827	1,178,303	14,925	19,160
Mineral interest acquisition, exploration and development expenditure	14	36,971,268	19,170,593	-	-
Total non-current assets		40,058,313	21,527,030	37,907,827	18,656,794
Total assets		65,792,802	27,112,332	62,755,447	23,652,318
Current liabilities					
Payables	15	4,407,765	2,412,377	1,794,757	1,702,363
Liabilities directly associated with assets of a disposal group classified as held for sale	10	76,643	-	-	-
Total current liabilities		4,481,408	2,412,377	1,794,757	1,702,363
Non-current liabilities					
Provision	15	2,340,094	2,750,000	-	-
Total non-current liabilities		2,340,094	2,750,000	-	-
Total liabilities		6,821,502	5,162,377	1,794,757	1,702,363
Net assets		58,971,300	21,949,955	60,960,690	21,949,955
Equity					
Issued capital	16	69,679,727	25,235,460	69,679,727	25,235,460
Option premium reserve	16	4,426,085	1,046,449	4,426,085	1,046,449
Foreign currency translation reserve	16	(7,587,629)	(1,626,145)	-	-
Accumulated losses		(7,546,883)	(2,705,809)	(13,145,122)	(4,331,954)
Total equity		58,971,300	21,949,955	60,960,690	21,949,955

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2008

	Consolidated					
	Issued capital	Accumulated losses	Option premium reserve	Foreign currency translation reserve	Financial assets reserve	Total equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2006	14,571,167	(2,184,318)	773,069	33,436	549,400	13,742,754
Shares issued during the year	10,620,000	-	-	-	-	10,620,000
Exercise of options	577,843	-	-	-	-	577,843
Currency translation differences	-	-	-	(1,659,581)	-	(1,659,581)
Loss attributable to members of the parent entity	-	(521,491)	-	-	-	(521,491)
Share issue expenses	(533,550)	-	-	-	-	(533,550)
Fair value of options issued	-	-	273,380	-	-	273,380
Disposal of available for sale financial assets	-	-	-	-	(549,400)	(549,400)
Balance at 30 June 2007	25,235,460	(2,705,809)	1,046,449	(1,626,145)	-	21,949,955
Balance at 1 July 2007	25,235,460	(2,705,809)	1,046,449	(1,626,145)	-	21,949,955
Shares issued during the year	37,100,000	-	-	-	-	37,100,000
Exercise of options	8,988,063	-	-	-	-	8,988,063
Currency translation differences	-	-	-	(5,961,484)	-	(5,961,484)
Loss attributable to members of the parent entity	-	(4,841,074)	-	-	-	(4,841,074)
Share issue expenses	(1,643,796)	-	-	-	-	(1,643,796)
Fair value of options issued	-	-	3,379,636	-	-	3,379,636
Balance at 30 June 2008	69,679,727	(7,546,883)	4,426,085	(7,587,629)	-	58,971,300



STATEMENTS OF CHANGES IN EQUITY

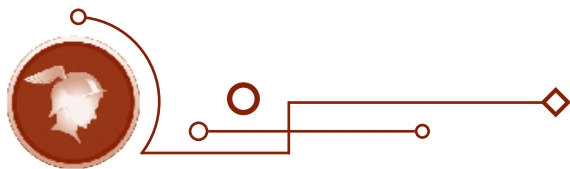
FOR THE YEAR ENDED 30 JUNE 2008

	Company				
	Issued capital	Accumulated losses	Option premium reserve	Financial assets reserve	Total equity
	\$	\$	\$	\$	\$
Balance at 1 July 2006	14,571,167	(2,150,882)	773,069	549,400	13,742,754
Shares issued during the year	10,620,000	-	-	-	10,620,000
Exercise of options	577,843	-	-	-	577,843
Loss attributable to members of the parent entity	-	(2,181,072)	-	-	(2,181,072)
Share issue expenses	(533,550)	-	-	-	(533,550)
Fair value of options issued	-	-	273,380	-	273,380
Disposal of available for sale financial assets	-	-	-	(549,400)	(549,400)
Balance at 30 June 2007	25,235,460	(4,331,954)	1,046,449	-	21,949,955
Balance at 1 July 2007	25,235,460	(4,331,954)	1,046,449	-	21,949,955
Shares issued during the year	37,100,000	-	-	-	37,100,000
Exercise of options	8,988,063	-	-	-	8,988,063
Loss attributable to members of the parent entity	-	(8,813,168)	-	-	(8,813,168)
Share issue expenses	(1,643,796)	-	-	-	(1,643,796)
Fair value of options issued	-	-	3,379,636	-	3,379,636
Balance at 30 June 2008	69,679,727	(13,145,122)	4,426,085	-	60,960,690

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
Cash flows from operating activities					
Cash payments in the course of operations		(2,163,199)	(1,693,339)	(1,773,863)	(1,346,042)
Interest received		732,082	375,871	732,606	374,800
Other income		-	22,195	-	-
Net cash used in operating activities	21 (a)	(1,431,117)	(1,295,273)	(1,041,257)	(971,242)
Cash flows from investing activities					
Payments for exploration and development expenditure		(26,588,094)	(9,652,060)	-	-
Payments for property, plant and equipment		(717,047)	(345,107)	(7,042)	(6,839)
Proceeds on disposal of property, plant and equipment		3,463	4,670	-	-
Payments for investments		-	(600,000)	-	(600,000)
Proceeds on disposal of investments		-	2,709,682	-	2,709,682
Advances to controlled entities		-	-	(28,175,772)	(10,512,301)
Advances to related parties		(230,535)	(20,508)	(230,535)	-
Advances to third parties		(541,333)	-	(500,000)	-
Security deposit for bank guarantee		(819,906)	(1,178,134)	(544,366)	(1,178,134)
Net cash used in investing activities		(28,893,452)	(9,081,457)	(29,457,715)	(9,587,592)
Cash flows from financing activities					
Proceeds from share issues		37,100,000	10,060,000	37,100,000	10,060,000
Proceeds from exercise of options		8,978,963	576,843	8,978,963	576,843
Share issue expenses		(1,643,796)	(533,550)	(1,643,796)	(533,550)
Net cash provided by financing activities		44,435,167	10,103,293	44,435,167	10,103,293
Net increase in cash held		14,110,598	(273,437)	13,936,195	(455,541)
Cash and cash equivalents at the beginning of the financial year		5,390,895	5,999,909	4,938,164	5,734,140
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		(204,695)	(335,577)	(231,858)	(340,435)
Cash and cash equivalents at the end of the Financial Year	8	19,296,798	5,390,895	18,642,501	4,938,164



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the Corporations Act 2001 and International Financial Reporting Standards (IFRS). The financial report has also been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars.

The company is a listed public company, incorporated and domiciled in Australia and operating during the year in Australia, Ghana, Ivory Coast and the Kyrgyz Republic.

Adoption of new and revised standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2007. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below. The Group has also adopted the following Standards as listed below which only impacted on the Group's financial statements with respect to disclosure:

- AASB 101 'Presentation of Financial Instruments' (revised October 2006)
- AASB 7 'Financial Instruments: Disclosures'

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2008. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

Statement of compliance

The financial report was authorised for issue on 29 September 2008.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and subsidiaries, and the Company as an individual entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity and cease to be consolidated from the date on which control is transferred out of the consolidated entity. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Significant accounting judgments, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Exploration and evaluation expenditure

The Board of Directors determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The Directors' decision is made after considering the likelihood of finding commercially viable reserves.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in Note 17.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the consolidated entity and the revenue is capable of being reliably measured.

Interest income is recognised in the income statement as it accrues, using the effective interest method.

All revenue is stated net of the amount of goods and services tax (GST).

Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

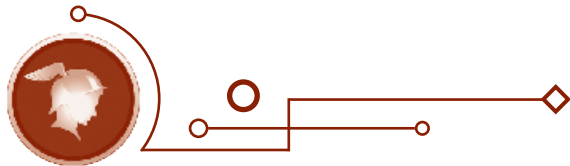
Foreign currency transactions and balances

The functional and presentation currency of the Company is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences in the consolidated financial report are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of a net investment, at which time they are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Foreign currency transactions and balances - continued

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value was determined.

The functional currencies of the overseas subsidiaries are as follows:

Ghanaian subsidiaries

Ghanaian cedis (GHC);

Ivory Coast subsidiary

CFA francs (BCEAO – XOF)

Kyrgyz subsidiaries

SOMS (KGS)

As at the reporting date, the assets and liabilities of these overseas subsidiaries are translated into the reporting currency of the Company at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period.

The exchange differences on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity is recognised in the income statement.

Taxes

Income tax

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 Australian Tax Office. 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.

Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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

Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The consolidated entity determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

During the year, the consolidated entity has held loans and receivables and available-for-sale investments.

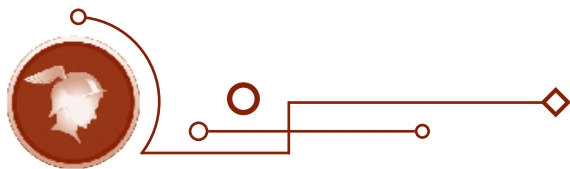
Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as financial assets held for trading ("financial assets at fair value"), investments intended to be held to maturity or loans and receivables. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property, plant and equipment

Items of plant and equipment are carried at cost less accumulated depreciation and impairment losses (see accounting policy (impairment testing)).

Plant and equipment

Plant and equipment acquired is initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

All assets have limited useful lives and are depreciated using the straight line method over their estimated useful lives commencing from the time the asset is held ready for use.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. The estimated useful lives used in the calculation of depreciation for plant and equipment for the current and corresponding period are between three and ten years.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Mineral interest acquisition, exploration and development expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Mineral interest acquisition, exploration and development expenditure - continued

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

Impairment testing

The carrying amount of the consolidated entity assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. Where such an indication exists, a formal assessment of recoverable amount is then made and where this is in excess of carrying amount, the asset is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating value in use, a pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the asset. Any resulting impairment loss is recognised immediately in the income statement.

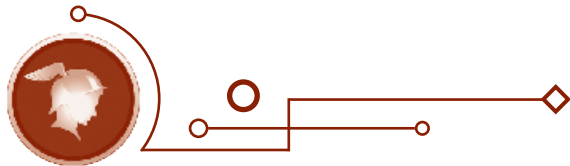
Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year that are unpaid and arise when the consolidated entity becomes obliged to make future payments in respect of the purchase of these goods and services.

Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

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

Share-based payment transactions

Equity settled transactions

The consolidated entity provides benefits to employees, consultants and contractors of the consolidated entity in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently an Employee Option Plan in place to provide these benefits to employees, consultants and contractors.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, further details of which are given in Note 17.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Share-based payment transactions - continued

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the consolidated entity's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the consolidated entity's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

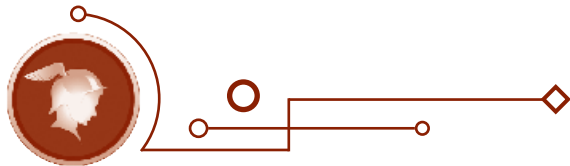
If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 6).

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

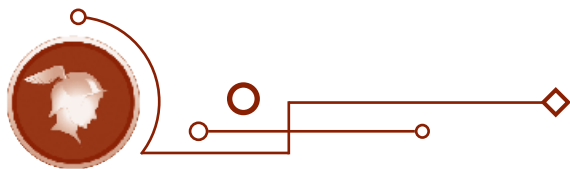
Segment assets include all assets used by a segment and consist principally of cash, receivables, property, plant and equipment net of accumulated depreciation and mineral interest acquisitions, exploration and development expenditure. Whilst most such assets can be directly attributed to individual 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

Notes	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
2. REVENUE				
Finance revenue - interest income	776,160	381,648	774,219	380,577
Gain on disposal of investments	-	1,383,082	-	1,383,082
	-	2,248	-	-
	52,328	-	-	-
Other income	10,226	22,195	10,000	-
Foreign currency exchange gains	63,685	-	-	-
	902,399	1,789,173	784,219	1,763,659
3. LOSS FROM ORDINARY ACTIVITIES				
Loss from ordinary activities before income tax has been determined after:				
Expenses				
Depreciation of plant and equipment	29,652	57,871	11,277	9,830
Impairment of loans to and investments in subsidiaries	-	-	704,260	276,989
Share based payments to consultants, directors and employees	3,379,636	273,380	3,379,636	273,380
<i>Other expenses include:</i>				
Corporate promotion and advertising	33,913	57,001	33,913	57,001
Conferences and seminars	20,291	25,061	20,291	25,061
Insurance	44,703	14,765	44,703	14,765
Legal expenses	85,955	4,896	85,955	4,896
Printing and stationery	12,835	32,793	12,835	32,793
Loss on disposal of property, plant and equipment	2,894	-	-	-
Defined contribution superannuation expense	53,384	47,010	53,384	47,010
4. AUDITORS' REMUNERATION				
<i>Amounts received or due and receivable by HLB Mann Judd for:</i>				
An audit or review of the financial report of the entity and any other entity in the Group	30,100	30,500	30,100	30,500
Non-statutory audit services in relation to the entity and any other entity in the Group	15,400	-	15,400	-
	45,500	30,500	45,500	30,500
<i>Amounts received or due and receivable by non HLB Mann Judd audit firms</i>				
An audit or review of the financial report of subsidiaries	35,594	28,817	-	-
	81,094	59,317	45,500	30,500



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

Notes	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$

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	4,841,074	521,491	8,813,168	2,181,072
Prima facie income tax benefit @ 30%	1,452,322	156,447	2,643,950	654,322
Tax effect of permanent differences:				
Provision for non-recovery of loans and write-down in investments in controlled entities	-	-	(211,278)	(83,097)
Foreign exchange gains / (losses) not deductible	-	-	(1,004,413)	(510,523)
Share based payments to consultants and employees	(1,013,891)	(82,014)	(1,013,891)	(82,014)
Capitalised Exploration Expenses	8,406,310	2,852,939	-	-
Share Issue Costs Amortised	214,857	116,229	214,857	116,229
Other non-deductible items	(26,952)	(1,755)	(26,952)	(57,170)
Income tax benefit / (expense) adjusted for permanent differences	9,032,646	3,041,846	602,273	37,747
Deferred tax asset not brought to account	(9,032,646)	(3,041,846)	(602,273)	(37,747)
Income tax attributable to operating losses	-	-	-	-
(b) The potential deferred tax asset arising from tax losses and temporary differences have not been recognised as an asset because recovery of tax losses is not yet considered sufficiently probable.				
Australian tax losses	767,267	223,669	767,267	223,669

The 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; and
- 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, the Company and its 100%-owned Australian subsidiaries have not formed a tax consolidated group. Tax consolidation is not expected to have a material effect on the consolidated entity's deferred tax asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

6. EARNINGS PER SHARE

Basic earnings/(loss) per share from continuing operations
 Basic earnings/(loss) per share from disposal group held for sale
 Basic earnings/(loss) per share

Consolidated			
2008 \$	2008 cents	2007 \$	2007 cents
Earnings/ (Loss)		Earnings/ (Loss)	
(4,637,638)	(3.27)	(404,451)	(0.41)
(203,436)	(0.14)	(117,040)	(0.12)
(4,841,074)	(3.41)	(521,491)	(0.52)

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

2008 Number	2007 Number
142,033,924	99,441,749

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's primary reporting format is geographical segments as the consolidated entity's risks and rates of return are affected predominantly by differences in the geographical areas in which it operates.

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:

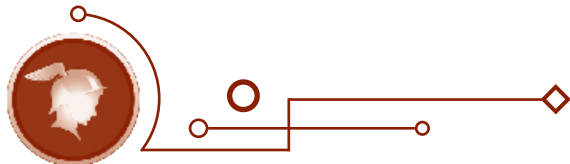
Australia	Investing activities and corporate management.
West Africa	Mineral exploration activities.
Central Asia	Mineral exploration activities.

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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

7. SEGMENT INFORMATION – CONTINUED

Note	Continuing operations					Disposal group held for sale			
	Australia	Australia	West Africa	West Africa	Central Asia	Central Asia	Consolidated	Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	\$
Geographical segments (Primary Segment)									
Revenue									
Finance revenue	774,218	380,577	1,942	1,071	-	-	776,160	381,648	
Other external revenue	(334,207)	1,383,082	460,446	24,443	6,960	58	133,199	1,407,583	
Total segment revenue	440,011	1,763,659	462,388	25,514	6,960	58	909,359	1,789,231	
3,10(b)									
Results									
Operating loss before income tax	(4,760,865)	(202,339)	123,227	(202,112)	(203,436)	(117,040)	(4,841,074)	(521,491)	
Income tax expense							-	-	
Net loss							(4,841,074)	(521,491)	
Non-Cash Expenses									
Depreciation	11,277	9,830	18,375	48,041	22,225	3,694	51,877	61,565	
Non-cash expenses other than depreciation	3,379,636	640,633	-	(24,070)	81,636	40,985	3,461,272	657,548	
Assets									
Segment assets	21,172,479	6,192,818	39,390,580	17,609,887	5,229,743	3,309,627	65,792,802	27,112,332	
Non-current assets acquired	7,043	606,839	26,604,046	13,239,483	2,126,993	1,384,258	28,738,082	15,230,580	
Liabilities									
Segment liabilities	1,794,757	1,702,363	4,950,102	3,365,142	76,643	94,872	6,821,502	5,162,377	

Investing	Investing		Mineral exploration		Mineral exploration		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$

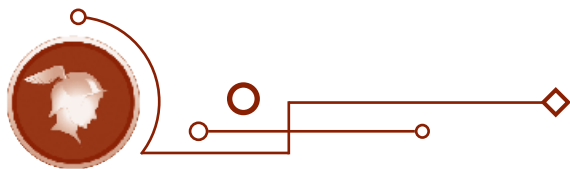
Business segments (Secondary Segment)

Segment revenue	909,359	1,738,087	-	25,572	909,359	1,763,659
Segment assets	21,172,479	6,192,818	44,620,323	20,919,514	65,792,802	27,112,332

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
8. CASH AND CASH EQUIVALENTS					
Cash assets		567,597	499,426	56,607	46,695
Deposits at call		18,585,894	4,891,469	18,585,894	4,891,469
		19,153,491	5,390,895	18,642,501	4,938,164
Cash and cash equivalents attributable to disposal group	10(c)	143,307	-	-	-
		19,296,798	5,390,895	18,642,501	4,938,164
- Cash at bank earns interest at floating rates based on daily bank deposit rates.					
- Short-term deposits are made for varying periods of between one day and six months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.					
9. RECEIVABLES					
Current					
Sundry debtors		484,887	104,091	193,940	57,360
Sundry debtors – amounts due from related entities (i)		260,610	33,563	230,536	-
Sundry debtors – amounts due from third parties (ii)		536,177	-	500,000	-
		1,281,674	137,654	924,476	57,360
Aging of past due but not impaired					
60 - 90 days		-	-	11,462	-
90 - 120 days		-	-	-	-
Total		-	-	11,462	-
Non-current					
Security deposit (iii)		1,827,218	1,178,134	1,590,578	1,178,134
		1,827,218	1,178,134	1,590,578	1,178,134
Loans to subsidiaries		-	-	38,881,997	19,317,007
Impairment of loans to subsidiaries (iv)		-	-	(2,579,674)	(1,891,823)
		-	-	36,302,323	17,425,184
		1,827,218	1,178,134	37,892,901	18,603,318



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

9. RECEIVABLES - CONTINUED

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 subsidiaries. The loans are interest free, unsecured and repayable only when the borrower's cash flow permits.

- (i) The Company had a receivable from a director-related entity, Manas Resources Limited. The loan is interest free and unsecured. The loan is repayable upon Manas meeting certain criteria noted in Note 10.
- (ii) The Company advanced \$0.5 million to Strategic Systems Pty Ltd. Interest is charged at 12%, compounded monthly, and the loan is repayable by the earlier of 23 November 2008 or the date when the acquisition of the Ayanfuri Mine Licences is completed (refer Note 19 (b)).
- (iii) At 30 June 2008, the Company had US\$1.75 million (approximately AUD\$1.85m) held in a bank deposit which is subject to a lien and is collateral for a bank guarantee that has been issued to the Ghana Environmental Protection Agency in relation to environmental rehabilitation provisions concerning a Ghana mineral permit.
- (iv) An impairment loss has been recognised against the loans to subsidiaries on the basis that the subsidiaries have incurred losses during the year and the impairment loss generally matches the losses incurred by the subsidiaries. The impairment loss has been eliminated on consolidation.

10. NON-CURRENT DISPOSAL GROUP HELD FOR SALE

(a) Description

In May 2008 the Company entered into a Sale and Purchase Agreement with Manas Resources Limited ("Manas").

The Sale and Purchase Agreement provided for the transfer of the shares held by Perseus in the subsidiaries incorporated in Kyrgyz and the assignment to Manas of outstanding loans by Perseus to those subsidiaries in exchange for the issue of 25,000,000 shares and 12,500,000 options in Manas.

Completion of the Sale and Purchase Agreement was conditional upon Manas raising at least \$4 million via a public flotation and listing on the ASX. This was achieved on 21 July 2008 and transfer of the ownership of the Kyrgyz subsidiaries was completed on 21 July 2008.

The Kyrgyz subsidiaries and the related loans have been reported in this financial report as a noncurrent disposal group held for sale and comprise the Central Asia segment in Note 7.

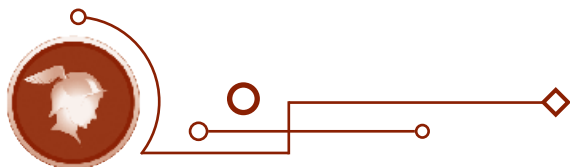
Notes	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Investment in subsidiaries – unlisted shares at cost (refer 12 (a))	-	-	35,623	-
Impairment loss	-	-	(1,308)	-
	-	-	34,315	-
Loans to subsidiaries	-	-	5,262,737	-
Impairment of loans to subsidiaries (ii)	-	-	(16,409)	-
	-	-	5,246,328	-
	-	-	5,280,643	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

10. NON-CURRENT DISPOSAL GROUP HELD FOR SALE - CONTINUED

	Notes	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
(b) Financial performance and cash flow information of disposal group					
Revenue					
Foreign currency exchange gains		4,923	-	-	-
Gain on sale of plant and equipment		2,037	58	-	-
		6,960	58	-	-
Expenses					
Depreciation of plant and equipment		(22,225)	(3,694)	-	-
Exploration expenditure written off		(81,636)	(20,839)	-	-
Kyrgyz Republic administration and overhead costs		(106,535)	(73,353)	-	-
Foreign currency exchange losses		-	(19,212)	-	-
Loss before income tax		(203,436)	(117,040)	-	-
Income tax		-	-	-	-
Loss after income tax of disposal group held for sale		(203,436)	(117,040)	-	-
Net cash outflows from operating activities		(106,535)	-	-	-
Net cash outflows from investing activities		(2,029,196)	-	-	-
Net decrease in cash generated by the disposal group		(2,135,731)	-	-	-
(c) Carrying amounts of assets and liabilities					
Cash		143,307	-	-	-
Receivables		11,950	-	-	-
Prepayments		19,758	-	-	-
Total current assets		175,015	-	-	-
Property, plant and equipment		146,837	-	-	-
Mineral interest acquisition, exploration and development expenditure		4,907,891	-	-	-
Total non-current assets		5,054,728	-	-	-
Total assets		5,229,743	-	-	-
Payables		76,643	-	-	-
Total current liabilities		76,643	-	-	-
Net assets		5,153,100	-	-	-



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
11. OTHER					
Current					
Prepayments		69,581	56,753	-	-
12. OTHER FINANCIAL ASSETS					
Investment in subsidiaries – unlisted shares at cost (refer 12 (a))		-	-	15,556	51,179
Impairment loss		-	-	(15,555)	(16,863)
		-	-	1	34,316

(a) Particulars in relation to subsidiaries

Name of subsidiary	Notes	Place of incorporation	Consolidated entity interest 2008 %	Consolidated entity interest 2007 %
Parent entity				
Perseus Mining Limited		Australia		
Subsidiaries				
Occidental Gold Pty Ltd (i)		Australia	100	100
Sun Gold Resources Ltd	(a)	Ghana	100	100
Kojina Resources Ltd (ii)	(a)	Ghana	100	100
JSC Z-Explorer (iii)	(a)	Kyrgyzstan	100	100
JSC Savoyard	(a)	Kyrgyzstan	100	100
(i) Subsidiaries of Occidental Gold Pty Ltd		(i) Subsidiaries of Occidental Gold Pty Ltd		
Occidental Gold (Ivory Coast) sarl	(a)	Ivory Coast	100	100
(ii) Subsidiaries of Kojina Resources Ltd		(ii) Subsidiaries of Kojina Resources Ltd		
Stratsys Investments Ltd	(a)	Ghana	100	100
(iii) Subsidiaries of JSC Z-Explorer		(iii) Subsidiaries of JSC Z-Explorer		
JSC Landmark	(a)	Kyrgyzstan	100	100

Notes:

(a) Not audited by HLB Mann Judd.

NOTES TO THE FINANCIAL STATEMENTS

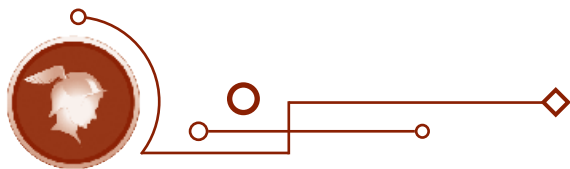
FOR THE YEAR ENDED 30 JUNE 2008

Notes	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
13. PROPERTY, PLANT AND EQUIPMENT				
Plant and equipment - at cost	1,505,011	1,362,613	41,025	33,983
Accumulated depreciation	(245,184)	(184,310)	(26,100)	(14,823)
Total property, plant and equipment net book value	1,259,827	1,178,303	14,925	19,160
Reconciliation:				
Balance at the beginning of the year	1,178,303	510,382	19,160	22,151
Additions	717,047	905,107	7,042	6,839
Depreciation	(51,877)	(61,565)	(11,277)	(9,830)
Depreciation capitalised to exploration expenditure	(128,720)	(42,563)	-	-
Assets included in a disposal group classified as held for sale	(146,837)	-	-	-
Disposals	(6,329)	(2,364)	-	-
Assets written off	-	-	-	-
Translation difference movement	(301,760)	(130,694)	-	-
Carrying amount at the end of the year	1,259,827	1,178,303	14,925	19,160

14. MINERAL INTEREST ACQUISITION, EXPLORATION AND DEVELOPMENT EXPENDITURE

Balance at the beginning of the year	19,170,593	5,993,610	-	-
Purchase price for mineral interests	-	4,423,228	-	-
Expenditure incurred during the period	28,021,035	9,976,368	-	-
Assets included in a disposal group classified as held for sale	(4,907,891)	-	-	-
Costs written-off	(81,636)	(20,839)	-	-
Translation difference movement	(5,230,833)	(1,201,774)	-	-
Carried forward	36,971,268	19,170,593	-	-

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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
15. PAYABLES AND PROVISIONS					
Current					
Trade creditors and accruals (i)		2,836,664	836,370	223,656	138,125
Amount due for acquisition of subsidiary entity (ii)		1,521,750	1,521,750	1,521,750	1,521,750
Employee benefits		49,351	54,257	49,351	42,488
		4,407,765	2,412,377	1,794,757	1,702,363

Terms and conditions relating to the above financial instruments:

- (i) Trade and other creditors are non-interest bearing and are normally settled on 30 day terms.
- (ii) The Company is required to issue 2.5 million shares and 2.5 million options (exercisable at 40 cents on or before 28 February 2009) as initial purchase consideration for Stratsys Investments Ltd. The initial purchase consideration was valued at \$1,521,750, at the date of exercise of the option to acquire this investment, using the Black-Scholes valuation methodology. The payment of the purchase consideration is deferred until all necessary Ghana Government approvals have been received.

Non-current

Provision for rehabilitation work	2,340,094	2,750,000	-	-
Balance at the beginning of the year	2,750,000	-	-	-
Arising during the year	-	2,750,000	-	-
Translation difference movement	(409,906)	-	-	-
Balance at the end of the year	2,340,094	2,750,000	-	-

The provision for rehabilitation work relates to the Ayanfuri project area in Ghana and forms part of the liabilities of Stratsys Investments Ltd at the time of its acquisition by the consolidated entity during the year. The obligation arises as a result of gold mining previously conducted on the project area by the former owner, AngloGold Ashanti (Ghana) Ltd. The timing of settlement of this provision can not be established with any certainty. Subject to completion of a bankable feasibility study, the Company plans to commence mining the project area. In that event, many of the old pits identified for rehabilitation work would be subject to new mining. New rehabilitation plans would be drawn up, with the actual work carried out over the life of the mine.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

16. ISSUED CAPITAL AND RESERVES

(a) Issued and paid-up share capital

174,354,267 (2007: 117,573,166) ordinary shares, fully paid	69,679,727	25,235,460	69,679,727	25,235,460
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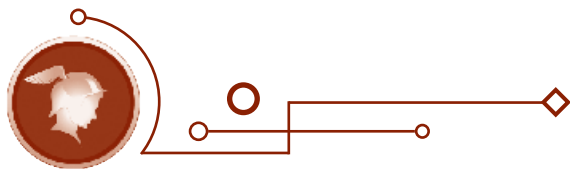
Movements in ordinary shares:

	Number	Number	\$	\$
Balance at the beginning of the year	117,573,166	88,880,950	25,235,460	14,571,167
Share placements at issue price of \$1.40 each on 27 May and 20 June 2008	10,714,286	-	15,000,000	-
Share placement at issue price of \$1.06 each on 7 March 2008	10,000,000	-	10,600,000	-
Share placement at issue price of \$1.15 each on 23 July 2007	10,000,000	-	11,500,000	-
Shares issued pursuant to exercise of options	26,066,815	2,142,216	8,988,063	577,843
Share placements at issue price of 40 cents each on 12 February and 13 February 2007	-	25,150,000	-	10,060,000
Shares issued as consideration for purchase of plant	-	1,400,000	-	560,000
Transaction costs arising from issue of securities for cash	-	-	(1,643,796)	(533,550)
Balance at the end of the year	174,354,267	117,573,166	69,679,727	25,235,460

(b) Share options

Options to subscribe for ordinary shares in the Company have been granted as follows:

Exercise period	Note	Exercise price	Opening balance 1 July 2007	Options issued 2007/08	Options exercised/ cancelled/ expired 2007/08	Closing balance 30 June 2008
			Number	Number	Number	Number
On or before 31 March 2009	(i)	\$0.20	26,327,784	-	(13,221,815)	13,105,969
On or before 1 December 2008	(ii)	\$0.26	945,000	-	(245,000)	700,000
On or before 6 June 2009	(iii)	\$0.45	400,000	-	(400,000)	-
On or before 6 June 2009	(iv)	\$0.50	400,000	-	(400,000)	-
On or before 29 February 2008	(iv)	\$0.50	12,115,000	-	(12,115,000)	-
On or before 1 April 2010	(iv)	\$0.50	600,000	-	(75,000)	525,000
On or before 6 June 2009		\$0.50	150,000	-	-	150,000
On or before 12 July 2010	(v)	\$1.00	-	610,000	-	610,000
On or before 31 July 2010	(vi)	\$1.50	-	3,800,000	-	3,800,000
On or before 28 October 2010	(v)	\$1.30	-	400,000	-	400,000
On or before 26 February 2011	(v)	\$1.15	-	1,080,000	-	1,080,000
On or before 31 March 2011	(v)	\$1.15	-	50,000	-	50,000
			40,937,784	5,940,000	(26,456,815)	20,420,969



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

16. ISSUED CAPITAL AND RESERVES - CONTINUED

- (i) 13,221,815 options were exercised at 20 cents each to acquire shares in the Company during the financial year raising \$2,644,363.
- (ii) 245,000 options were exercised at 26 cents each to acquire shares in the Company during the financial year raising \$63,700.
- (iii) 400,000 options were exercised at 45 cents each to acquire shares in the Company during the financial year raising \$180,000.
- (iv) 12,200,000 options were exercised at 50 cents each to acquire shares in the Company during the financial year raising \$6,100,000. 329,000 options expired during the year ending 30 June 2008.
- (v) 2,140,000 options were issued under the terms of the Perseus Mining Limited Employee Option Plan.
- (vi) 3,800,000 options were issued to Directors in accordance with shareholder approval granted at the Annual General Meeting held on 29 November 2007.

(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.

Nature and purpose of reserves

Option premium reserve

The option premium reserve is used to record the fair value of options issued but not exercised. The reserve is transferred to accumulated losses upon expiry or recognised as share capital if exercised.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

Financial assets reserve

The financial assets reserve is used to record fair value changes on available-for-sale investments.

17. SHARE-BASED PAYMENT PLANS

Employee share option plan

In November 2005, the Company adopted the Perseus Mining Limited Employee Option Plan ("Plan"). The Plan is designed to provide incentives, assist in the recruitment, reward, retention of employees and provide opportunities for employees (both present and future) to participate directly in the equity of the Company. The contractual life of each option granted is three years. There are no cash settlement alternatives.

Non plan based payments

The Company also makes share-based payments to consultants and/or service providers from time to time, not under any specific plan. The Perseus Mining Limited Employee Option Plan does not allow for the issue of options to Directors of the Company.

The expense recognised in the income statement in relation to share-based payments is disclosed in Note 3.

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the year under the Plan:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

17. SHARE-BASED PAYMENT PLANS - CONTINUED

	2008 Number of options	2008 Weighted average exercise price	2007 Number of options	2007 Weighted average exercise price
Outstanding at the beginning of the year	2,495,000	\$0.41	1,985,000	\$0.35
Granted during the year	2,140,000	\$1.14	750,000	\$0.53
Forfeited during the year	-	-	(50,000)	\$0.26
Exercised during the year	(1,120,000)	\$0.43	(190,000)	\$0.26
Expired during the year	-	-	-	-
Outstanding at the end of the year	3,515,000	\$0.85	2,495,000	\$0.41
Exercisable at the end of the year	1,575,000		-	

The outstanding balance as at 30 June 2008 is represented by:

Number	Exercise period	Exercise price - \$
700,000	01/12/2006 to 01/12/2008	0.26
525,000	01/04/2008 to 01/04/2010	0.50
150,000	30/05/2008 to 30/05/2010	0.65
610,000	12/07/2008 to 12/07/2010	1.00
400,000	26/10/2008 to 26/10/2010	1.30
1,080,000	26/02/2009 to 26/02/2011	1.15
50,000	31/03/2009 to 31/03/2011	1.15
3,515,000		

Other share-based payments, not under any plans, are as follows (with additional information provided in Note 16 above):

	2008	2008	2007	2007
	Number	\$	Number	\$
Options to Directors as part of their remuneration arrangements	3,800,000	2,599,200	-	-

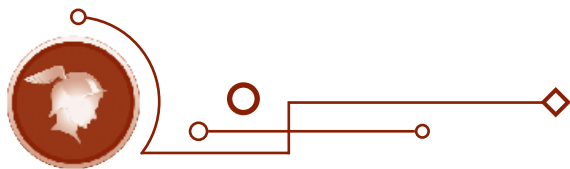
The weighted average fair value of options granted during the year was \$0.63 (2007: \$0.20).

The fair value of the equity-settled share options granted under the Plan as well as not under any plans is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted. The fair value of shares issued is calculated by reference to the market value of the shares trading on the Australian Securities Exchange (ASX) on or around the date of grant.

The following table lists the inputs to the model used for the years ended 30 June 2008 and 30 June 2007:

	2008	2007
Volatility (%) - range	57% to 60%	45% to 60%
Risk-free interest rate (%) - range	6.5% to 7%	6.25%
Expected life of option (years)	3 years	2 to 3 years
Exercise price (cents)	\$1.00 to \$1.50	\$0.50-0.65
Weighted average share price at grant date (cents)	\$1.40	\$0.52

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

18. FINANCIAL INSTRUMENTS

Overview

The Company and Group have exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's and Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

	Notes	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
Cash	8, 10(c)	19,296,798	5,390,895	18,642,501	4,938,164
Receivables	9, 10(c)	3,120,842	1,315,788	38,817,377	18,660,678
Non-Current disposal group held for sale		-	-	5,280,643	-
Prepayments	11, 10(c)	89,339	56,753	-	-
Total Assets		22,506,979	6,763,436	62,740,521	23,598,842
Payables	15, 10(c)	4,481,408	2,412,377	1,794,757	1,702,363
Provision		2,340,094	2,750,000	-	-
Total Liabilities		6,821,502	5,162,377	1,794,757	1,702,363

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. For the Company it arises from receivables due from subsidiaries.

(i) Investments

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

(ii) Receivables

As the Group operates in the mineral exploration sector, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

The Company and Group have established an allowance for impairment that represents their estimate of incurred losses in respect of other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures. The management does not expect any counterparty to fail to meet its obligations.

Presently, the Group undertakes exploration and evaluation activities in Australia, West Africa and the Kyrgyz Republic. At the balance sheet date there were no significant concentrations of credit risk.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

18. FINANCIAL INSTRUMENTS - CONTINUED

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

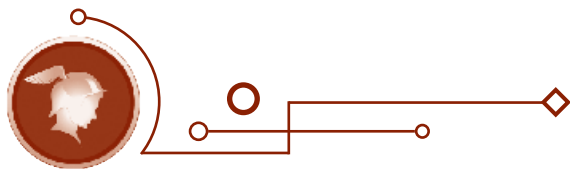
The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

Due to the nature of the Group's activities and the present lack of operating revenue, the Company has to raise additional capital from time to time in order to fund its exploration activities. The decision on how and when the Company will raise future capital will depend on market conditions existing at that time and the level of forecast activity and expenditure.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of between three and six months, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following tables detail the Company's and the Group's remaining contractual maturity for its non-derivative financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows

Consolidated	Notes	Less than 3 month \$	3 months – 1 year \$	1 – 5 years \$
30 June 2008				
Non-interest bearing		2,766,740	1,714,668	2,340,094
		2,766,740	1,714,668	2,340,094
30 June 2007				
Non-interest bearing		739,149	-	4,423,228
		739,149	-	4,423,228
Company	Notes	Less than 3 months \$	3 months – 1 year \$	1 – 5 years \$
30 June 2008				
Non-interest bearing		273,007	1,521,750	-
		273,007	1,521,750	-
30 June 2007				
Non-interest bearing		180,613	-	1,521,750
		180,613	-	1,521,750



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

18. FINANCIAL INSTRUMENTS - CONTINUED

The following tables detail the Company's and the Group's remaining contractual maturity for its non-derivative financial assets. These have been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company/Group anticipates that the cash flow will occur in a different period.

Consolidated	Notes	Less than 3 month \$	3 months – 6 months \$	6 months + \$
30 June 2008				
Non-interest bearing		854,211	-	30,074
Variable interest rate instruments		18,512,748	-	-
Fixed interest rate instruments		-	3,184,059	-
		19,366,959	3,184,059	30,074
30 June 2007				
Non-interest bearing		105,612	-	90,315
Variable interest rate instruments		-	-	-
Fixed interest rate instruments		5,394,578	1,208,063	-
		5,500,190	1,208,063	90,315
Company				
	Notes	Less than 3 months \$	3 months – 6 months \$	6 months + \$
30 June 2008				
Non-interest bearing		425,799	-	41,582,967
Variable interest rate instruments		17,621,810	-	-
Fixed interest rate instruments		-	3,184,059	-
		18,047,609	3,184,059	41,582,967
30 June 2007				
Non-interest bearing		58,880	-	17,459,501
Variable interest rate instruments		-	-	-
Fixed interest rate instruments		4,941,847	1,208,063	-
		5,000,727	1,208,063	17,459,501

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Group is exposed to currency risk on investments, purchases and borrowings that are denominated in a currency other than the respective functional currency of Group entities, primarily the Australian Dollar (AUD). The currencies in which these transactions are primarily denominated are AUD and USD.

The Group has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency.

Group's investments in its subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

18. FINANCIAL INSTRUMENTS - CONTINUED

(ii) Exposure to currency risk

The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

Notes	30 June 2008		30 June 2007	
	Assets	Liabilities	Assets	Liabilities
	\$	\$	\$	\$
United States Dollar	3,401,498	2,470,099	4,194,571	-
Kyrgyz Som	34,565	76,643	26,488	94,872
Ghanaian New Cedi (2007 : Old Cedi)	362,415	918,752	184,041	463,664
French West Africa Franc	230,167	383,056	34,228	2,901,478
	4,028,645	3,848,550	4,439,328	3,460,014

The Company's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

Notes	30 June 2008		30 June 2007	
	Assets	Liabilities	Assets	Liabilities
	\$	\$	\$	\$
United States Dollar	42,299,653	-	21,376,053	-
	42,299,653	-	21,376,053	-

The following significant exchange rates applied during the year:

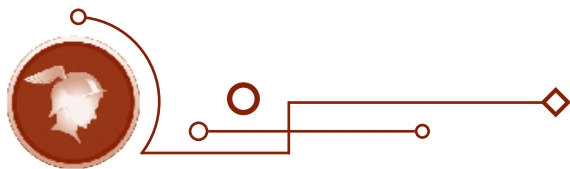
Notes	Average rate		Reporting date spot rate	
	2008	2007	2008	2007
	\$	\$	\$	\$
United States Dollar	0.89	0.78	0.96	0.85
Kyrgyz Som	33.44	32.58	34.55	35.18
Ghanaian New Cedi	0.89	-	1.06	-
Ghanaian Old Cedi	-	7506.11	-	8044.19
French West Africa Franc	408.16	409.70	408.38	422.02

(iii) Sensitivity analysis

A 10 percent strengthening of the Australian Dollar against the above currencies at 30 June would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2007.

Notes	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
(Profit) or loss	(i) (310,403)	246,178	3,999,400	1,943,278
Equity	(ii) 300,328	(685,260)	(3,999,400)	(1,943,278)

- (i) this is mainly attributable to the exposure on USD receivables
- (ii) this is mainly related to the translation of foreign operations at balance date



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

18. FINANCIAL INSTRUMENTS – CONTINUED

A 10 percent weakening of the Australian Dollar against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(iv) Interest risk

The Group's exposure to the risk of changes in market interest rate relates primarily to the Group's cash and cash equivalents.

At the reporting date the interest rate profile of the Company's and the Group's interest-bearing financial instruments is as follows

	Consolidated Carrying Amount		Company Carrying Amount	
	2008	2007	2008	2007
	\$	\$	\$	\$
<i>Fixed rate Instruments</i>				
Financial assets	3,115,933	2,178,134	3,115,933	3,849,550
Financial liabilities	-	-	-	-
	3,115,933	2,178,134	3,115,933	3,849,550
<i>Variable rate Instruments at call</i>				
Financial assets	18,270,119	4,390,895	17,615,822	2,226,748
Financial liabilities	-	-	-	-
	18,270,119	4,390,895	17,615,822	2,226,748

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below, where interest is applicable. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2007.

	Profit or (Loss)		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
	\$	\$	\$	\$
Consolidated				
30 June 2008				
Variable rate instruments	227,637	(227,637)	227,637	(227,637)
Cash flow sensitivity (net)	227,637	(227,637)	227,637	(227,637)
30 June 2007				
Variable rate instruments	73,804	(73,804)	73,804	(73,804)
Cash flow sensitivity (net)	73,804	(73,804)	73,804	(73,804)
Company				
30 June 2008				
Variable rate instruments	218,727	(218,727)	218,727	(218,727)
Cash flow sensitivity (net)	218,727	(218,727)	218,727	(218,727)
30 June 2007				
Variable rate instruments	69,277	(69,277)	69,277	(69,277)
Cash flow sensitivity (net)	69,277	(69,277)	69,277	(69,277)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

18. FINANCIAL INSTRUMENTS – CONTINUED

The Company does not have any material risk exposure to any single debtor or group of debtors.

The following table summarises interest rate risk for the consolidated entity, together with effective interest rates as at balance date.

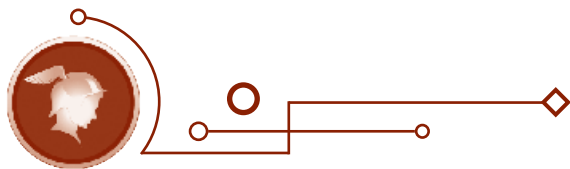
30 June 2008	Weighted average effective interest rate	Fixed interest rate	Floating interest rate	Non-interest bearing	Total
		\$	\$	\$	\$
Financial assets:					
Current:					
Cash at bank	6.2%	1,025,355	18,270,119	1,324	19,296,798
Receivables	12.0%	500,000	-	793,624	1,293,624
Non current:					
Security deposit	2.9%	1,827,218	-	-	1,827,218
Net exposure to cash flow interest rate risk		3,352,573	18,270,119	794,948	22,417,640

30 June 2007	Weighted average effective inter- est rate	Fixed interest rate	Floating interest rate	Non-interest bearing	Total
		\$	\$	\$	\$
Financial assets:					
Current:					
Cash at bank	4.8%	2,671,416	2,265,229	454,250	5,390,895
Receivables		-	-	137,654	137,654
Non current:					
Security deposit	5.3%	1,178,134	-	-	1,178,134
Net exposure to cash flow interest rate risk		3,849,550	2,265,229	591,904	6,706,683

(d) Net fair values

For assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The Company has no financial assets where carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

18. FINANCIAL INSTRUMENTS – CONTINUED

(e) Capital management

Management controls the capital of the Group in order to ensure that the Group can fund its operations on an efficient and timely basis and continue as a going concern.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's cash projections up to twelve months in the future and any associated financial risks. Management will adjust the Group's capital structure in response to changes in these risks and in the market.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

19. COMMITMENTS

(a) Exploration expenditure commitments

With respect to the Group's mineral property interests in Ghana and Ivory Coast, statutory expenditure commitments specified by the mining legislation are nominal in monetary terms. However, as part of mineral licence application and renewal requirements, the Group submits budgeted exploration expenditure. In assessing subsequent renewal applications, the mining authorities review actual expenditure against budgets previously submitted. The Group's budget expenditures for future periods are shown below. These amounts do not become legal obligations of the Group and actual expenditure may and does vary depending on the outcome of actual exploration programmes, and the costs and results from those programmes.

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Within one year	730,000	940,000	-	-
One year or later and not later than five years	13,380,000	2,765,000	-	-
Later than five years	1,680,000	2,765,000	-	-
	15,790,000	6,470,000	-	-

The Kyrgyz properties are not included in the 2008 amounts as they have been disposed of soon after the year end.

(b) Capital commitments

- (i) In March 2007, the Company's subsidiary, Kojina Resources Limited ("Kojina"), exercised an option to purchase all of the issued capital of Stratsys Investments Ltd ("Stratsys"), a Ghanaian company which holds two reconnaissance licences, and which has entered into an agreement to acquire the Ayanfuri Mine Licences (two mining leases and a prospecting licence) from AngloGold Ashanti (Ghana) Ltd (AGC). The consideration payable to the vendor, Strategic Systems Pty Ltd, to acquire the Stratsys shares is 2,500,000 Perseus shares and 2,500,000 unlisted options to acquire Perseus shares, exercisable at 40 cents each on or before 28 February 2009. This consideration had not been issued as at the balance date, although a liability has been recorded for it. The consideration is payable when all necessary Ghana Government approvals have been received with respect to the transaction. If, in the future, a mining reserve on the project of at least 500,000 ounces of gold is established, then further consideration is payable comprising 2,000,000 Perseus shares and 2,000,000 unlisted options to acquire Perseus shares, exercisable at 60 cents each with a 2 year life and a royalty of 0.25% of gold produced from the Ayanfuri Mine Licences and the Reconnaissance Licences.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

19. COMMITMENTS - CONTINUED

Under the contract to purchase the Ayanfuri Mine Licences, Stratsys is required to pay AGC:

- US\$125,000 when all government consents validating the transaction are received (a liability has been recorded for this amount in the accounts of the consolidated entity at balance date);
- US\$50,000 on completion of a bankable feasibility study; and
- a royalty on gold production of 2% if the gold price is below US\$350/oz, 2.5% if the gold price is over US\$350 but below US\$500/oz and 3% if the gold price exceeds US\$500/oz on resources existing on the Ayanfuri Mining Licences when Stratsys entered in the contract with AGC, or a royalty at half of those rates on new resources identified by Stratsys on those licences.

Stratsys also assumes all rehabilitation responsibilities for the Ayanfuri Mine Licences, which are estimated to cost approximately US\$2.25 million and a provision has been recorded for this at balance date.

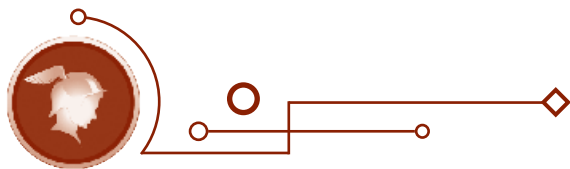
(c) Remuneration commitments

Mark Calderwood had entered into a service agreement whereby either party can terminate the agreement by giving six months written notice.

Notes	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Within one year	125,000	125,000	125,000	125,000
One year or later and not later than five years	–	–	–	–
Later than five years	–	–	–	–
	125,000	125,000	125,000	125,000

20. CONTINGENT LIABILITIES

There were no contingent liabilities of the consolidated entity not provided for in the financial statements at 30 June 2008.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

21. STATEMENTS OF CASH FLOWS

(a) Reconciliation of the loss from ordinary activities to net cash used in operating activities

Notes	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Loss from ordinary activities after income tax	(4,841,074)	(521,491)	(8,813,168)	(2,181,072)
Add back non-cash items:				
Depreciation	51,877	61,565	11,277	9,830
Provision for non-recovery of investments in and loans to controlled entities	-	-	704,260	276,989
Employee benefits provision	8,655	27,752	6,863	26,818
Foreign currency loss/(gain)	(68,608)	335,577	3,744,578	2,042,179
Employee options	3,379,636	273,380	3,379,636	273,380
Consultants fees satisfied by issue of shares and options	-	-	-	-
Gain on sale of investments	-	(1,383,082)	-	(1,383,082)
Loss / (Gain) on sale of property, plant and equipment	855	(2,306)	-	-
Exploration Costs written-off	81,636	20,839	-	-
Change in assets and liabilities:				
(Increase) in receivables	(127,480)	(26,697)	(127,480)	7,768
(Increase) in other assets	(32,754)	(41,284)	(32,754)	-
Increase / (decrease) in payables	116,140	(39,526)	85,531	(44,052)
Net cash used in operating activities	(1,431,117)	(1,295,273)	(1,041,257)	(971,242)

(c) Non-cash financing and investing activities

During the year, the Company issued options to employees and Directors for nil consideration.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

22. DIRECTOR AND EXECUTIVE DISCLOSURES

Key management personnel

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-Executive Directors

Mr Reginald Gillard
Mr Rhett Brans
Mr Neil Fearis

Executive Directors

Mr Mark Calderwood
Mr Colin Carson

Other key management personnel

- Susmit Shah – Company Secretary. Mr Shah's services are provided by Corporate Consultants Pty Ltd, a company in which Mr Gillard and Mr Shah are Directors and have beneficial interests.
- Kevin Thomson – Regional Exploration Manager (West Africa) commenced April 2007, however appointed to key management role from 1 July 2007.

There have been no changes of the CEO or key management personnel after reporting date and the date the financial report was authorised for issue, except that Mr Brans has been appointed to an executive role.

Key management personnel compensation

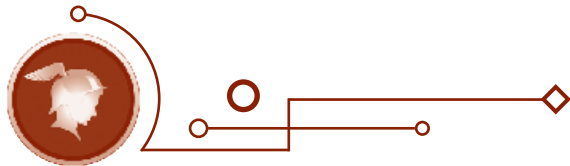
The key management personnel compensation included in 'employee, directors and consultants cost' are as follows:

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Short-term employee benefits	714,785	404,692	714,785	404,692
Post-employment benefits	32,479	26,921	32,479	26,921
Share-based payments	2,978,065	-	2,978,065	-
	3,725,329	431,613	3,725,329	431,613

Individual Directors and other key management personnel compensation disclosures.

Individual Directors and executives compensation disclosures

Information regarding individual Directors' and executives' compensation and some equity instruments disclosures as permitted by Schedule 5B to the Corporations Regulations 2001 is provided in the Remuneration Report section of the Directors' Report. 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 existing at year-end.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

22. DIRECTOR AND EXECUTIVE DISCLOSURES - CONTINUED

Loans to key management personnel and their related parties

There were no loans outstanding at the reporting date to key management personnel and their related parties.

Other key management personnel transactions

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
(a) Accounting, secretarial and corporate service fees paid or payable to Corporate Consultants Pty Ltd, a company in which Mr Gillard and the Company Secretary, Mr Susmit Shah, are Directors and have beneficial interests.	236,511	116,355	236,511	116,355
(b) Rent paid or payable to Ledger Road Partnership, an entity in which Mr Gillard and Mr Carson both have a beneficial interest.	15,071	12,512	15,071	12,512
(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.	6,685	4,855	6,685	4,855
<i>Balances due to Directors and Director-Related Entities at year end</i>				
- included in trade creditors and accruals	90,769	33,339	90,769	33,339

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

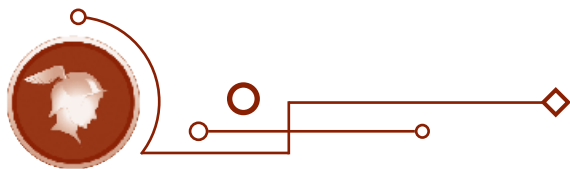
22. DIRECTOR AND EXECUTIVE DISCLOSURES - CONTINUED

Shareholdings

The numbers of shares in the Company held during the financial year by Directors and other key management personnel, including shares held by entities they control, are set out below:

30 June 2008	Balance at 30 June 2007	Received as remuneration	Options exercised	Other movements	Balance at 30 June 2008
<i>Directors</i>					
Reginald Gillard	210,000	-	465,000	-	675,000
Mark Calderwood	1,370,000	-	1,000,000	100,237	2,470,237
Colin Carson	751,423	-	-	-	751,423
Rhett Brans	150,000	-	-	(100,000)	50,000
Neil Fearis	100,000	-	-	-	100,000
<i>Senior managers</i>					
Susmit Shah	30,000	-	-	-	30,000
Kevin Thomson	-	-	75,000	-	75,000

30 June 2007	Balance at 30 June 2006	Received as remuneration	Options exercised	Other movements	Balance at 30 June 2007
<i>Directors</i>					
Reginald Gillard	210,000	-	-	-	210,000
Mark Calderwood	1,370,000	-	-	-	1,370,000
Colin Carson	1,151,423	-	-	(400,000)	751,423
Rhett Brans	150,000	-	-	-	150,000
Neil Fearis	100,000	-	100,000	(100,000)	100,000
<i>Senior managers</i>					
Susmit Shah	30,000	-	-	-	30,000
Kevin Thomson	-	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

22. DIRECTOR AND EXECUTIVE DISCLOSURES - CONTINUED

Option holdings

The numbers of options to subscribe for shares in the Company held during the financial year by Directors and other key management personnel, including options held by entities they control, are set out below.

30 June 2008	Balance at 30 June 2007	Received as remuneration	Options exercised	Other movements	Balance at 30 June 2008	Vested and exercisable at year end
<i>Directors</i>						
Reginald Gillard	470,000	600,000	(465,000)	-	605,000	5,000
Mark Calderwood	3,070,000	1,200,000	(1,000,000)	-	3,270,000	2,070,000
Colin Carson	250,000	1,200,000	-	-	1,450,000	250,000
Rhett Brans	425,000	400,000	-	-	825,000	425,000
Neil Fearis	300,000	400,000	-	-	700,000	300,000
<i>Senior managers</i>						
Susmit Shah	315,000	100,000	-	-	415,000	315,000
Kevin Thomson (i)	-	600,000	(75,000)	600,000	1,125,000	225,000

(i) Kevin Thomson qualified as a senior manager after 1 July 2007. He received 600,000 options during the prior reporting period.

30 June 2007	Balance at 30 June 2006	Received as remuneration	Options exercised	Other movements	Balance at 30 June 2007	Vested and exercisable at year end
<i>Directors</i>						
Reginald Gillard	470,000	-	-	-	470,000	470,000
Mark Calderwood	3,070,000	-	-	-	3,070,000	3,070,000
Colin Carson	250,000	-	-	-	250,000	250,000
Rhett Brans	425,000	-	-	-	425,000	425,000
Neil Fearis	400,000	-	(100,000)	-	300,000	300,000
<i>Senior managers</i>						
Susmit Shah	315,000	-	-	-	315,000	315,000
Kevin Thomson	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

22. DIRECTOR AND EXECUTIVE DISCLOSURES - CONTINUED

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. After the balance date, Mr Rhett Brans was appointed to provide executive services to the Company. As part of these contractual arrangements, it has been agreed to issue 600,000 options (exercisable at \$1.50 each on or before 31 July 2010) to Mr Brans, subject to shareholder approval in accordance with ASX listing rules.

(a) Transactions with Related Parties - Subsidiaries

Wholly-owned consolidated entity

The Company incurs exploration expenditure on behalf of the subsidiaries. Investments in and loans to wholly-owned subsidiaries are disclosed in Notes 11 and 9 respectively.

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

(b) Transactions with Other Related Parties

The Company incurred expenses on behalf of Manas Resources Limited up to the date of loss of control of Manas, and until such time as Manas was listed on the Australian Securities Exchange. Expenditure incurred totalling \$230,535 as at 30 June 2008 was repaid after year end. Manas Resources Limited is a director related entity at year end.

23. EVENTS OCCURRING AFTER THE REPORTING DATE

Other than the matter referred to below, there are no matters or circumstances that have arisen since 30 June 2008 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial years.

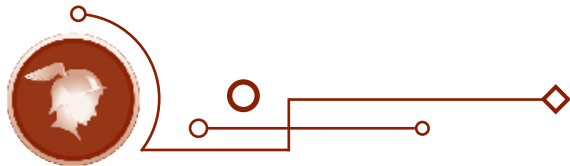
In May 2008, Perseus entered into a Sale and Purchase Agreement with Manas Resources Limited ("Manas"), a wholly-owned subsidiary, to sell the ownership of two wholly-owned subsidiaries of Perseus. These two subsidiaries, JSC Z-Explorer and JSC Savoyardy, and JSC Landmark, a company jointly owned by JSC Z-Explorer and JSC Savoyardy, are the legal and beneficial holders of all mineral permits of the Perseus Group in the Kyrgyz Republic.

The Sale and Purchase Agreement provided for the transfer of the shares held by Perseus in the subsidiaries and the assignment to Manas of outstanding loans by Perseus to the subsidiaries in exchange for the issue of 25,000,000 shares and 12,500,000 options in Manas. Each option is exercisable at 25 cents and has an expiry date of 31 December 2010.

Completion of the Sale and Purchase Agreement was conditional upon Manas raising at least \$4 million via a public flotation and listing on the ASX. This was achieved on 21 July 2008 and transfer of the ownership of the Kyrgyz subsidiaries was completed on that date.

At the date of this Report Perseus owns 42% of the issued capital of Manas. In accounting terms, Perseus has exchanged its direct ownership of the Kyrgyz mineral assets for a financial asset, being securities in Manas. Based on the 20 cents issue price of Manas shares, the sale transaction by Perseus does not result in a material change in the value of underlying Kyrgyz mineral assets.

The Kyrgyz subsidiaries and the related loans have been reported in this financial report as a noncurrent disposal group held for sale.



DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2008

In the opinion of the directors:

1. The financial statements, comprising the income statement, balance sheet, cash flow statement, statement of changes in equity, and accompanying notes, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with accounting standards and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the company and consolidated entity;
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
3. The remuneration disclosures included in pages 23 to 28 of the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2008, comply with Accounting Standards AASB 124 Related Party Disclosures and the *Corporations Regulations 2001*.

The directors have been given declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

M A Calderwood

Managing Director

Dated at Perth, 29 September 2008

INDEPENDENT AUDITOR'S REPORT



Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of PERSEUS MINING LIMITED

We have audited the accompanying financial report of Perseus Mining Limited ("the company"), which comprises the balance sheet as at 30 June 2008, the income statement, statement of changes in equity, cash flow statement and notes for the year ended on that date, and the directors' declaration for both the company and consolidated entity as set out on pages 31 to 72. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.


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

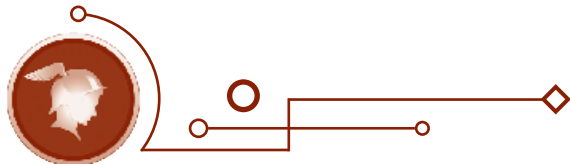
HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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INDEPENDENT AUDITOR'S REPORT

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion:

- (a) the financial report of Perseus Mining Limited is in accordance with 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 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 23 to 28 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Perseus Mining Limited for the year ended 30 June 2008 complies with Section 300A of the Corporations Act 2001.

HLB MANN JUDD
Chartered Accountants

N G NEILL
Partner

Perth, Western Australia
29 September 2008

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

In March 2003, the ASX Corporate Governance Council published its Principles of Good Corporate Governance and Best Practice Recommendations ("Recommendations"). ASX Listing Rule 4.10.3 requires listed companies to disclose in their Annual Report the extent to which they have complied with the Recommendations in the reporting period.

This statement summarises the corporate governance practices in place for the year ended 30 June 2008. It is structured along the same lines as the Recommendations, with sections dealing in turn with each of the Council's ten corporate governance principles in force up to 30 June 2008.

The Board of Directors of the Company is committed to good corporate governance and has a range of policies and processes in place to ensure the rights of the Company and our shareholders are protected.

In a limited number of instances, the Company may determine not to meet the standard set out in the Recommendations, largely due to the relevant Recommendation being considered by the Board to be unduly onerous for a company of this size.

1. Lay solid foundations for management and oversight

The ASX Corporate Governance Council states that a company should "Recognise and publish the respective roles and responsibilities of board and management." The Company has formalised and disclosed the role of the Board in the Corporate Governance Statement contained in the Annual Report which is posted to the Company website each year.

Responsibilities of the Board

The Board is responsible for setting the strategic direction and establishing the policies of the consolidated entity. 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.

2. Structure the Board to add Value

The ASX Corporate Governance Council states that a company should "Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties." The Company's Board is so structured, and its Directors believe that they have adequately discharged their responsibilities and duties to the benefit of shareholders.

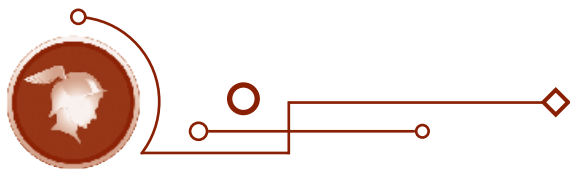
The Board has established a framework for the management of the consolidated entity including a system of internal control, a business risk management process, and the establishment of appropriate ethical standards.

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 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 Directors' Report.



STATEMENT OF CORPORATE GOVERNANCE PRACTICES

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	4 years 11 months
M Calderwood	4 years 8 months
C Carson	4 years 11 months
N Fearis	4 years 4 months
R Brans	4 years 4 months

Directors must keep the Board advised, on an ongoing basis, of any interests which could potentially conflict with any of those of the Company. Where the Board believes that a significant conflict exists for a Director on a board matter, the Director concerned is not present at the meeting while the matter is being considered.

Independence (Recommendations 2.1, 2.2 and 2.3)

The Board considers an independent director to be a non-executive director who is 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 the Company were considered to be independent throughout the period ended 30 June 2008:

Name	Position
R Gillard	Non-Executive Chairman
N Fearis	Non-Executive Director
R Brans*	Non-Executive Director

* Note that since the end of the financial year, Mr Brans has been made an Executive Director and so is no longer considered an independent director.

Recommendation 2.1 requires that a majority of the board be independent directors and Recommendation 2.2 that the Chairman be independent. The Company complies with these Recommendations. The Board comprised three independent Directors out of the five Directors throughout the period – Mr Reg Gillard, Mr Neil Fearis and Mr Rhett Brans. Whilst Mr Gillard is also Chairman of the Board of the Company's largest shareholder, Caspian Oil & Gas Ltd, he is considered independent because his interest in the securities of Caspian Oil & Gas Ltd is not a material personal interest.

The Company complies with Recommendation 2.3 as Mr Reg Gillard is the Chairman and Mr Mark Calderwood is the CEO of the Company.

Nomination Committee (Recommendation 2.4)

The Company was not in compliance with Recommendation 2.4 requiring listed entities to establish a Nomination Committee. The Board considers that the Company and the Board are currently not of sufficient size to justify the establishment of a Nomination Committee. The duties and responsibilities typically delegated to such a Committee are considered to be the responsibility of the full Board, given the size and nature of the Company's activities. The Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate nomination committee.

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

- the Board should comprise at least three 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.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

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.

This description of these principles and guidelines for composition of the Board and procedure for selection and appointment of Directors is disclosed in the Corporate Governance Statement contained in the Annual Report which is posted to the Company website each year.

3. *Promote ethical and responsible decision making*

The ASX Corporate Governance Council states that a company should "Actively promote ethical and responsible decision making". The Company has made disclosures on Ethical Standards and Trading in Company Securities by Directors and Employees in the Corporate Governance Statement contained in the Annual Report which is posted to the Company website each year.

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 the Company'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, the Company has instituted periods ("Black-Out Periods") during which Directors, employees and consultants of the Company and entities over which those persons have control are not permitted to buy, sell or otherwise trade in securities of the Company.

4. *Safeguard integrity in financial reporting*

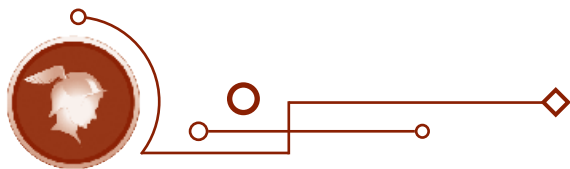
The ASX Corporate Governance Council states that a company should "Have a structure to independently verify and safeguard the integrity of the company's financial reporting." The Company believes that it has appropriate measures in place. The Board imposes stringent policies and standards to ensure compliance with all corporate financial and accounting standards. Where considered appropriate, the Company's external auditors, professional advisors and management are invited to advise the Board on these issues.

The Company requires that its auditors must not carry out any other major area of service to the Company and should have expert knowledge of both Australian and international jurisdictions.

The Managing Director and Company Secretary declare annually in writing that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

Audit Committee (Recommendations 4.2, 4.3 and 4.4)

Recommendations 4.2 and 4.3 require listed entities to have an audit committee consisting of only non-executive directors, a majority of independent directors, an independent Chairman who is not Chairman of the Board, and at least three members. Recommendation 4.4 requires the audit committee to have a formal charter. The Company complied with all these recommendations throughout the 2007/08 year. Details of the composition of the Audit Committee and meetings held during the period are as follows:



STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Name		Meetings Held	Meetings Attended
N Fearis (Chairman)	Independent, Non-Executive Director	2	2
R Gillard	Independent, Non-Executive Chairman	2	2
R Brans*	Independent, Non-Executive Director	2	1

* Note that since the end of the financial year, Mr Brans has been made an Executive Director and so is no longer considered an independent Director. His position on the Audit Committee is to be reviewed.

Details of the qualifications and expertise of these Directors is included in the Director's Report. The Audit Committee has adopted a formal Charter which contains details of the procedure for the selection and appointment of an external auditor, and for the rotation of the external audit engagement partners.

5. Make timely and balanced disclosure

The ASX Corporate Governance Council states that a company should "Promote timely and balanced disclosure of all material matters concerning the company." The Company is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an informed market. In accordance with continuous disclosure requirements under the ASX Listing Rules, the Company has the following policy on continuous disclosure which has been disclosed in the Corporate Governance Statement contained in the Annual Report posted to the Company website each year.

Continuous disclosure

The Chairman is responsible, in consultation with the Board, for interpreting and monitoring the Company's compliance with the continuous disclosure requirements of the ASX whilst the Company Secretary is responsible for all communications with the ASX. It is not considered necessary to commit procedures and processes for compliance with the 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.

6. Respect the rights of shareholders

The ASX Corporate Governance Council states that a company should "Respect the rights of shareholders and facilitate the effective exercise of those rights". The Company has the following strategy on shareholder communication which has been disclosed in the Corporate Governance Statement contained in the Annual Report posted to the Company website each year.

Communication with shareholders

Communication with shareholders is conducted through the following mechanisms:

- announcements lodged with the ASX;
- Half Yearly and Preliminary Final Reports;
- Annual Reports;
- Annual General Meetings;
- shareholder updates; and
- emails advising of market releases and other events.

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

The external auditor is required to attend the Annual General Meeting to answer any questions concerning the audit and the Auditor's Report.

7. Recognise and manage risk

The ASX Corporate Governance Council states that a company should "Establish a sound system of risk oversight and management and internal control". The Company has the following strategy on risk management which has been disclosed in the Corporate Governance Statement contained in the Annual Report posted to the Company website each year.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

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 and that many of the regions in which the Company operates are prone to greater sovereign risk. However, it is not considered necessary to commit procedures and processes for risk oversight and management in writing given the small size of the Company, its workforce and the relatively simple nature of its activities.

The Company believes that it is crucial for all Board members to be a part of the process, and as such the Board has not established a separate risk management committee.

The Managing Director and Company Secretary declare annually in writing that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively. All risk assessments cover the whole financial year and the period up to the signing of the annual financial report for all material operations in the Company.

8. Encourage enhanced performance

The ASX Corporate Governance Council states that a company should, "Fairly review and actively encourage enhanced board and management effectiveness." The Company has the following process for performance evaluation which has been disclosed in the Corporate Governance Statement contained in the Annual Report posted to the Company website each year.

Review of Board performance

The Board meets once a year to review its own performance and that of committees. 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.

9. Remunerate fairly and responsibly

The ASX Corporate Governance Council states that a company should "Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined". The Company has the following remuneration policy which has been disclosed in the Corporate Governance Statement contained in the Annual Report posted to the Company website each year.

Remuneration

The broad remuneration policy of the Company is to ensure that 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.

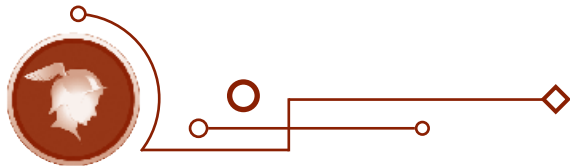
Details of the amount of remuneration and all monetary and non-monetary components for each of the Directors and executives are provided in the Directors' Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Remuneration Committee, having regard to the overall performance of the Company 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.

Remuneration and other employment terms of Executive Directors is dealt with in formal and informal service agreements. Equity-based executive remuneration is made in accordance with plans approved by shareholders.

Remuneration of Non-Executive Directors is determined by the Board with reference to comparable industry levels and within the maximum amount approved by shareholders. Issue of options to Non-Executive Directors is a departure from Recommendation 9.1. The Company believes that it is normal practice amongst small companies to issue options to non-executive directors in order to conserve cash and in order to attract quality candidates.

There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.



STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Remuneration Committee (Recommendation 9.2)

Recommendation 9.2 requires listed entities to establish a remuneration committee. Details of the composition of the Remuneration Committee and meetings held during the period are as follows:

Name		Meetings Held	Meetings Attended
R Gillard (Chairman)	Independent, Non-Executive Chairman	1	1
N Fearis	Independent, Non-Executive Director	1	1
R Brans*	Independent, Non-Executive Director	1	-

- * Note that since the end of the financial year, Mr Brans has been made an Executive Director and so is no longer considered an independent director. His position on the Remuneration Committee is to be reviewed.

The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the Non-Executive Directors and the Managing Director and the executive team. The Remuneration Committee has not adopted a formal Charter as the committee members have a good understanding of remuneration policies and practice.

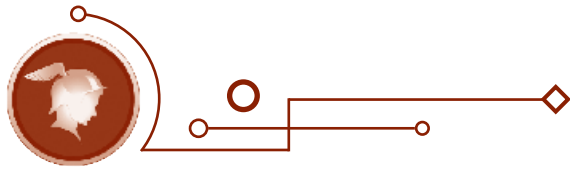
10. Recognise the legitimate interests of stakeholders

The ASX Corporate Governance Council states that a company should "Recognise legal and other obligations to legitimate stakeholders". The Company has a responsibility to shareholders and the wider financial community. The Company has a variety of measures in place to support this principle, including the policies on Ethical Standards, Continuous Disclosure, Communication with Shareholders and Trading in Company Securities by Directors and Employees (as discussed above). These policies are disclosed in the Corporate Governance Statement contained in the Annual Report posted to the Company website each year.

MINERAL CONCESSION INTERESTS

Consolidated entity mineral concession interests at 11 September 2008

Concession name and type	Registered holder	File/ permit number	Perseus's current equity interest	Maximum equity interest capable of being earned	Notes 1
Location - Ghana					
Grumesa-Awisam Prospecting Licence	Sun Gold Resources Limited	PL2/30	90%	90%	3
Kwatechi Prospecting Licence	Tropical Exploration and Mining Company Limited	PL3/64	16%	76%	2
Ayanfuri Leases - Ayanfuri mining lease - Nanakaw mining lease - Dadieso prospecting lease	Anglogold Ashanti Limited	1110/1994	90%	90%	4,5
Nsuaem Reconnaissance Licence	Stratsys Investments Ltd	RL3/26	90%	90%	4
Dunkwa Reconnaissance Licence	Stratsys Investments Ltd	RL3/27	90%	90%	4
Nkotumso Reconnaissance Licence	W.D. Mining Limited	RL3/29	0%	90%	6
Location - Ivory Coast					
Tengrela East Research Permit	Occidental Gold (Ivory Coast) s.a.r.l	145	80%	80%	3,7,8,9
Tengrela South Research Permit	Societe Miniere de Côte d'Ivoire	146	80%	80%	3,7,9
Mahalé Reconnaissance Licence	Occidental Gold (Ivory Coast) s.a.r.l		90%	90%	
M'Bengué Reconnaissance Licence	Occidental Gold (Ivory Coast) s.a.r.l		90%	90%	



MINERAL CONCESSION INTERESTS

Notes -

1. The Governments of Ghana and Ivory Coast are entitled to a 10% equity interest in mining companies owning projects. Perseus'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, the Ghana Government may negotiate the purchase of up to a further 20% interest upon terms to be agreed with the holder of a mining licence where any mineral is discovered in commercial quantities, although this statutory right is rarely exercised.

Production royalties are payable to the Governments of Ghana (between 3% and 12% under statute but rarely greater than 3% in practice), and Ivory Coast (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 the vendors of the exploration licence.
4. Perseus's subsidiary Kojina Resources Limited has exercised an option to purchase all of the issued capital of Stratsys Investments Ltd (Stratsys), a Ghanaian company which holds the Nsuaem and Dunkwa Reconnaissance Licences, and which has entered into an agreement to acquire two mining and one prospecting licence ("Ayanfuri Project") from AngloGold Ashanti Ltd ("AGC"). The purchase remains conditional upon receipt of necessary Government approvals. The consideration to acquire the Stratsys shares is: on satisfaction of the outstanding conditions – 2.5 million Perseus shares and 2.5 million unlisted options to acquire Perseus shares, exercisable at 40 cents each on or before 28 February 2009, all subject to voluntary escrow for six months from the date of their issue; on announcement of mining reserves on the project of at least 500,000 ounces of gold – a further 2 million Perseus shares and 2 million unlisted options to acquire Perseus shares, exercisable at 60 cents each with a 2 year life; and a royalty of 0.25% of gold produced from the Ayanfuri Project Licences and the Nsuaem and Dunkwa Reconnaissance Licences.
5. Under the contract to purchase the Ayanfuri Project Licences, Stratsys is required to pay AGC: US\$125,000 when all government consents validating the transaction are received; US\$50,000 on completion of a bankable feasibility study; and a royalty on gold production of: 2% if the gold price is below US\$350/oz; 2.5% if the gold price is over US\$350 and below US\$500/oz; and 3% if the gold price exceeds US\$500/oz, on resources existing on the Ayanfuri Mine Licences when Stratsys entered in the contract with AGC, or a royalty at half of those rates on new resources identified by Stratsys on those licences.
6. The Company has an option exercisable on or before 6 July 2009 to purchase the Nkotumso prospecting licence for US\$250,000 plus US\$5 per ounce royalty of gold produced in excess of 100,000 ounces.
7. The joint venture partner is free carried to production with its share of costs subsequently recoverable by Perseus from production.
8. A royalty of US\$0.80 per ounce of gold produced from the licence is payable.
9. The Company has an option to acquire 3% of the joint venture partner's 10% interest (ie giving it a total 83% interest) after completion of a bankable feasibility study. The option exercise price is payment of the amount of US\$0.45 per ounce of gold (or equivalent) stated to be a reserve in the bankable feasibility study.

ADDITIONAL SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 11 September 2008.

Substantial shareholders

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

Name of holder	Number of ordinary shares
Caspian Oil & Gas Limited	24,685,135
Macquarie Group Limited	23,575,000

Distribution of holders of equity securities

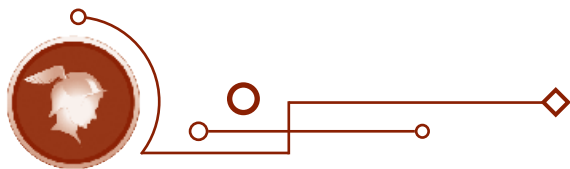
Size of holding	Ordinary shares	Options (PRUO)
1 to 1,000	121	1
1,001 to 5,000	331	48
5,001 to 10,000	285	15
10,001 to 100,000	563	73
100,001 and over	115	23
	1,415	160

The number of shareholdings comprising less than a marketable parcel was 42.

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 has any voting rights.

Twenty largest shareholders as at 11 September 2008	Number of shares	% Held
ANZ Nominees Limited	29,482,060	16.879
Caspian Oil & Gas Limited	24,185,135	13.846
Macquarie Bank Limited	23,575,000	13.497
National Nominees Limited	16,011,706	9.167
HSBC Custody Nominees (Australia) Limited	7,660,428	4.386
J P Morgan Nominees Australia Limited	5,272,338	3.018
Citicorp Nominees Pty Limited	4,427,118	2.535
ADM Investor Services International Limited	3,600,000	2.061
Cogent Nominees Pty Limited	3,031,289	1.735
Bell Potter Nominees Ltd	1,396,939	0.800
Mr Mark Andrew Calderwood	1,320,237	0.756
Mr Yaroslav Bandurak	1,184,650	0.678
Mr Mark Andrew Calderwood	1,140,000	0.653
Franway Pty Ltd	1,120,000	0.641
Mandel Pty Ltd	1,063,000	0.609
Mr Stephen John Shelton & Mrs Marina Cecily Shelton	977,500	0.560
Robert John Peters & Sandra Lillian Peters	849,000	0.486
Berne No 132 Nominees Pty Ltd	825,181	0.472
Topspeed Pty Ltd	825,000	0.472
Mr James Bremmer Skinner & Mrs Janice Ivy Skinner	800,000	0.458
	128,746,581	73.709



ADDITIONAL SHAREHOLDER INFORMATION

Twenty largest optionholders as at 11 September 2008 Options expiring 31 March 2009 (ASX code: PRUO)

	Number of options	% Held
Mr James Bremmer Skinner & Mrs Janice Ivy Skinner	1,000,000	9.535
Topspeed Pty Ltd	1,000,000	9.535
Mr Kay Hooi Lim	750,000	7.151
Mr Mark Andrew Calderwood	670,000	6.388
Mr Michael William Atkins	508,344	4.847
ANZ Nominees Limited	470,380	4.485
Gold Warning Pty Ltd	340,000	3.242
Karema Capital Pty Ltd	328,000	3.127
Blackmort Nominees Pty Ltd	300,000	2.860
Mr Colin John Carson	225,000	2.145
Blackmore Nominees Pty Ltd	200,000	1.907
Mr Reginald George Maddock & Mrs Julie Dianne Maddock	197,600	1.884
Gandj Williamson Pty Ltd	164,276	1.566
Windamurah Pty Ltd	150,000	1.430
Mr Henry Wiechecki	150,000	1.430
Mr Kay Yeong Lim & Mrs Ma Lei Yeung	150,000	1.430
Fortis Clearing Nominees Pty Ltd	146,009	1.392
Court Securities Pty Ltd	145,000	1.383
Lotus Australian Holding Pty Ltd	136,200	1.299
Mr Andrew William Skinner	130,000	1.240
	7,160,809	68.276

Unquoted options

Unquoted options on issue at 11 September 2008 were as follows:

Refer note	Number of options	Exercise price	Exercise periods/ Expiry dates	Number of holders
1	2,300,000	20 cents	On or before 31 March 2009	4
2	700,000	26 cents	On or before 1 December 2008	8
2	525,000	50 cents	On or before 1 April 2010	1
2	150,000	65 cents	On or before 30 May 2010	1
2	610,000	\$1.00	On or before 12 July 2010	10
3	3,800,000	\$1.50	On or before 31 July 2010	5
2	400,000	\$1.30	On or before 26 October 2010	1
2	1,080,000	\$1.15	On or before 26 February 2011	5
2	50,000	\$1.15	On or before 31 March 2011	1
2	150,000	\$1.50	On or before 10 July 2011	1

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	1,400,000
3	M A Calderwood	1,200,000
3	C J Carson	1,200,000

Note 2 – These options have been issued under the terms of the Company's Employee Option Plan.



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