Perseus
MINING LIMITED

WEST AFRICA'S NEWEST LARGE GOLD PRODUCER

ANNUAL REPORT 2011

CORPORATE DIRECTORY 2011

Directors

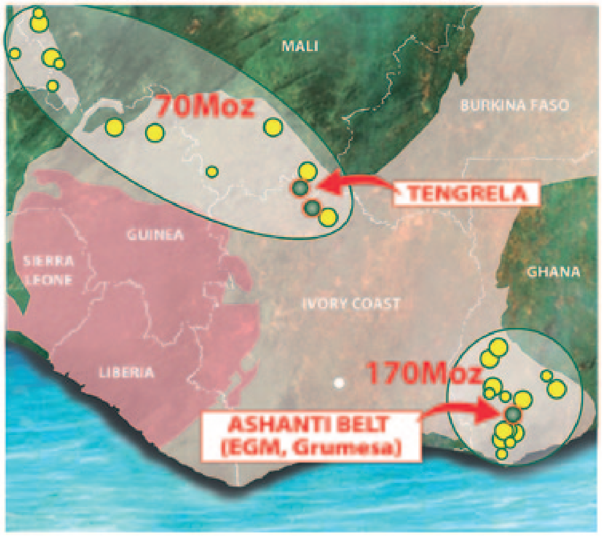
Reginald Norman Gillard	Non-Executive Chairman
Mark Andrew Calderwood	Managing Director
Michael Andrew Bohm	Non-Executive Director
Rhett Boudewyn Brans	Executive Director
Colin John Carson	Executive Director
Terence Sean Harvey	Non-Executive Director
Neil Christian Fearis	Non-Executive Director

Company Secretary

Susmit Mohanlal Shah

Registered and Corporate Office

30 Ledgar Road
Balcatta, Western Australia 6021
PO Box 717
Balcatta, Western Australia 6914
Telephone: +61 8 9240 6344
Facsimile: +61 8 9240 2406
Email address: info@perseusmining.com
Website: www.perseusmining.com



Ghanaian Office

4 Chancery Court
147A Giffard Road, East Cantonments
PO Box CT2576
Cantonments
Accra - Ghana
Telephone: +233 302 760 530
Facsimile: +233 302 760 528

Côte d'Ivoire Office

Cocody – 2 Plateaux, Rue des Jardins
Vallons derriere Pako Gourmand
Cite Lemania lot 1846
28 BP 571Abidjan 28, Côte d'Ivoire
Telephone: +225 22 41 9126
Facsimile: +225 22 41 9125

Share Registry

Advanced Share Registry Services
150 Stirling Highway
Nedlands, Western Australia 6009
Australia
Telephone: +61 8 9389 8033
Facsimile: +61 8 9389 7871
www.advancedshare.com.au

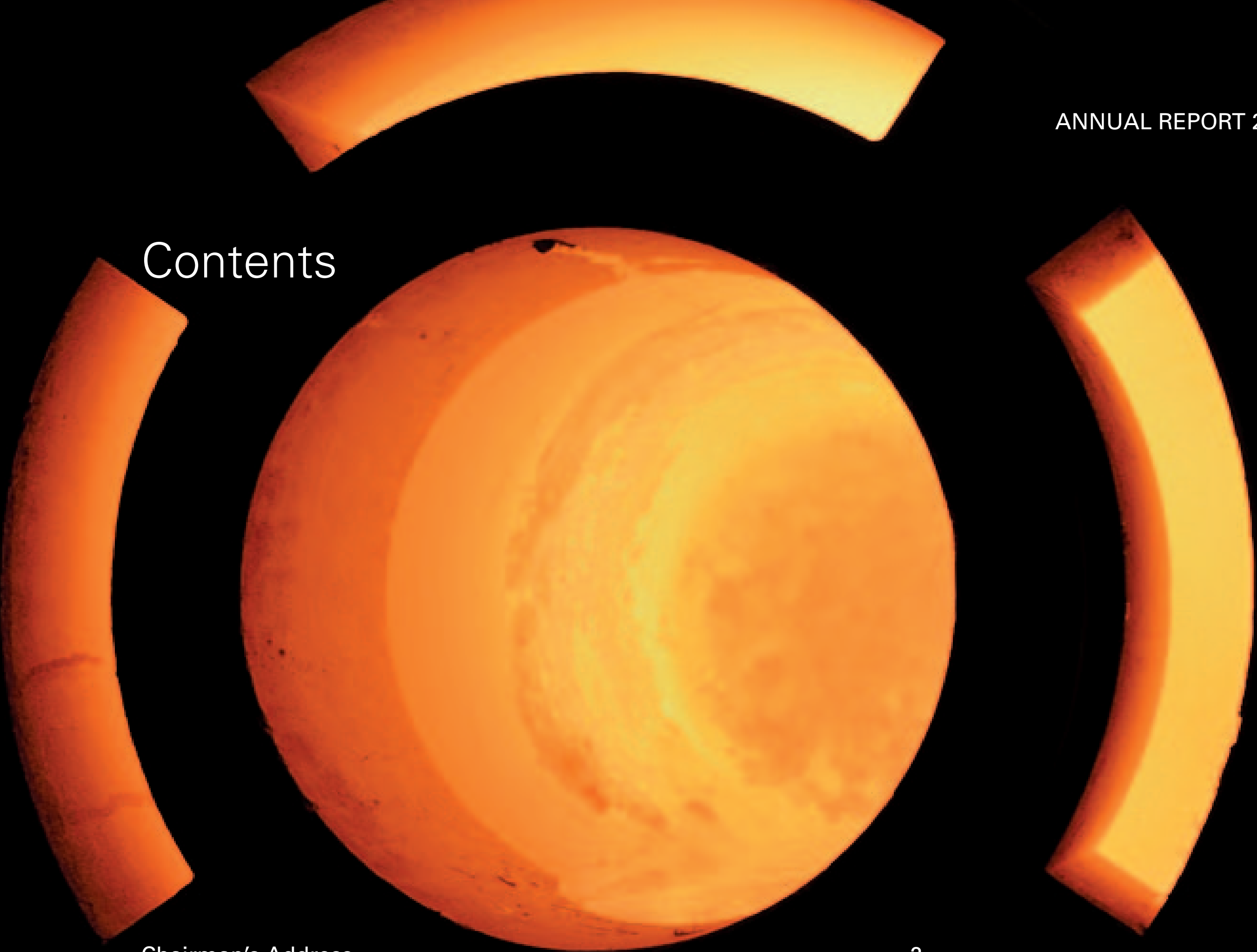
Equity Transfer & Trust Company
1185 West Georgia Street, Suite 1620
Vancouver, BC V6E 4E6
Canada
Telephone: +61 1 604 696 4230
Facsimile: +61 1 604 696 9860
www.equitytransfer.com

Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
Perth Western Australia 6000

Stock Exchange Listings

Australian Securities Exchange	(ASX – PRU)
Toronto Stock Exchange	(TSX – PRU)
Frankfurt Stock Exchange	(WKN – AOB7MN)



Contents

Chairman's Address

Dear Shareholder

It is my pleasure to introduce Perseus Mining's Annual Report for the year ended the 30th of June 2011.

During the past year an enormous amount of work has been completed at our Edikan Gold Mine (formerly Central Ashanti Gold Project) in Ghana, resulting in practical completion being achieved just after the end of the financial year. In the past few weeks the company has achieved its first gold pours during the commissioning process and has shipped its first gold to our refiners. This is an outstanding achievement by your company's management which has brought the project to completion on time and on budget.

The benefits to the Edikan Gold Mine's local community are very significant. Between the mining contractor, plant employees and the exploration team some 700 to 800 people from the local communities have direct employment. In addition Perseus is building two schools and is establishing a fund to finance infrastructure projects to be managed by and for the benefit of local communities.

Prior to the end of the financial year your company drew down a US$85 million project finance facility. These funds have been used in part to complete the plant construction, provide working capital facilities, repay intercompany loans and will assist in maintaining our highly successful exploration program.

The future is extremely exciting. We expect to achieve steady state production at Edikan in the final quarter of this calendar year and at the same time we are fast tracking the Tengrela gold project approvals, plant design and acquisition of long lead items. Our aggressive exploration policy will continue unabated and we are constantly evaluating other opportunities in West Africa. All this adds up to another very busy year with the promise of constant news flows to our shareholders.

I cannot overstate the outstanding performance of your company's management and staff. Ably led by your Managing Director, Mark Calderwood, the team has achieved everything it set out to accomplish. On behalf of the board and shareholders I highly commend their efforts.

Yours sincerely

REG GILLARD
CHAIRMAN

Managing Director's Address

It has been extremely exciting to see the progress that Perseus Mining has achieved at our Edikan Gold Mine (CAGP) in Ghana during the past 12 months. The project has progressed from the approvals stage in June 2010 to practical completion in July 2011, to our first gold pour in August 2011. Throughout this time the project has remained on schedule and I am pleased we have been able to deliver this result.

At the time of writing, we were ramping up milling and mining at CAGP. We are currently mining more than 30,000m³ of material and milling on average about 12,000t of ore per day.

The past year also saw us release Mineral Resource and Reserve updates for both CAGP and the Grumesa deposit, also Ghana. Our Measured and Indicated Mineral Resources increased by 42%, with total M&I Mineral Resources at CAGP totaling 118 million tonnes containing 4.3 million ounces of gold. This moved the total M&I Mineral Resources across all of our projects to 159 million tonnes containing 5.7 million ounces of gold.

Total reserves for all projects are 97 million tonnes containing 3.9 million ounces of gold. Inferred Resources total 73 million tones containing 2.2 million ounces of gold.

Most of the 172,779m of drilling completed at CAGP in the 2010-11FY has not been used to estimate revised resource estimates. The most Noteworthy intercepts since the last resource estimate included; 55.7m at 6.8g/t, 48m at 6.7g/t, 24m at 6.3g/t, 24m at 6.4g/t, 28m at 5.0g/t, 22m at 4.0g/t, 13m at 3.3g/t, 7m at 19.7g/t Au. We expect to again update our resource numbers in December 2011 and Reserves in 2012.

In November, we announced details of a feasibility study for the Sissingue deposit on our Tengrela Gold Project in Côte d'Ivoire. In summary, the feasibility study confirmed robust project economics.

Highlights included an Initial Probable Ore Reserve of 657,000oz of gold (using US$950 gold price pit design) and production of 340,000oz (3.5Mt at 3.3g/t) of gold in first two years of a six-year mine life. The study predicted cash costs in the first two years of US$421 per ounce, with average mine-life cash costs of US$505 per ounce.

Drilling will continue to convert and extend Inferred Resources within and below the pit shell. Results subsequent to the last resource/reserve estimate included 78m at 4.7g/t, 65.8m at 4.0g/t, 20m at 8.5g/t, 19m at 8.1g/t Au. We have plans to advance Tengrela as fast as we can, and expect to commence commissioning in 2013. We recently awarded the design contract, lodged the draft environment and social impact statement and will continue exploration at Sissingue and other projects.

While the 2011 financial year has been productive for Perseus, I look forward to many more achievements over the coming year.

MARK CALDERWOOD
MANAGING DIRECTOR

Review of Operations

The past year has been particularly productive for the Group. After starting site works for the development of Central Ashanti Gold Project ("CAGP") in Ghana in late June 2010, construction was completed on schedule, with first gold produced on 21 August 2011. Active exploration in Ghana and Côte d'Ivoire facilitated Mineral Resource and Reserve upgrades in both countries and the completion of the Tengrela Gold Project feasibility study.

The Group's Proved and Probable Mineral Reserves increased by 84% to 3.93 million ounces of gold, Measured and Indicated Mineral Resources (inclusive of Mineral Reserves) increased by 165% to 5.72 million ounces of gold and Inferred Mineral Resources are now 2.19 million ounces of gold.

To coincide with commencement of operations, the CAGP is to be renamed the Edikan Gold Mine ("CAGP"). Edikan means "first" in Twi, one of Ghana's main languages. Perseus's management and staff are committed to ensuring that the CAGP will be the first in a succession of operations for the Group.

Central Ashanti Gold Project, Ghana

The CAGP mining operation is located on the Ayanfuri and Nanankaw mining leases in the Republic of Ghana, in West Africa. These mining leases together, with adjoining exploration license areas of Grumesa, Kwatechi, Dunkwa, Nsuaem and Nkotumso that are also held by the Group, cover a total area of about 650 square kilometres.

Project Development and Commissioning

Development of the CAGP mine, processing facility and associated project infrastructure progressed on schedule during the period and up to the date of this Report with the following milestones being achieved:

- Contract miner, African Mining Services ("AMS") mobilised on site in February 2011 and commenced mining of waste in the Abnabna and Fobinso pits shortly thereafter. First ore was mined and stockpiled in March 2011;
- Practical Completion of the construction of the processing facility (as defined by the SAG mill being ready to receive ore) was achieved on 20 July 2011;
- In August 2011, the Ghanaian Environmental Protection Agency advised that it did not object to discharge of tailings into the Concentrate Tailings Storage Facility enabling continuous feed of ore into the SAG mill and full scale commissioning of the processing facility to commence; and
- The first gold pour occurred on schedule during the third quarter of 2011 on 21 August 2011.

At the date of this Report, commissioning of the processing facility is well advanced with full scale commercial production at the CAGP expected to commence in the fourth quarter of 2011.

Ariel view of the Central Ashanti Gold Project

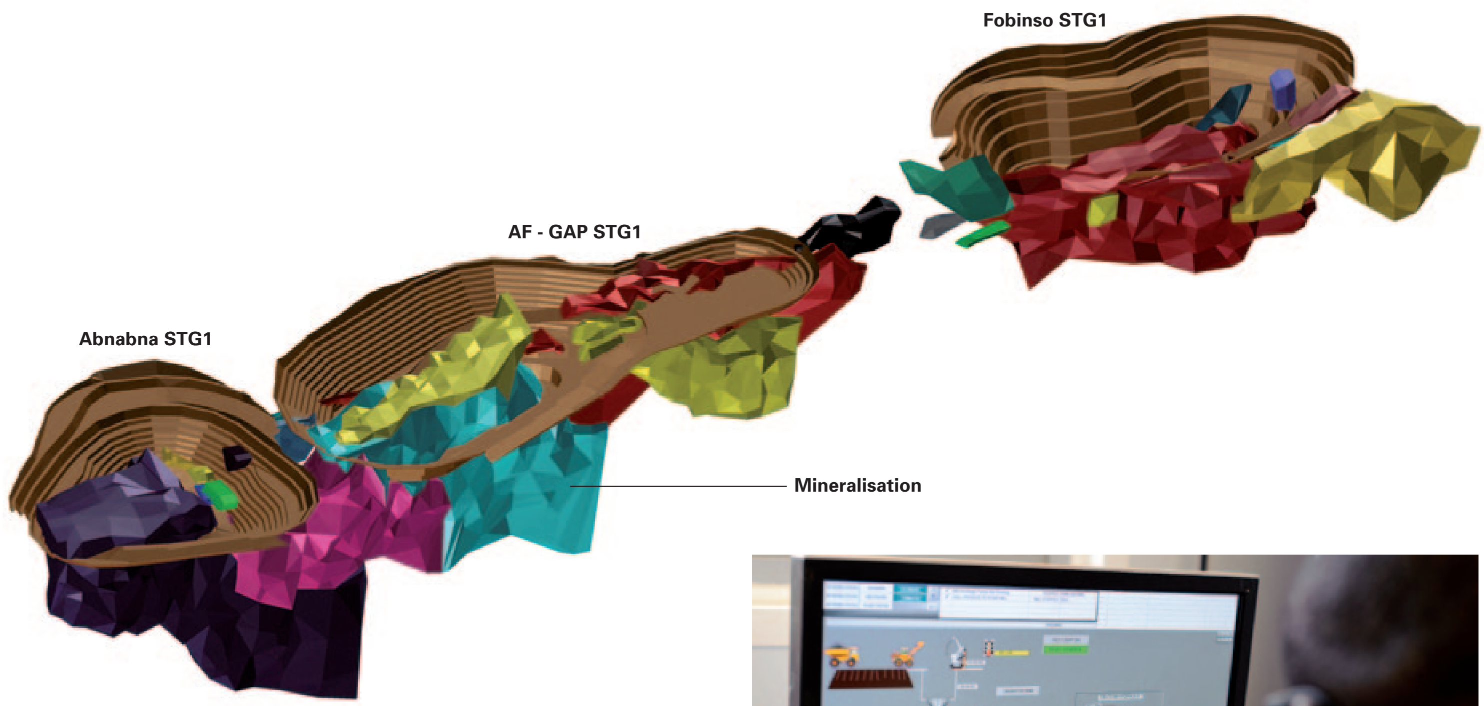
Review of Operations

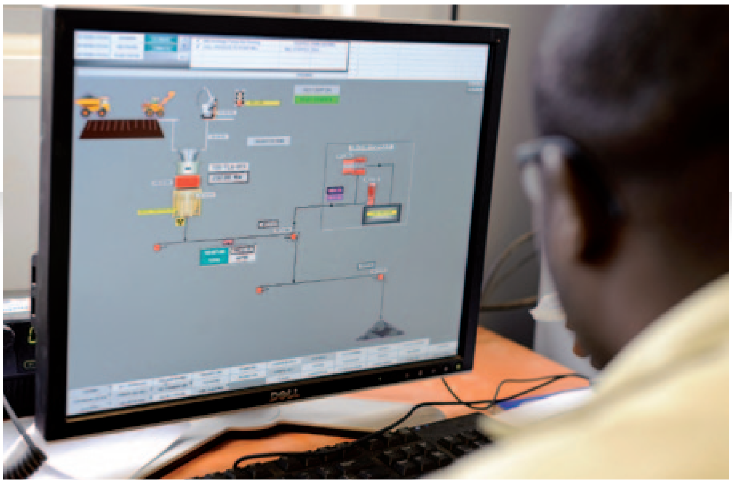
Revised CAGP Mine Plan
An updated economic analysis incorporating a revised Life of Mine Plan ("LOMP") for the CAGP was completed in May 2011. The new LOMP reflected upgraded crushing and grinding capacity, upgraded Mineral Reserves and the assumed results of successful throughput optimisation during the first 18 months of operation.

Key elements of the LOMP upgrade include:

- Average process throughput increased from 5.5Mtpa to 7.9Mtpa;
- Additional 1,000,000 ounces of gold recovered;
- Average gold production to increase 38% to approximately 265,000ozpa;
- C1[1] cash costs increase to US$551/oz; base case gold price increased to US$1,150/oz;
- EBITDA over life of project increased 127% from $685M (July 2009 Feasibility Study) to $1,559M (US$1,150/oz gold price); and
- Government royalties 5% and a 1.5% royalty to AngloGold Ashanti Limited which at a gold price of US$1,150/oz equates to a US$75/oz.

[1] C1 defined as the cash cost incurred at each processing stage, from mining through to recoverable gold delivered to market, less net by-product credits.






73


75


72

Review of Operations

Exploration

Following extensive resource definition drilling by up to 8 drill rigs on the Group's Ghanaian mining and exploration tenements, updated Mineral Resource and Mineral Reserve estimates for CAGP and the Grumesa Gold Project ("GGP") were completed in December 2010 with the following results:

- Measured and Indicated ("M&I") Mineral Resources in Ghana increased by 1.4Moz or 42%;
- M&I Mineral Resources at CAGP increased by 38% to 118Mt containing 4.3Moz of gold including Mineral Reserves of 87Mt containing 3.3Moz of gold; and
- Mineral Reserve increased by 1.2Moz or 54%.

CAGP Mineral Resource Estimate

Extensive drilling on the Abnabna-Fobinso and the Esuajah South deposits during the past 18 months has enabled the re-estimation of Mineral Resources for those deposits. The most significant change in the resources at Abnabna-Fobinso was an increase in Measured Mineral Resources from 20.0Mt at 1.3g/t gold in the 2009 estimate to 42.9Mt at 1.2g/t (a 91% increase in contained gold). Inferred Mineral Resources have decreased from 16.3Mt at 1.0g/t to 4.6Mt at 1.2g/t and Indicated Mineral Resources are approximately the same at 23.3Mt at 0.9g/t gold, compared to 20.3Mt at 1.1g/t gold in the 2009 estimate.

The Esuajah South deposit changed significantly, from 6.9Mt at 1.7g/t gold Indicated Mineral Resources to 14.5Mt at 1.8g/t gold Measured and Indicated Mineral Resources containing 818,000 ounces (60% Measured), representing a 117% increase in contained gold. Inferred Mineral Resources decreased by 91,000 ounces from 5.6Mt at 1.8g/t gold to 5.3Mt at 1.3g/t gold. Significantly, most of the increase in Mineral Resources is attributable to the granite body being wider at depth than previously expected, resulting in an average of 2,000 ounces of contained gold per vertical metre to -220mRL (360m vertical). Below that depth the resource is constrained by lack of drill data.

Kayeya Mineral Resource Estimate

Further infill drilling was undertaken on the Kayeya gold deposit on the GGP during 2008 resulting in a new mineral resource estimate being completed in December 2010.

The large, low-grade Kayeya gold deposit is amenable to low cost heap leach processing and the Company has applied for a Mining Lease with the aim of developing a modest satellite heap leach operation. Considerable potential exists for further resources, given that the upper 45m of the deposit as currently defined contains more than 12,000 ounces of gold per vertical metre and there is limited drilling below 45m. In addition, about a third of the deposit's 3sq km footprint remains under-explored.

CAGP Mineral Reserve Estimate

New pit designs have been completed for the Abnabna-Fobinso deposits and an initial pit design was completed for the Esuajah South deposit. The limits of the pit designs were nominally based on US$1,000 gold price optimisation shells. The Whittle optimisation inputs were based on the 2009 feasibility study up dated to reflect changes in expected mill throughput rates, operating costs, mining contract costs and the Government royalty of 5%. Reserves were reported at a 0.4g/t gold (previously 0.5g/t gold) cut-off for Abnabna-Fobinso and 0.5g/t gold for Esuajah South.

Table 1: CAGP Mineral Reserves

	Proved Reserves(1)			Probable Reserves(1)			Proved & Probable Reserves			
Deposit	Ore Mt	Gold g/t	Gold '000 oz	Ore Mt	Gold g/t	Gold '000 oz	Ore Mt	Gold g/t	Gold '000 oz	W: O Ratio(2)
Abnabna-Fobinso	40.2	1.2	1,541	12.3	0.9	345	52.5	1.1	1,885	2.5
Esuajah South	7.5	1.8	433	1.3	1.8	75	8.8	1.8	508	7.6
Esuajah North				11.9	1.0	390	11.9	1.0	390	1.2
Fetish				13.7	1.1	490	13.7	1.1	490	2.5
Total	**47.7**	**1.3**	**1,974**	**39.2**	**1.0**	**1,300**	**86.9**	**1.2**	**3,273**	**2.8**

Notes: 1. 0.4g/t gold cut-off applied to Abnabna-Fobinso and 0.5g/t gold cut-off applied to other deposits.
2. Inferred mineral resources totalling 3.2Mt at 1.1g/t gold is considered as waste.

Review of Operations

TENGRELA GOLD PROJECT ("TGP"), CÔTE D'IVOIRE

The 885sq km TGP area is located in the north of Côte d'Ivoire, immediately adjacent to the border with Mali, along the same structural/stratigraphic corridor within the Syama-Boundiali greenstone belt. The project lies approximately 150km south-southeast of the Morila gold mine (7Moz) in Mali and 65km west northwest of Randgold's Tongon deposit (4.3Moz) in Côte d'Ivoire.

Definitive Feasibility Study

During the year, a Definitive Feasibility Study ("DFS") on the TGP's Sissingue deposit was completed. Results of the study were published in November 2010 and included the following:

- Initial Probable Ore Reserve of 657,000oz of gold (Refer to Table 2 below for details);
- Estimated production of 340,000oz (3.5Mt at 3.3g/t) of gold in first two years of a six year mine life;
- C1 Cash costs in the first two years of US$421/oz, with mine life average cash costs of US$505/ oz;
- EBITDA of US$221M for first two years of production at US$1,100/oz gold price;
- Start-up capital cost of US$115 million paid back in 14 months at US$1,100/oz gold price.

Project Permitting

Following the completion of the positive DFS, engagement with regulatory authorities to apply for the permits needed for the development of a gold mining and processing operation in Côte d'Ivoire was initiated. This process was suspended temporarily in late 2010 / early 2011 due to the disputed Presidential election results but has since resumed. Formal negotiations of the terms of a Mining Convention are expected to take place in the second half of 2011.

Project Engineering

Invitations to tender for design and engineering associated with the TGP were issued to a number of engineering firms and a contract is expected to be awarded by the end of 2011 enabling detailed design of the processing facility and related infrastructure to be undertaken. Subject to the progress of negotiations on the Mining Convention, orders for long lead items of plant may be placed once engineering is completed.

Exploration

Following extensive resource definition drilling by up to 4 drill rigs on the Tengrela East tenements, updated Mineral Resource estimates for the Sissingue deposit which is part of the TGP were published in July 2010 with the following results:

- Mineral Resource at 1g/t gold cut-off:
  - Measured and Indicated: 9.8 Mt at 2.5g/t for 782,670 ozs of gold
  - Inferred: 3.4 Mt at 1.7g/t for 184,500 ozs of gold
- Mineral Resource at 0.5g/t gold cut-off:
  - Measured and Indicated: 15.2 Mt at 1.9g/t for 914,550 ozs of gold
  - Inferred: 7.2 Mt at 1.2g/t for 274,200 ozs of gold
- The application of high grade cuts (grade capping) to the assays reduced the reported Mineral Resource grade above a 1g/t gold cut-off by 32%.

Table 2: Sissingue Mineral Reserves

	Proved Reserves			Probable Reserves			Proved & Probable Reserves		
Ore Type	**Ore Mt**	**Gold g/t**	**Gold '000 oz**	**Ore Mt**	**Gold g/t**	**Gold '000 oz**	**Ore Mt**	**Gold g/t**	**Gold '000 oz**
Oxide/Transition	-	-	-	3.4	2.1	224	3.4	2.1	224
Primary	-	-	-	6.3	2.1	433	6.3	2.1	433
Total	**-**	**-**	**-**	**9.7**	**2.1**	**657**	**9.7**	**2.1**	**657**

Notes:
1) Reserve estimated by Coffey Mining using a pit design based on a US$950/oz gold price optimisation.
2) All Measured and Indicated Mineral Resources in pit designs designated as Probable Ore Reserves, Inferred Mineral Resources considered as waste.
3) A mining dilution of 5% was applied at a grade of 0.0g/t. In addition, a mining ore loss of 3% was assumed.
4) The Probable Ore Reserve as estimated in the DFS was estimated at a 0.55g/t gold cut-off.

Exploration at Tengrela Gold Project

In the third quarter of 2010, systematic testing of a range of targets on the Tengrela East, Tengrela South, Mahale and Mbengue exploration licences was undertaken with the following results:

- The Podio prospect covers approximately 2km of the highly prospective 8km long Podio-Zing corridor. Initial RC drilling results returned a number of narrow high grade intercepts over an open strike of 1.5km. Mineralisation is associated with quartz veining and pyrite within a zone of discrete electro magnetic anomaly. Podio and Zing are located 49km and 44km respectively SSW of the proposed Sissingue Deposit mill site. The relatively high grades encountered at Podio are likely to support moderate to long distance haulage;
- Drilling over the large Papara prospect revealed continuity of drill results with several modest intercepts of 5g/t to 10g/t being achieved within an area of interest which is about 2.5km by 1km; and
- The large 5.6km by 2.2km Kanadi gold in soil anomaly has been identified on the 913 sq km Mbengue permit. Kanadi is situated approximately 7.5 km north of Randgold's 4.3Moz Tongon gold project.

Exploration activities in Côte d'Ivoire were temporarily suspended in late 2010/early 2011 however in May 2011 drilling recommenced with the aim of upgrading the Sissingue Mineral Resources and also drill testing a number of the previously identified targets on surrounding exploration tenements.

GROUP MINERAL RESERVES AND RESOURCES

Table 3: Total Group Mineral Reserves

	Proved			Probable			Total		
Deposit	Quantity (Mt)	Gold Grade (g/t)	Contained Gold ('000 ozs)	Quantity (Mt)	Gold Grade (g/t)	Contained Gold ('000 ozs)	Quantity (Mt)	Gold Grade (g/t)	Contained Gold ('000 ozs)
CAGP >0.4g/t (1,2)	47.7	1.3	1,974	39.2	1.0	1,300	86.9	1.2	3,273
Tengrela (Sissingue) >0.55g/t (3)	-	-	-	9.7	2.1	657	9.7	2.1	657
Total	**47.7**	**1.3**	**1,974**	**48.9**	**1.3**	**1,957**	**96.6**	**1.3**	**3,930**

Notes:
1) >0.4g/t gold cut-off for Abnabna-Fobinso, >0.5g/t gold cut-off for all other deposits.
2) Last updated in December 2010.
3) Last updated in November 2010.

Table 4: Total Group Mineral Resources (including Mineral Reserves)

	Measured & Indicated			Inferred		
Deposit	Tonnes (million)	Gold Grade (g/t)	Contained Gold ('000 ozs)	Tonnes (million)	Gold Grade (g/t)	Contained Gold ('000 ozs)
CAGP (1) >0.8g/t	71.2	1.4	3,307	24.4	1.5	1,144
CAGP (1) 0.4g/t - 0.8g/t	47.1	0.7	1,012	25.3	0.7	538
GGP (Kayeya) (1) >0.4 g/t (2)	25.1	0.6	471	16.4	0.5	247
TGP (Sissingue)(3) >1.0g/t	9.9	2.5	796	3.3	1.7	171
TGP (Sissingue)(3) 0.5-1.0g/t	5.6	0.8	135	3.6	0.7	86
Totals >0.8g/t (1.0g/t TGP)	**81.0**	**1.5**	**4,103**	**27.7**	**1.5**	**1,315**
Totals >0.4g/t (0.5g/t TGP)	**158.8**	**1.1**	**5,721**	**73.0**	**0.9**	**2,186**

Notes:
1) Last updated in December 2010.
2) Primary reported above a 0.4g/t gold cut-off, oxide/transition report above a 0.2g/t gold cut-off.
3) Last updated in November 2010.
4) The Group holds 90% of CAGP, 90% of Grumesa and 85% of Tengrela assuming Government take up of 10% equity at mining stage.

Review of Operations

OCCUPATIONAL HEALTH & SAFETY, THE ENVIRONMENT, AND COMMUNITY RELATIONS

Perseus places a high level of importance on maintaining a safe working environment for its employees, exploring, developing and operating mines in line with good environmental practices and embracing a strong sense of commitment to the local communities around its operations and exploration sites.

Occupational Health & Safety

The inherently risky nature of the minerals industry means that Perseus's workforce may be exposed to potential safety risks when conducting exploration, development and operating activities. It is for this reason that safe working practices are a priority on all of the sites on which we operate. With the start of operations at the Edikan Gold Mine, the Company has sought to introduce a rigorous set of Occupational, Health and Safety policies and procedures at the Edikan Gold Mine site and has engaged specialist trainers to assist local staff to understand and accept the standards of safety that are required by the Company. The safety performance for the Company in the 2011year has fallen short of expectations indicating that more work is required to achieve targeted standards. Incidents that occurred during the year at Edikan Gold Mine included:

- One (1) fatality involving an employee of a contractor occurred during the year; and
- One (1) Lost Time Injury occurred along with nine (9) other minor injuries requiring first aid treatment.

A professionally staffed medical clinic is operated on the site at the Edikan Gold Mine where the health of employees is assessed prior to employment and on an ongoing basis.

Training on prevention and control of typhoid and cholera was conducted for all employees, but particularly for those who live in local communities, in collaboration with personnel from the district directorate of health based at the Ayanfuri Clinic.

Environment

As a mining business, Perseus is a significant consumer of energy in the form of electricity and diesel oil fuel, water and other resources. It is acknowledged that Perseus has an important role in the efficient management of resources and responsible disposal of materials in order to preserve not only the immediate ecosystems within which the Company operates, but also to mitigate impacts on the broader environment.

Specific initiatives undertaken on the Edikan Gold Mine site aimed at managing our environmental footprint included the following:

- Adoption of environmental management standards and procedures consistent with the principles of ISO14001 were established;
- Engagement of specialized Consultants to assist in the initial training of managers and supervisors in the implementation of the Environmental Management System;
- Drilling of monitoring boreholes for monitoring of ground water aquifers around the Flotation Tailings Storage Facility (FTSF). Observation boreholes were also drilled in all the catchment communities for the purpose of conducting future monitoring of groundwater. Aquatic biological monitoring was also carried out as was sediment sampling of major streams in the concession area during the construction stage. Ongoing programs of surface water, ground water, noise and dust monitoring have also been established;
- A program of sampling for acid rock drainage (ARD) from the open the pits, Run of Mine (ROM) stockpile area and waste dumps has been established;
- A baseline structural survey was carried out at the villages of Fobinso and Abnabna prior to commencement of blasting operations in February 2011. Since then, monitoring of blast vibration and air blast levels attained per blasts from the pits has been implemented in the catchment communities. Residents from all the catchment communities have been selected and trained to

monitor blasts and to help educate their communities on the effects of blasting;

- Voluntary participation in the 2010 AKOBEN Audit to establish a baseline for compliance with future compulsory audits; and
- A site rehabilitation program has commenced with the establishment of a tree species nursery with a total capacity of 75,000 seedlings. Re-vegetation of areas disturbed during the construction phase of the Edikan Gold Mine has commenced with immediate success.

Community Relations and Development

The ongoing success of Perseus as an explorer, developer and operator of mines in West Africa relies on establishing and maintaining secure access to land and infrastructure in areas of our operations. It is recognised that only through establishing positive relationships with local communities and host governments will we be able to establish the strong "social licence" that is an essential prerequisite for operating in our host countries.

In both Ghana and in Côte d'Ivoire , we have set out to build enduring relationships with our host communities, characterised by mutual respect, active partnership, and long term commitment.

In Ghana, where our activities are more advanced, our efforts to build relationships with the local community have been characterised by:

- ***Communications and consultation*** – this involves conducting regular meetings with local chiefs as well as public meetings and the formation of additional consultative committees such as the Women's Consultative Committee and both Employment and Compensation Negotiation committees.
- ***Employment of local citizens*** – Preference is given to the employment of local residents over all other Ghanaian citizens for unskilled positions and for skilled roles. Where skill sets are equal, preference is given to local residents. As at June 30, 2011, 38% of employees were drawn from local communities and surrounds with a further 56% of employees from elsewhere in Ghana.
- ***Compensation*** – As required by Ghanaian law, where the Company's activities have disturbed the livelihood of local residents, whether in terms of loss of crops or structures, compensation has been paid or alternative accommodation constructed. These programs will be ongoing as the Company's mining activities extend beyond the current pits.
- ***Encourage and foster the development of sustainable business activities*** – As opportunities arise, Perseus has assisted local residents to establish small businesses that will be sustainable after mining has ended and the site has been rehabilitated. A notable example is a small business established by local women that involves the weaving of matting from local plants that is now being sold to several mining operations in Ghana for use in land rehabilitation activities.
- **Community development** – A fund has been established by Perseus into which significant annual payments will be deposited. The fund will be administered by representatives of the local community who will be responsible for determining priorities and for execution of the selected local community development projects. In addition to the above, Perseus has also been directly involved in a number of community development programs including the construction of six- classroom schools with sanitation facilities, library and stores in the nearby villages of Abnabna and Fobinso.

In Côte d'Ivoire where our activities to date have been restricted to exploration activities, we have adopted a similar approach to that applied in Ghana. Our exploration crews have assisted local communities with the construction of water storage facilities, employment of local citizens and donating to local charitable causes.

It is expected that as we move towards development of the Sissingue Gold Mine near Tengrela in northern Côte d'Ivoire , our level of engagement with the communities located in the vicinity of our activities will increase markedly and that a range of community relations and development initiatives will be implemented.

1) **Person Statement**
2) **Competent Person 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'") and to qualify as a "Qualified Person" under National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). 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. For a description of Perseus's data verification process, quality assurance and quality control measures, the effective date of the mineral resource and mineral reserve estimates contained herein, details of the key assumptions, parameters and methods used to estimate the mineral resources and reserves set out in this report and the extent to which the estimate of mineral resources or mineral reserves set out herein may be materially affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues, readers are directed to the technical report entitled "Technical Report – Central Ashanti Gold Project, Ghana" dated May 30, 2011 and the technical report entitled "Technical Report – Tengrela Gold Project, Ivory Coast" dated December 22, 2010 in respect of the Central Ashanti Gold Project and the Tengrela Gold Project, respectively.

Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of Perseus Mining Limited ("Perseus" or "Company") and its controlled entities for the year ended 30 June 2011 (the "period"). Perseus is a company limited by shares that is incorporated and domiciled in Australia. Unless Noted otherwise, all amounts stated are expressed in Australian dollars.

INFORMATION ON DIRECTORS

The names, qualifications, experience and special responsibilities of the directors in office during or since the end of the financial year are as follows. Directors were in office for the entire financial year unless otherwise stated.

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, Mr Reg Gillard now focuses on corporate management, corporate governance and the evaluation and acquisition of resource projects. Mr Gillard also serves on the audit and the remuneration committees of the Company. During the past three years he has also served as a director of the following listed companies:

Other current directorships:

Aspen Group Limited	appointed 24 December 2001
Platina Resources Limited	appointed 1 July 2009
Nemex Resources Limited	appointed 21 February 2011
Mount Magnet South NL	appointed 18 April 2011

Former directorships in the last 3 years

Tiger Resources Limited	appointed 9 December 2005, resigned 26 May 2011
Eneabba Gas Limited	appointed 2 August 2005, resigned 25 February 2011
Caspian Oil & Gas Limited	appointed 6 July 1994, resigned 31 August 2010
Lindian Resources Limited	appointed 30 October 2006, resigned 20 August 2010

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

The Managing Director and Chief Executive Officer, Mr Mark Calderwood, is a member of the Australasian Institute of Mining and Metallurgy and has extensive experience exploring for and mining gold. He has over 16 years of experience in West Africa and has a wide network of contacts throughout the region. During the past three years he has also served as a director of the following listed company:

Other current directorships

Manas Resources Limited	appointed 17 October 2007

Rhett Boudewyn Brans MIEAust CPEng
Executive director
(Appointed 26/05/2004)

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

Mr Brans has over 30 years of experience in the design and construction of mineral treatment facilities. His experience extends across the full spectrum of development activities, ranging from mining feasibility studies through to commissioning operations. He has also managed the development of several gold and base metal projects. As an executive director, Mr Brans is responsible for Perseus's project development and operating activities. During the past three years he has also served as a director of the following listed company:

Other current directorships

Tiger Resources Limited	appointed 11 July 2008

Michael Andrew Bohm - B.AppSc (Mining Eng.), MAusIMM - Non-executive director
(Appointed 15 October 2009)

Mr Michael Bohm is a mining engineer with extensive experience in operations management, evaluation and project development in Australia, Northern Europe, SE Asia and North America. Mr Bohm has over 24 year's minerals industry experience predominantly in the gold, nickel and diamond sectors in both open pit and underground mining environments.

Directors' Report

Mr Bohm serves on the Company's remuneration committee. During the past three years he has also served as a director of the following listed companies:

Other current directorships

Herencia Resources plc.	appointed 14 June 2006

Colin John Carson CPA FCIS

Executive director

(Appointed 24/10/2003)

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

Other current directorships

Caspian Oil & Gas Limited	appointed 10 October 1994
Manas Resources Limited	appointed 17 October 2007

Neil Christian Fearis LL.B. (Hons) FAICD F FIN

Non-executive director

(Appointed 26/05/2004)

Mr Neil Fearis has over 30 years of experience as a commercial lawyer in the UK and Australia. He practices principally in the area of mergers and acquisitions, takeovers, public floats, and other forms of capital raising and is a member of several professional bodies associated with commerce and the law.

Mr Fearis serves as Chairman of the Company's audit committee and a member of the remuneration committee. During the past three years he has also served as a director of the following listed companies:

Other current directorships

Carnarvon Petroleum Limited	appointed 30 November 1999
Magma Metals Limited	appointed 8 October 2009
Tiger Resources Limited	appointed 26 May 2011

Former directorships in the last 3 years

Kresta Holdings Limited	appointed November 1997, resigned 31 December 2009
Liberty Resources Ltd	appointed 25 June 2007, resigned 10 November 2008

Terence Sean Harvey BA MA LL.B MBA

Non-executive director

(Appointed 02/09/2009)

Mr Sean Harvey has extensive experience in investment banking and the resources sector and brings valuable experience in capital markets to the board to assist the Company as it seeks to broaden global market awareness of its growth into a West African gold producer. Mr Harvey holds an Honours BA degree in Economics and Geography and an MA in Economics, both from Carleton University; an LLB from the University of Western Ontario; and an MBA from the University of Toronto and is a member of the Law Society of Upper Canada.

Mr Harvey serves on the Company's audit committee. During the past three years he has also served as a director of the following listed companies:

Other current directorships

Allied Gold Limited	appointed 11 March 2010
Andina Minerals Inc	appointed 29 December 2004
Victoria Gold Corporation	appointed 31 July 2007
Serabi Mining plc	appointed 30 March 2011

Former directorships in the last 3 years

Moto Goldmines Limited	appointed 26 May 2005 and resigned 15 October 2009
Australian Solomons Gold Ltd	appointed 6 October 2006 resigned 24 November 2009
Nord Resources Corp	appointed 21 December 2007 resigned 17 June 2010
Polaris Geothermal Inc	appointed June 2004 resigned June 16, 2009

Susmit Mohanlal Shah BSc Econ CA

(Appointed 24/10/2003)

Mr Susmit Shah is a chartered accountant with over 25 years of experience. Over the last 17 years, Mr Shah has been involved with a diverse range of Australian public listed companies as a director or in company secretarial and financial roles.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the period were mineral exploration, gold project evaluation and development in the Republics of Ghana and Côte d'Ivoire, in West Africa.

FINANCIAL RESULTS

The Group recorded a net loss after tax of $51.2 million for the period, compared to a net loss after tax of $9.8 million in the previous financial year.

Summary of financial information	30 June 2011 $'000	30 June 2010 $'000
Net Loss after tax	**(51,176)**	(9,781)
Net Increase/(Decrease) on Cash Held	**(77,515)**	101,944
Total assets	**385,004**	346,793
Shareholders' equity	**212,385**	320,930

Cash and Investments

At 30 June 2011 available cash totalled $96.5 million (30 June 2010: $185.6 million) while additional deposits totalling $2.9 million (30 June 2010: $7.8 million) supported performance guarantees for environmental rehabilitation of the CAGP and letters of credit to contractors involved in the construction of the CAGP.

As at 30 June 2011, Perseus held $9.7 million (30 June 2010: $4.3 million) of equity accounted investments comprising security holdings in ASX listed companies Manas Resources Limited and Burey Gold Limited.

Debt Finance

At 30 June 2011 the Group had debt of $80.2 million (US$ 85 million), (30 June 2010: Nil) in the form of borrowings made under a project debt facility provided by Macquarie Bank Limited and Credit Suisse AG to fund the construction of the CAGP.

Financial Position

At 30 June 2011 the Group had net assets of $212.4 million (30 June 2010: $320.9 million) and an excess of current assets over current liabilities of $48.3 million (30 June 2010: $163.3 million).

CORPORATE

Dividends

No dividends were paid during the period and the directors do not recommend payment of a dividend.

Revenue Protection

As a pre-requisite for drawing funds under the CAGP project debt facility, 230,000 ounces of gold were sold at an average price of US$1,250 per ounce for delivery in the period from March 2012 to December 2014 under bullion forward sales contracts. This amount of gold equates to approximately 7% of the gold contained in currently defined Mineral Reserves at the CAGP and approximately 25% of forecast gold production in the period from March 2012 to December 2014.

In addition, options granting the right but not the obligation to sell 100,000 ounces of gold at US$850 per ounce in the period from January 2012 to December 2013 and a further 20,000 ounces of gold at US$1,100 per ounce from July to December 2011 are held as part of the Group's financial risk management strategy.

Metal Markets

From 1 July 2010 to 30 June 2011 the price of gold increased 21% to US$1,505.50/oz, (30 June 2010: US$1,244.00/oz) on the back of concerns about sovereign debt levels and struggling economies of several European countries and the United States of America.

Current demand for gold remains relatively stable globally. Perseus continues to believe that gold market fundamentals remain sound over the medium to longer term.

Review of Operations

A review of the Group's operations during the year ended 30 June 2011 is provided in the section of this report headed "Review of Operations" which immediately precedes this Director's Report.

Directors' Report

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the period were as follows:

1. The Group's inventory of Mineral Reserves and Mineral Resources was significantly expanded as a direct result of exploration success. The Group's Measured and Indicated Resources now include 158.8 Mt grading 1.1 g/t gold and containing 5.721 million ounces of gold including Proven and Probable Mineral Reserves of 96.6 Mt grading 1.3 g/t gold containing 3.93 M ounces of gold. In addition, the Group has identified a further 73.0 Mt grading 0.9g/t gold containing 2.186 M ounces of gold in the Inferred Mineral Resource category.
2. The US$85 million Project Finance Facility provided to Central Ashanti Gold Limited ('CAGL") by Macquarie Bank Limited and Credit Suisse AG was fully drawn down on 23 June 2011.
3. By 30 June 2011, the Group had capitalised a total of US$161.087 million on the construction of the CAGP and has estimated a total cost to completion of US$174 million.
4. In November 2010, the Group completed a positive feasibility study of the TGP resulting in a decision to proceed to apply for permits to develop a gold processing facility and associated infrastructure at the TGP.

MATTERS SUBSEQUENT TO BALANCE DATE

Subsequent to the end of the period, the following events have occurred:

1. Practical Completion of the construction of the CAGP processing facility was achieved on 20 July 2011 and full scale commissioning of the facility commenced with commercial production expected to be achieved in the fourth quarter of 2011.
2. First gold was poured at the CAGP on 21 August 2011, in line with expectations.
3. Effective 1 August 2011 Central Ashanti Gold Limited's name was changed to Perseus Mining (Ghana) Limited (PMGL").
4. On 19 August 2011 CAGL took over responsibility for plant commissioning, relieving the lump sum turn-key ("LSTK") contractor of its obligations to complete performance testing. The LSTK contractor will remain liable for all contractual obligations other than the obligation to complete performance testing under the contract.

Since the end of the period and to the date of this report, no other matter or circumstance has arisen that 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.

LIKELY DEVELOPMENTS

The Group's focus during the next financial year will be on the commissioning, ramp up to design capacity and subsequent de-bottlenecking of the CAGP operation in Ghana and acquiring all permits and authorisations required to develop the TGP in Côte d'Ivoire. In addition, the Group will continue to aggressively explore for gold on exploration tenements associated with these projects as well as on other exploration tenements held by the Group in West Africa. Further commentary on planned activities in these projects over the forthcoming year is provided in the section of this report headed "Review of Operations". Perseus will also assess new opportunities where these are considered to have synergies with existing projects or that the Company can add value through the use of its exploration and development expertise.

ENVIRONMENTAL REGULATIONS

Located in Ghana and Côte d'Ivoire, the Group's exploration and development projects are not subject to any significant Australian environmental laws. They are however, subject to environmental laws, regulations and permit conditions that apply in each of Ghana and Côte d'Ivoire respectively. There have been no known material breaches of environmental laws or permit conditions by the Group while conducting operations in either of these jurisdictions during the period.

DIRECTORS' MEETINGS

The number of meetings of the directors and the number of meetings attended by each director during the year ended 30 June 2011 were:

	Full meetings of directors		Meetings of non-executive directors		Audit Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B	A	B
R N Gillard	10	10	8	8	3	3	4	4
M A Calderwood	10	10	-	-	-	-	-	-
C J Carson	10	10	-	-	-	-	-	-
R B Brans	10	10	-	-	-	-	-	-
N C Fearis	8	10	8	8	3	3	4	4
T S Harvey	10	10	8	8	3	3	-	-
M A Bohm	10	10	8	8	-	-	4	4

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the relevant committee during the period.

DIRECTORS' INTERESTS

The following relevant interests in shares and options of the company were held directly and beneficially by the directors as at the date of this report:

	Name	Fully Paid Ordinary Shares	Options to acquire Ordinary Shares
Non-executive directors	R N Gillard	972,232	-
	N C Fearis	477,732	-
	T S Harvey	100,000	600,000
	M A Bohm	20,000	400,000
Executive directors	M A Calderwood	4,600,000	-
	C J Carson	503,200	-
	R B Brans	1,450,000	-

Directors' Report

REMUNERATION REPORT (Audited)

This report outlines the remuneration arrangements in place for Perseus's non-executive directors, executive directors, other key management personnel ("KMP") and the five highest remunerated executives of the Group and Perseus for the financial year ended 30 June 2011. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report has been set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration
3. Service agreements
4. Share-based compensation
5. Additional information

1.0 Principles used to determine the nature and amount of remuneration

Remuneration Committee

The Remuneration Committee (the "Committee") assists the board to fulfill its responsibilities to shareholders by ensuring the Group has remuneration policies for fairly and competitively rewarding executives with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive Management team. The Committee's decisions on reward structures are based on the state of the market for experienced resources industry executives, remuneration packages for executives and employees performing comparative roles in other companies in the resources industry and the size and complexity of the Group.

The Committee is primarily responsible for making recommendations to the board on:

- non-executive director's fees;
- executive remuneration (directors and other executives); and
- the over-arching executive remuneration framework and incentive plan policies.

Independent remuneration consultants are engaged by the Committee from time to time to ensure the Group's remuneration system and reward practices are consistent with current market practices.

Policy and structure of non-executive directors' remuneration

Perseus's non-executive director remuneration policy aims to reward the directors fairly and responsibly with regards to the demands which are made on, and the responsibilities of, the directors. It seeks to set aggregate remuneration of non-executive directors at a level which provides Perseus with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

With the assistance of external remuneration consultants, the Committee reviews fees paid to non-executive directors on an annual basis and makes recommendations to the board. The Committee considers fees paid to non-executive directors of comparable companies when undertaking the annual salary review process.

Any equity components of non-executive directors' remuneration, including the issue of options, are required to be approved by shareholders prior to award.

Directors' fee limits

The aggregate amount of fees payable to non-executive directors is subject to periodic review and approval by shareholders. The maximum amount of directors' fees that is currently approved for payment to non-executive directors is $750,000 per annum (excluding the value of share based payments). The current limit of non-executive directors' fees was approved by shareholders at the 2010 Annual General Meeting.

Directors' fees framework

Non-executive directors' remuneration consists of a base fee plus 9% statutory superannuation where the director is covered by Australian superannuation guarantee legislation. Board fees are not paid to executive directors as the time spent on board work and the responsibilities of board membership are considered in determining the remuneration package provided to executive directors as part of their normal employment conditions.

REMUNERATION REPORT - continued

The remuneration of the non-executive directors for the year ending 30 June 2011 is detailed below.

Table 1 - Annual board and committee fees payable to non-executive directors

Position	Annual fees[1] from 1 July 2010 to present $
Base Fees	
Chair	163,500
Other non-executive directors	92,650
Additional Fees	
Audit committee – Chair	-
Audit committee – member	-
Remuneration committee – Chair	-
Remuneration committee – member	-

[1] Inclusive of statutory superannuation where applicable

Directors' Retirement Benefits
No retirement benefits are paid to non-executive directors other than the statutory superannuation contributions of 9% required under Australian superannuation guarantee legislation.

Policy on executive directors' and other senior executives' remuneration

Perseus aims to reward its executive directors and other senior executives with a level of remuneration commensurate with their position and responsibilities within the Group. In doing so, it aims to:

- provide competitive rewards that attract, retain and motivate high calibre executives;
- align executive rewards with the achievement of strategic objectives and performance of the Group and the creation of value for shareholders;
- ensure total remuneration is competitive and reasonable; and
- comply with applicable legal requirements and appropriate standards of governance.

In consultation with external remuneration consultants, the Group has developed an executive remuneration framework that is market competitive and is consistent with the reward strategy of the organisation.

Executive remuneration structure

The executive remuneration framework has two components, namely:

- fixed salary package including base salary and benefits such as superannuation; and
- variable remuneration.

The Group intends to conduct a review of potential incentive plans during the year ended 30 June 2012 to ensure that the variable component of remuneration is appropriately structured taking into account "best practice" in the resources industry and is directly aligned to the achievement of the Group's financial and strategic objectives.

Fixed salary package

The fixed component of an executive's remuneration comprises base salary and superannuation contributions. The size of the executive's salary package is based on the scope of each executive's role, the level of knowledge, skill and experience required to satisfactorily perform the role and the individual executive's performance in the role. The proportion of an executive's total fixed salary package that is paid as superannuation is at the executive's discretion, subject to compliance with relevant superannuation guarantee legislation.

The Committee annually reviews each executive's performance and benchmarks the executive's salary package against appropriate market comparisons using information and advice provided by external consultants. There are no guarantees of salary increases included in any executive's employment contract.

Variable remuneration

The objective of providing a variable "at risk" component within executive directors' and senior executives' total remuneration packages is to link a proportion of their remuneration directly to the objective of creating shareholder wealth. As such, this element of remuneration is made available to those executives who have a direct impact on the Group's performance and who are able to influence the generation of shareholder wealth.

Directors' Report

REMUNERATION REPORT - continued

The variable remuneration generally takes the form of options to purchase ordinary shares in Perseus at a nominated price. The issue of options as part of the remuneration packages of executive and non-executive directors and senior management is an established practice of many public listed companies and, in the case of Perseus, has the benefit of conserving cash whilst appropriately rewarding each of the recipients for their contribution to shareholder wealth creation. The granting of options also serves as a mechanism for the retention of key executives where appropriate vesting conditions apply.

As previously noted, equity components of remuneration for all executive directors, including the issue of options, are required to be approved by shareholders prior to award. In the case of executives, options are issued in accordance with the terms of the Perseus Mining Limited Employee Option Plan which was approved by shareholders at the Annual General Meeting held in November 2010.

The number of options granted to individual directors and executives is determined solely at the discretion of the Committee after taking into account a range of factors including individual performances and potential to significantly enhance overall Group performance.

In certain instances, the Committee may at its sole discretion direct that cash bonuses be paid to certain executives as reward for outstanding individual performances that have generated significant benefits to the Group. In such instances, the amounts paid and the timing of such payments are determined in retrospect by the Committee with due consideration being given to actual results achieved.

Receipt of variable remuneration in any form is not guaranteed under any executive's employment contract.

The remuneration of executive directors and senior executives including both fixed and variable remuneration components for the year ending 30 June 2011 is detailed in table 2 of this report.

2.0 Details of remuneration

Details of the remuneration of the directors, the KMP of the Group and the five highest paid executives of Perseus and the Group are set out in table 2 below.

KMP (as defined in AASB 124 *Related Party Disclosures*) of the Group are those persons having authority and responsibility for planning, directing and controlling the major activities of Perseus and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

At the date of this report, the KMP of the Group are the directors of Perseus (refer to pages 15 to 16 for details) plus the following executives who report directly to the managing director.

Mr Susmit Shah	Company Secretary
Mr Jeffrey Quartermaine	Chief Financial Officer
Mr Jon Yelland[1]	Chief Operating Officer
Mr Kevin Thomson	Exploration Manager
Mr Grant Pierce[2]	General Manager Operations - CAGP

1. After the reporting date and before the date on which the financial report was authorised for issue, Mr Jon Yelland, one of the KMP listed above, was appointed Chief Operating Officer with effect from 1 October 2011.
2. After the reporting date and before the date on which the financial report was authorised for issue, Mr Grant Pierce, one of the KMP listed above, tendered notice of his resignation from the position of General Manager Operations at the CAGP with effect from 1 November 2011.

REMUNERATION REPORT - continued

Table 2 - Directors' and executives' remuneration for the year ended 30 June 2011

	Salary / Fees	Short Term Cash Bonus(v)	Other	Post Employment Superannuation	Share Based Payments Value of Options	Total	Performance Related
	$	$	$	$	$	$	%
Non-executive directors							
Reginald Gillard							
2011	150,000	-	-	13,500	-	163,500	-
2010	70,000	-	-	6,300	-	76,300	-
Neil Fearis (i)							
2011	92,650	-	-	-	-	92,650	-
2010	55,000	-	-	-	-	55,000	-
Sean Harvey							
2011	85,000	-	-	-	-	85,000	-
2010	41,666	-	-	-	738,346	780,012	-
Michael Bohm							
2011	85,000	-	-	7,650	-	92,650	-
2010	35,416	-	-	3,188	457,404	496,008	-
Sub-total non-executive directors							
2011	412,650	-	-	21,150	-	433,800	-
2010	*202,082*	-	-	*9,488*	*1,195,750*	*1,407,320*	-
Executive directors							
Mark Calderwood							
2011	575,000	98,750	-	25,000	-	698,750	14
2010	370,000	-	-	25,000	-	395,000	-
Colin Carson							
2011	275,230	44,168	-	24,771	-	344,169	13
2010	162,083	-	-	14,588	-	176,671	-
Rhett Brans							
2011	381,250	-	-	41,667	-	422,917	-
2010	216,833	-	-	-	-	216,833	-
Sub-total executive directors							
2011	1,231,480	142,918	-	91,438	-	1,465,836	10
2010	748,916	-	-	39,588	-	788,504	-
Directors Total							
2011	**1,644,130**	**142,918**	**-**	**112,588**	**-**	**1,899,636**	**8**
2010	950,998	-	-	49,076	1,195,750	2,195,824	-

Directors' Report

REMUNERATION REPORT - continued

Table 2 - Directors' and executives' remuneration for the year ended 30 June 2011 (Continued)

	Short Term			Post Employment	Share Based Payments		
	Salary / Fees	Cash Bonus[v]	Other	Superannuation	Value of Options	Total	Performance Related
	$	$	$	$	$	$	%
Senior executives							
Susmit Shah [ii]							
2011	153,385	-	-	-	10,979	164,364	-
2010	218,376	-	-	-	12,849	12,849	-
Kevin Thomson [iii]							
2011	355,457	49,330	45,504	-	14,638	464,929	11
2010	284,878	-	43,982	-	37,524	366,384	-
Jeffrey Quartermaine							
2011	300,000	25,000	40,000	25,000	590,874	980,874	3
2010	50,000	-	6,667	4,167	-	60,834	-
Grant Pierce [iii]							
2011	349,975	-	1,940	-	-	351,915	-
2010	167,748	-	3,500	-	883,025	1,054,273	-
Jon Yelland [iv]							
2011	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-
Senior executives Total							
2011	**1,158,817**	**74,330**	**87,444**	**25,000**	**616,491**	**1,962,082**	**4**
2010	670,126	-	54,149	18,628	940,954	1,683,857	-

Notes:

(i) Fees for director services provided by Mr Neil Fearis are charged to Perseus by Pendomer Investments Pty Ltd, and include an amount equal to the superannuation benefit that would otherwise have been paid to him as an individual.

(ii) Fees for Company Secretarial services provided by Mr Shah are charged to Perseus 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 to Perseus throughout the year is disclosed in Note 20.

(iii) Includes the value of benefits such as allowances for travel, school fees, accommodation and local taxes paid on behalf of employee.

(iv) Mr Yelland was appointed after the reporting date but before the date of this report.

(v) Following a performance review conducted by the board, it was resolved that certain executives would be paid a cash bonus in recognition of their contribution to the Group in the prior period.

REMUNERATION REPORT - continued

3.0 Service Agreements

Remuneration and other terms of employment for the Chief Executive Officer and Managing Director, Chief Financial Officer, Chief Operating Officer and the other KMP are also formalised in service agreements. Major provisions of the agreements relating to remuneration of the CEO are set out below.

Remuneration of the Chief Executive Officer, Mark Calderwood

Mr Mark Calderwood was appointed on 23 January 2004 (with shareholders' approval) as Managing Director and an employment contract with Perseus was entered shortly thereafter and subsequently modified to reflect changes in terms of his employment.

Under his employment contract with Perseus, Mr Calderwood is currently entitled to receive fixed remuneration including a base salary and superannuation, plus variable remuneration including options and cash bonuses determined at the discretion of the board. A summary of these and other key terms of Mr Calderwood's employment contract are described below and set out in Table 3 below.

Fixed Remuneration - Mr Calderwood's annual salary was set at $600,000 per annum, inclusive of statutory superannuation entitlements, with effect from 1 July 2010.

Variable Remuneration - Following a performance review conducted by the board, it was resolved that Mr Calderwood would be paid a cash bonus of $98,750 in recognition of his contribution to the Group in the prior period. No other variable remuneration was paid to Mr Calderwood in respect of his services during the 12 months ended 30 June 2011.

Statutory entitlements
Mr Calderwood is entitled to 10 days sick leave per annum, 20 days of annual leave and long service leave of 13 weeks after 10 years of service.

Termination of Contract
Perseus can terminate Mr Calderwood's contract without notice under certain circumstances including but not limited to material breaches of contract, grave misconduct, dishonesty, fraud or bringing the Group into disrepute. Perseus or Mr Calderwood may also terminate the contract by giving the other party three months notice. In the case of Perseus, it may at its sole discretion, terminate the contract sooner than the conclusion of the notice period by choosing to pay Mr Calderwood in lieu of the notice period.

If the terms of Mr Calderwood's employment contract are materially changed to the detriment of the Chief Executive Officer then he is entitled to receive an amount of money from Perseus that is equivalent to two months of his current gross base salary as for each year of employment by Perseus with a minimum payment equivalent to six months of gross base salary and a maximum of twelve months of gross base salary.

REMUNERATION REPORT - continued

Contracts for KMP

A summary of the key contractual provisions as at the date of this report for each of the current KMP is set out in table 3 below.

Table 3 - Contractual provisions for key management personnel

Name and job title	Employing company	Contract duration	Notice period	Fixed Remuneration (including Base Salary and Superannuation as applicable)	Variable Remuneration	Termination provision
Mark Calderwood *CEO & Managing Director*	Perseus Mining Limited	No fixed term and review annually	3 months	$600,000	At board discretion	Applicable on early termination by the company(iii)
Colin Carson (vi) *Executive director*	Perseus Mining Limited	No fixed term and review annually	3 months	$300,000	At board discretion	Applicable on early termination by the company(iii)
Rhett Brans *Executive director*	Perseus Mining Limited	No fixed term and review annually	3 months	$437,500	At board discretion	Applicable on early termination by the company(iii)
Susmit Shah *Company Secretary*	Corporate Consultants Pty Ltd (iv)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Jeffrey Quartermaine *Chief Financial Officer*	Perseus Mining Limited	No fixed term and review annually	2 months	$365,000	At board discretion	Applicable on early termination by the company(iii)
Jon Yelland (v) *Chief Operating Officer*	Perseus Mining Limited	No fixed term and review annually	3 months	$450,000	At board discretion	Applicable on early termination by the company(iii)
Kevin Thomson *Exploration Manager*	Sun Gold Resources Ltd	No fixed term and review annually	2 months	CDN$250,000 (i)	At board discretion	Not applicable
Grant Pierce *General Manager Operations - CAGP*	Central Ashanti Gold Limited	No fixed term and review annually	3 months	US$360,000 (ii)		Not applicable

(i) CDN$250,000 per annum net of Ghanaian taxes, plus furnished accommodation in Accra, Ghana, use of a company vehicle, certain miscellaneous expatriate allowances, superannuation not applicable.
(ii) US$360,000 per annum net of Ghanaian taxes, superannuation not applicable.
(iii) Termination benefits are payable on early termination by the company, other than for gross misconduct, executives receive payment of between 2 to 12 months of salary.
(iv) Service provided to Perseus under the terms of a service agreement between CCPL and Perseus.
(v) Contract executed prior to date of report, however, Commencement Date oc curs on 1 October 2011.
(vi) Mr Carson is engaged on a part time basis.

REMUNERATION REPORT - continued

4.0 Share based compensation

KMP are eligible to participate in Perseus's Employee Share Option Plan ("ESOP"). The terms and conditions of each grant of options affecting remuneration of directors and KMP in the current or a future reporting period are set out below. When exercisable, each option is convertible into one ordinary share of Perseus. Further information is set out in Note 29 to the financial statements.

Table 4 - Key terms of options held by KMP and directors as at 30 June 2011

Grant date	Exercise price	Fair Value per option at grant date	Vesting date	% of grant vested	Expiry date
27 November 2009	$1.30	$1.23	1 July 2010	100	31 March 2012
17 June 2010	$2.13	$1.73	17 June 2011	100	16 June 2013
29 July 2010	$2.45	$1.43	29 July 2010	100	29 July 2012
15 June 2011	$3.00	$1.79	16 June 2012	-	15 June 2014

[1] For details on the valuation of options, including models and assumptions used, refer to Note 29 in the Financial Statements.

Options granted under the ESOP carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Further information relating to options and the portion of KMP remuneration related to equity compensation for the period are set out below in table 5.

Directors' Report

REMUNERATION REPORT - continued

Table 5 - Value of Options

Name	Percentage of remuneration consisting of options	Value of options granted, exercised or lapsed in 12 months ended 30 June 2011			Amount paid per share on exercise
		Granted [i] $	Exercised [ii] $	Lapsed [iii] $	
Non-executive directors					
Neil Fearis	-	-	256,000	-	$1.50
Executive directors					
Mark Calderwood	-	-	900,000	-	$1.50
Colin Carson	-	-	453,600	-	$1.50
Rhett Brans	-	-	1,168,000	-	(iv)
Senior executives					
Susmit Shah	7%	267,881	-	-	-
Kevin Thomson	3%	357,175	-	-	-
Jeffrey Quartermaine	60%	1,019,044	-	-	-

Notes:

(i) The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of options granted during the year as part of remuneration.

(ii) The value at the exercise date of options that were granted as part of remuneration and were exercised during the year has been determined as the intrinsic value of the options at that date.

(iii) No director's options or senior executive options lapsed during or since the end of the financial year.

(iv) 400,000 options exercised at $1.50 and 600,000 options exercised at $1.00.

No amounts were unpaid on any shares issued on the exercise of options.

REMUNERATION REPORT - continued

The movement in option holdings for KMP and directors during the period are set out below in table 6.

Table 6 – Movement of options granted to KMP and directors during the period

Name	Balance at the start of the period	Granted during the period as remuneration	Exercised during the period [i]	Forfeited / Lapsed	Other movements	Balance at the end of the period	Vested during the period	Vested and exercisable at the end of the period
Non-executive directors								
Reg Gillard	-	-	-	-	-	-	-	-
Neil Fearis	400,000	-	(400,000)	-	-	-	-	-
Sean Harvey	600,000	-	-	-	-	600,000	600,000	600,000
Michael Bohm	400,000	-	-	-	-	400,000	-	400,000
Executive directors								
Mark Calderwood	1,200,000	-	(1,200,000)	-	-	-	-	-
Colin Carson	1,200,000	-	(540,000)	-	(660,000)[ii]	-	-	-
Rhett Brans	1,000,000	-	(1,000,000)	-	-	-	-	-
Senior executives								
Susmit Shah	350,000	150,000	-	-	-	500,000	-	350,000
Kevin Thomson	900,000	200,000	-	-	-	1,100,000	300,000	900,000
Jeffrey Quartermaine	-	650,000	-	-	-	650,000	400,000	400,000
Grant Pierce	750,000	-	-	-	-	750,000	-	750,000

Notes:

(i) Options exercised during the period are equivalent to the number of ordinary shares issued on exercise of options during the year.

(ii) Options exercised by a party other than Mr Carson following transfer of the options to that party under the terms of a Family Court order.

Directors' Report

REMUNERATION REPORT - continued

Details of remuneration: share-based compensation benefits

The following table details the percentage of the available grant that vested in the financial year and the percentage forfeited because the person did not meet either/or service and performance criteria specified. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

Table 7 – Option grants as at 30 June 2011

Name	Number of options	Financial period granted	Vested in current financial period	Forfeited in current financial period	Financial period in which options may vest	Minimum total value of grant yet to vest	Maximum total value of grant yet to vest
	No	Yr	%	%	Yr	$	$
Senior executives							
Susmit Shah	150,000	2011	-	-	2012	-	256,902
Kevin Thomson	300,000	2010	100	-	-	-	-
Kevin Thomson	200,000	2011	-	-	2012	-	342,536
Jeffrey Quartermaine	400,000	2011	100	-	-	-	-
Jeffrey Quartermaine	250,000	2011	-	-	2012	-	428,171

5.0 Additional information

Perseus's performance during the 12 months to 30 June 2011 and the four previous years are set out in table 8 below.

Table 8 – Year on year performance

Year ended 30 June	2011	2010	2009	2008	2007	2006
Market capitalisation ($'000)	1,115,117	961,474	217,874	207,482	136,385	42,663
Closing share price ($)	2.62	2.30	0.73	1.19	1.16	0.48
Total shareholder returns – 1 year (%)	13.9	215.1	(38.7)	2.6	141.7	200.0
Total shareholder returns – 3 year rolling (%)	120.2	98.3	52.1	643.8	N/A	N/A

LOANS TO DIRECTORS AND EXECUTIVES

There were no loans outstanding at the reporting date to directors or executives.

SHARES UNDER OPTION

As at the date of this report, the total number of unissued ordinary shares in Perseus under option was 8,435,000 as follows:

Type of Security	Number	Exercise Price	Issue Date	Expiry Date
Unlisted Options	1,050,000	$2.13	15 January 2010	14 January 2012
Unlisted Options	1,035,000	$0.65	23 January 2009	23 January 2012
Unlisted Options	400,000	$1.80	15 October 2009	31 March 2012
Unlisted Options	600,000	$1.30	27 November 2009	31 March 2012
Unlisted Options	400,000	$2.45	29 July 2010	29 July 2012
Unlisted Options	160,000	$3.00	15 October 2010	14 October 2012
Unlisted Options	280,000	$3.45	15 October 2010	14 October 2012
Unlisted Options	1,330,000	$2.13	27 June 2010	16 June 2013
Unlisted Options	450,000	$3.00	7 October 2010	6 October 2013
Unlisted Options	340,000	$3.20	4 November 2010	3 November 2013
Unlisted Options	2,390,000	$3.00	15 June 2011	15 June 2014

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

Shares issued on exercise of options

During or since the end of the financial year, Perseus issued 7,585,000 ordinary shares as a result of the exercise of options as follows:

Number of shares issued	Issue price of each share
3,200,000	$1.50
1,000,000	$1.00
600,000	$1.00
1,800,000	$0.60
750,000	$2.13
235,000	$0.65

No amounts were unpaid on these shares.

Directors' Report

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

Perseus's Constitution requires it to indemnify directors and officers of any entity within the Group 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 Group's auditors under the terms of their engagement. The directors and officers of the Group 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 premia, paid during the year ended 30 June 2011, amounted to $221,250, and 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 wilful breach of duty or improper use of information or position to gain a personal advantage.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of Perseus or to intervene in any proceedings to which Perseus is a party, for the purposes of taking responsibility on behalf of Perseus for all or part of the proceedings. No proceedings has been brought or intervened in on behalf of Perseus with leave of the Court under section 237 of the Corporations Act 2001.

NON-AUDIT SERVICES

No amounts were paid or payable to the auditor for non-audit services during the year ended 30 June 2011.

AUDITORS' INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of Perseus with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 33 and forms part of this directors' report for the year ended 30 June 2011.

Signed in accordance with a resolution of directors.

M A Calderwood

Managing Director
Perth, 30 August 2011

Competent Person 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'") and to qualify as a "Qualified Person" under National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). 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. For a description of Perseus's data verification process, quality assurance and quality control measures, the effective date of the mineral resource and mineral reserve estimates contained herein, details of the key assumptions, parameters and methods used to estimate the mineral resources and reserves set out in this report and the extent to which the estimate of mineral resources or mineral reserves set out herein may be materially affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues, readers are directed to the technical report entitled "Technical Report – Central Ashanti Gold Project, Ghana" dated May 30, 2011 and the technical report entitled "Technical Report – Tengrela Gold Project, Ivory Coast" dated December 22, 2010 in respect of the Central Ashanti Gold Project and the Tengrela Gold Project, respectively.

HLB Mann Judd

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 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
30 August 2011

M R W OHM
Partner, HLB Mann Judd

Corporate Governance Statement

This statement reports on Perseus Mining Limited's (the "Company") key governance framework, principles and practices as at the date of this report. These principles and practices are reviewed regularly and revised as appropriate to reflect changes in law and best practice in corporate governance. The Company and its controlled entities together are referred to as the Group in this statement.

ASX Listing Rule 4.10.3 requires ASX listed companies to report on the extent to which they have followed the ASX Corporate Governance Principles and Recommendations ("ASX Principles") released by the ASX Corporate Governance Council. The ASX Principles require the board to consider carefully the development and adoption of appropriate corporate governance policies and practices founded on the ASX Principles. A description of the Company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year. They comply with the August 2007 ASX *Principles of Good Corporate Governance and Best Practice Recommendations*.

In a 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. As the Company's activities develop in size, nature and scope, the size of the board and the implementation of additional corporate governance structures will be given further consideration.

The board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practices depart from the recommendations.

Principle 1: Lay solid foundations for management and oversight

Role of the board and of senior executives (1.1)

The relationship between the board and senior management is critical to the Company's long-term success. The directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed. Without intending to limit this general role of the board, the principal functions and responsibilities of the board include the following:

- to set the strategic direction for the Company and monitor progress of those strategies;
- establish policies appropriate for the Company;
- monitor the performance of the Company, the board and management;
- approve the business plan and work programs and budgets;
- authorise and monitor investment and strategic commitments;
- review and ratify systems for health, safety and environmental management; risk and internal control, codes of conduct and regulatory compliance;
- report to shareholders, including but not limited to, the Financial Statements of the Company; and
- take responsibility for corporate governance.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the board to the managing director, other executive directors, senior managers and the Company Secretary.

Senior executive performance review (1.2)

It is the policy of the board to conduct an evaluation of the performance of senior executives annually. Performance has been measured to date by the efficiency and effectiveness of the enhancement of the Company's mineral interest portfolio, the designing and implementation of the exploration and development program, maintenance of relationships with joint venture partners and the securing of ongoing funding to continue its exploration and development activities. To date, this performance evaluation has not been based on financial indicators such as earnings or dividends as the Company has been in a pre-production phase where the main focus has been on exploration and development activities making these parameters are limited relevance. With the commencement of revenue generation from the CAGP, the relevance of these parameters will increase and they will be referenced in future evaluations.

Due to the size of the Company and the nature of its business, it has not been deemed necessary to institute a formal documented performance review program of senior executives. The Remuneration Committee considers adjustments to remuneration of directors and senior executives annually after discussions with the managing director and other senior executives. This annual remuneration review encompasses performance reviews of those individuals.

Principle 2: Structure the board to add value

Principle 2 states that "companies 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 preferred skills and experiences for a director of the Company include:

- mineral resources;
- corporate and business development; and
- public company administration.

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 it has an appropriate mix of expertise and experience. When a vacancy occurs, 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.

Information regarding directors' experience and responsibilities is included in the Directors' Report section of the Annual Report.

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

Independent directors (2.1)

In assessing whether a director is classified as independent, the board considers the independence criteria set out in the ASX Corporate Governance Council Recommendation 2.1 and other facts, information and circumstances deemed by the board to be relevant.

Using the ASX Best Practice Recommendations on the assessment of the independence of directors, the board considers that of a total of seven directors during the financial year ended 30 June 2011, four were considered to be independent (Mr Reg Gillard, Mr Neil Fearis, Mr Sean Harvey and Mr Michael Bohm). Mr Mark Calderwood is the managing director of the Company and is not considered to be independent. Mr Colin Carson and Mr Rhett Brans are employed in executive roles and are not considered to be independent.

Chairman and Chief Executive Officer (CEO) (2.2, 2.3)

The Chairman is responsible for leading the board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating board discussions and managing the board's relationship with the Company's senior executives. The board considers that the Chairman, Mr Reg Gillard, is independent as discussed in the above paragraph.

The CEO is Mr Mark Calderwood, Managing Director, who is responsible for implementing Company strategies and policies.

Nomination committee (2.4)

The board of directors of the Company does not have a nomination committee. The board is of the opinion that due to the nature and size of the Company, the functions performed by a nomination committee can be adequately handled by the full board.

When a new director is to be appointed the board reviews the range of skills, experience and expertise on the board, identifies its needs and prepares a short-list of candidates with appropriate skills and experience. Where necessary, advice is sought from independent search consultants.

Corporate Governance Statement

The board then appoints the most suitable candidate who must stand for election at the next annual general meeting of the Company.

Retirement and rotation of directors are governed by the Corporations Act 2001 and the Constitution of the Company. Each year one third of the directors (excluding the Managing Director) must retire and may offer themselves for re-election.

Board performance review (2.5)

It is the policy of the board to conduct an evaluation of the performance of the board annually. Performance is measured by the efficiency and effectiveness of the designing and implementation of the exploration and development program, the enhancement of the Company's mineral interest portfolio, the maintenance of relationships with joint venture partners, the securing of required funding and the success of the Company's exploration and development activities. To date, this performance evaluation has not been based on financial indicators such as earnings or dividends as the Company has been in a pre-production phase where the main focus has been on exploration and development activities making these parameters of limited relevance. With the commencement of revenue generation from the CAGP, the relevance of these parameters will increase and they will be referenced in future evaluations to the extent that they are appropriate and relevant.

Due to the size of the board and the nature of its business, it has not been deemed necessary to institute a formal documented performance review program of individuals. On an ongoing basis, the Chairman conducts an informal review process whereby he discusses with individual directors their attitude, performance and approach toward meeting the short and long term objectives of the Company. The board considers that at this stage of the Company's development an informal process is appropriate, however this position will be re-considered from time to time.

Independent professional advice

Each director has the right to seek independent professional advice at the Company's expense after consultation with the Chairman. Once received, the advice is to be made immediately available to all board members.

Access to employees

directors have the right of access to any employee. Any employee can report any breach of corporate governance principles or company policies to the executive directors and/or company secretary who shall remedy the breach. If the breach is not rectified to the satisfaction of the employee, they shall have the right to report any breach to an independent director without further reference to senior managers of the Company.

Share ownership

Directors are encouraged to own Company shares.

Board meetings

The following points identify the frequency of board Meetings and the extent of reporting from management at the meetings:

- a minimum of four meetings are to be held per year, although the board aims to meet once a month and during the period has formally met on 10 separate occasions;
- other meetings will be held as required, meetings can be held by telecommunications link; and
- information provided to the board includes all material information on: operations, budgets, cash flows, funding requirements, shareholder movements, broker activity in the Company's securities, assets and liabilities, disposals, financial accounts, external audits, internal controls, risk assessment, new venture proposals, and health, safety and environmental reports.

The number of directors' meetings and the number of meetings attended by each of the directors of the Company during the financial year are set out in the Directors' Report.

Principle 3: Promote ethical and responsible decision making

Code of conduct (3.1)

The board acknowledges the need for continued maintenance of the highest standards of corporate governance practice and ethical conduct by all directors and employees. The Company has not established a formal code of conduct however the directors ensure 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 Company. The board considers that its business practices as set by the board are the equivalent of a code of conduct.

The executive directors of the Company are involved in all aspects of the Group's activities. The directors are familiar with listing rules, legal requirements and general requirements for ethical behaviour and integrity in decision making, including trading in the Company's securities.

The Company's principal operating subsidiary, PMGL, the owner of the CAGP and the largest employer of personnel in the Group, has adopted a formal code of conduct. As the size and complexity of the Group continues to expand, it is planned that a group-wide code of conduct that is consistent with that of PMGL, will be developed and implemented and it will serve as a basis for reinforcing the highest standards of corporate governance and ethical behaviour across the Group.

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 Company.

Trading policy (3.2)

Trading in Company securities is regulated by the Corporations Act and the ASX Listing Rules. The board makes all directors, officers and employees aware on appointment that it is prohibited to trade in the Company's securities whilst that director, officer or employee is in the possession of price sensitive information. The Company has a formal policy with respect to trading in the Company's securities.

For details of shares held by directors and officers please refer to the Directors' Report in these Financial Statements. directors are required to report to the company secretary any movements in their holdings of Company securities, which are reported to ASX in the required timeframe prescribed by the ASX Listing Rules.

Principle 4: Safeguard integrity in financial reporting

Audit committee (4.1, 4.2, 4.3)

The Company has an audit committee comprising three independent non-executive board members, with two committee members constituting a quorum. 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 external auditor, and for the rotation of the external audit engagement partners.

The Audit Committee Charter can be found on the Company website.

External auditors

The Company requires external auditors to demonstrate quality and independence. The performance of the external auditor is reviewed and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

HLB Mann Judd was appointed as external auditor in 2003. In accordance with the Corporations Act HLB Mann Judd rotates audit engagement partners on listed companies at least every 5 years, and in accordance with that policy a new audit engagement partner was introduced for the year ended 30 June 2008. A further change (non-statutory) to the audit engagement partner was made during the year ended 30 June 2009.

Principle 5 & 6: Making timely and balanced disclosure and shareholder communication

Continuous disclosure policy and shareholder communication (5.1, 6.1)

The Company has not established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability for compliance.

The board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the board has instigated the following internal control framework.

Continuous disclosure – The Company is a "Disclosing Entity" within the meaning of section 111AC of the Corporations Act. As such, regular reporting and disclosure obligations will require the Company to disclose to the ASX information of which it is, or becomes, aware that concerns the Company which a reasonable person would expect to have a material effect on the price or value of the Company unless certain exceptions from the obligation to disclose apply.

The Company has in place informal procedures which it believes are sufficient for ensuring compliance with ASX

Corporate Governance Statement

Listing Rule disclosure requirements and accountability for compliance. All price sensitive matters are handled by directors, each of whom is aware of the listing rule requirements for disclosure of price sensitive information on a timely basis.

All stock exchange announcements including all financial reports are posted to the Company's website.

The Company encourages effective participation at general meetings through a policy of open disclosure to shareholders, regulatory authorities and the broader community of all material information with respect to the Company's affairs. All company announcements, media briefings, details of company meetings, press releases and financial reports are available on the Company's website. Shareholders and interested investors are encouraged to subscribe to the Company's database, through which participants are made aware of news releases as soon as possible after such releases have been issued to the ASX and TSX. Hard copies of financial reports and news releases are made available on request.

Principle 7: Recognise and manage risk

The full board has the responsibility for the risk management, compliance and internal controls systems of the Company. The Company's size and activities do not, at this stage, warrant the formation of a separate committee of the board for this purpose.

Risk management (7.1, 7.2)

Group management, through the managing director, is responsible for designing, implementing and reporting on the adequacy of the Group's risk management and internal control system. The Group's risk management policy is designed to provide the framework to identify, assess, monitor and manage the risks associated with the Company's business. The Group adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's adopted risk profile. The risks involved in operating a resources sector company and the specific uncertainties faced by the Group continue to be regularly monitored and the managing director regularly appraises the full board of the Company as to the effectiveness of the Company's management of its material business risks. All investment proposals reviewed by the board include a consideration of the issues and specific risks associated with the proposal. Where necessary, the board draws on the expertise of appropriate external consultants to assist in dealing with transferring or mitigating risk. The Company's main areas of risk include:

a) Price of Gold
b) Potential changes to the regulatory regime of host countries
c) Political stability in host countries
d) Security of tenure
e) Exploration and development risk
f) Uncertainty in the Estimation of Mineral Resources and Mineral Reserves
g) Production risks
h) Increased cost of working including inflation risk
i) Environmental risks and hazards
j) Occupational health and safety risks
k) Community dissatisfaction risks
l) Labour and associated employment risks
m) Financial risks including foreign exchange, interest rate, metal price fluctuations
n) Dependence on key executives and personnel
o) Stability of debt and equity capital markets
p) Key counterparty risks

Assurances from the managing director and the chief financial officer (7.3)

It is the responsibility of the board to regularly assess the adequacy of the Company's risk management and internal control systems and that its financial affairs comply with applicable laws and regulations and professional practices.

Regular consideration is given to all these matters by the board. The Company has in place an internal control framework to assist the board in identifying, assessing, monitoring and managing risk.

The Company's internal control system is monitored by the board and assessed regularly to ensure effectiveness and relevance to the Company's current and future operations. Procedures have been put into place to ensure the managing director and the chief financial officer state in writing to the board that the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control and that the Company's risk management and internal compliance and control system is operating efficiently and effectively.

The managing director and the chief financial officer have declared in writing to the board that the Company's financial statements for the year ended 30 June 2011 present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards, that this is founded on a sound system of risk management and internal compliance and control and that the Company's risk management and internal compliance and control system is operating efficiently and effectively. This representation is made by the managing director and the chief financial officer prior to the board's approval of the release of the annual and half yearly accounts. This representation is made after enquiry of, and representation by, appropriate levels of management.

Principle 8: Remunerate fairly and responsibly

Remuneration committee (8.1)

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	4	4
N Fearis Independent, non-executive director	4	4
M Bohm Independent, non-executive director	4	4

The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the non-executive directors and the managing director and the executive management team. The Remuneration Committee has adopted a formal Charter setting out its role and responsibilities and the Committee obtains external advice in relation to remuneration arrangements when deemed appropriate.

Remuneration policy (8.2)

The Company's policy for determining the nature and amount of emoluments of board members is as follows:

- Remuneration of executive and non–executive directors is reviewed annually by the board;
- Remuneration packages are set at levels intended to attract and retain directors and executives capable of managing the Company's operations and adding value to the Company.

Non-executive directors

Non-executive directors receive fees which are determined by the board within the aggregate limit set by the shareholders at a General Meeting. All non-executive directors will receive remuneration by way of fees and receive no retirement benefits excluding statutory superannuation, if applicable. External professional advice will be sought to determine the level of director's fees to ensure they are appropriate. The board will determine the level of fees with reference to other comparable listed companies determined by size and nature of operations. Director's fees should be set at a level to attract suitably qualified individuals to accept the responsibilities of a directorship. Whilst the ASX Corporate Governance Council states otherwise, the board considers the issue of options to non-executive directors as an appropriate method of providing sufficient incentive and reward and attracting high calibre directors.

Executives

The executive officers of the Company are the managing director, other executive directors, senior executives and the company secretary. The executive officers' remuneration is considered to properly reflect the person's duties and responsibilities, and takes account of remuneration levels across the sector.

Share and option based remuneration

The Company may issue options to executives as it is considered an appropriate method of providing sufficient incentive and reward whilst maintaining cash reserves. Participants in equity-based remuneration plans are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements.

For details of remuneration paid to directors and offi cers for the financial year please refer to the Directors' Report in these Financial Statements.

financial statements

Contents

These financial statements are the consolidated financial statements of the consolidated entity consisting of Perseus Mining Limited and its subsidiaries. The financial statements are presented in the Australian currency.

Perseus Mining Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Perseus Mining Limited
30 Ledgar Road
Balcatta WA 6021
AUSTRALIA

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report on pages 17 to 18, which is not part of these financial statements.

These financial statements were authorised for issue by the directors on 30 August 2011. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the company. All press releases, financial statements and other information are available at our News and Reports section on our website at www.perseusmining.com.au.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2011

	Notes	CONSOLIDATED 2011 $	2010 $
Revenue		**-**	-
Other income	4	**2,533,181**	1,927,925
Professional fees		**(1,405,820)**	(1,693,291)
Employee benefits expense		**(4,125,298)**	(1,860,300)
Share based payments		**(5,484,684)**	(3,594,491)
Foreign exchange (losses) / gains		**(10,380,480)**	3,822,487
Depreciation and amortisation expense		**(249,967)**	(294,601)
Impairment reversal of investment in associate		**3,118,384**	212,435
Share of net losses of associate		**(867,504)**	(326,647)
Loss on disposal of investment		**(932,840)**	-
Loss on derivative financial instruments		**(22,763,197)**	-
Devaluation of gold put options	10	**(7,440,911)**	(5,041,788)
Write off of capitalised exploration expenditure		**-**	(844,972)
Other expenses	5	**(3,177,178)**	(2,087,757)
Loss before income tax expense		**(51,176,314)**	(9,781,000)
Income tax expense	6	-	-
Loss after tax expense		**(51,176,314)**	(9,781,000)
Other comprehensive loss			
Exchange differences on translation of foreign operations		**(33,874,942)**	(1,423,771)
Net changes in fair value of cash flow hedges		**(38,056,544)**	-
Income tax relating to components of other comprehensive loss		-	-
Total comprehensive loss for the year		**(123,107,800)**	(11,204,771)
Loss attributable to:			
Owners of the parent		**(48,245,661)**	(9,675,702)
Non-controlling interests		**(2,930,653)**	(105,298)
		(51,176,314)	(9,781,000)
Total comprehensive loss attributable to:			
Owners of the parent		**(116,652,370)**	(11,103,723)
Non-controlling interests		**(6,455,430)**	(101,048)
		(123,107,800)	(11,204,771)
Basic loss per share	28	**(12.11) cents**	(2.94) cents

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2011

	Notes	CONSOLIDATED 2011 $	2010 $
Current Assets			
Cash and cash equivalents	7	**96,462,044**	185,591,726
Receivables	8	**8,546,771**	161,200
Inventories	9	**428,089**	-
Other assets	10	**3,081,520**	763,627
Total Current Assets		**108,518,424**	186,516,553
Non-Current Assets			
Receivables	8	**3,630,650**	7,804,727
Other assets	10	**42,193**	7,657,558
Investments accounted for using the equity method	11	**9,681,081**	4,342,000
Property, plant and equipment	12	**230,886,509**	114,602,591
Mineral interest acquisition and exploration expenditure	13	**32,245,535**	25,869,131
Total Non-Current Assets		**276,485,968**	160,276,007
Total Assets		**385,004,392**	346,792,560
Current Liabilities			
Payables	14	**28,636,707**	23,226,856
Derivative financial instruments	15	**10,837,822**	-
Borrowings	16	**20,760,593**	-
Total Current Liabilities		**60,235,122**	23,226,856
Non-Current Liabilities			
Provision	14	**4,461,842**	2,635,619
Derivative financial instruments	15	**48,471,820**	-
Borrowings	16	**59,450,788**	-
Total Non-Current Liabilities		**112,384,450**	2,635,619
Total Liabilities		**172,619,572**	25,862,475
Net Assets		**212,384,820**	320,930,085
Equity			
Issued capital	18	**355,759,201**	346,615,812
Reserves	18	**(66,518,888)**	(3,355,884)
Accumulated losses	19	**(70,257,447)**	(22,011,786)
Parent entity interest		**218,982,866**	321,248,142
Non-controlling interest		**(6,598,046)**	(318,057)
Total Equity		**212,384,820**	320,930,085

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

For the year ended 30 June 2011

CONSOLIDATED	Issued Capital $	Accumulated Losses $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Hedging Reserve $	non-controlling Interest's Reserve $	non-controlling Interest $	Total Equity $
Balance at 1 July 2010	**346,615,812**	**(22,011,786)**	**10,998,301**	**(14,571,766)**	**-**	**217,581**	**(318,057)**	**320,930,085**
Loss for the year	-	(48,245,661)	-	-	-	-	(2,930,653)	(51,176,314)
Currency translation differences	-	-	-	(33,446,860)	-	-	280,877	(33,165,983)
Share of currency translation difference of associated entity	-	-	-	(708,959)	-	-	-	(708,959)
Net change in fair value of cash flow hedges	-	-	-	-	(34,250,890)	-	(3,805,654)	(38,056,544)
Total comprehensive income/(loss) for the year	**-**	**(48,245,661)**	**-**	**(34,155,819)**	**(34,250,890)**	**-**	**(6,455,430)**	**(123,107,800)**
Share issue expenses	(86,861)	-	-	-	-	-	-	(86,861)
Exercise of options	9,230,250	-	-	-	-	-	-	9,230,250
Fair value of options issued	-	-	5,243,705	-	-	-	175,441	5,419,146
Balance at 30 June 2011	**355,759,201**	**(70,257,447)**	**16,242,006**	**(48,727,585)**	**(34,250,890)**	**217,581**	**(6,598,046)**	**212,384,820**
Balance at 1 July 2009	**152,220,729**	**(12,336,084)**	**6,055,969**	**(13,143,745)**	**-**	**-**	**-**	**132,796,869**
Loss for the year	-	(9,675,702)	-	-	-	-	(105,298)	(9,781,000)
Currency translation differences	-	-	-	(1,158,900)	-	-	4,250	(1,154,650)
Share of currency translation difference of associated entity	-	-	-	(269,121)	-	-	-	(269,121)
Total comprehensive income/(loss) for the year	**-**	**(9,675,702)**	**-**	**(1,428,021)**	**-**	**-**	**(101,048)**	**(11,204,771)**
Shares issued during the year	202,331,621	-	-	-	-	-	-	202,331,621
Share issue expenses	(11,926,538)	-	-	-	-	-	-	(11,926,538)
Exercise of options	3,990,000	-	-	-	-	-	-	3,990,000
Fair value of options issued	-	-	4,942,332	-	-	-	572	4,942,904
Acquisition of controlled entity by non-controlling interests	-	-	-	-	-	217,581	(217,581)	-
Balance at 30 June 2010	**346,615,812**	**(22,011,786)**	**10,998,301**	**(14,571,766)**	**-**	**217,581**	**(318,057)**	**320,930,085**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2011

	Notes	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		**(8,290,402)**	(4,905,520)
Interest received		**2,464,121**	1,849,419
Net Cash used in Operating Activities	27	**(5,826,281)**	(3,056,101)
Cash Flows from Investing Activities			
Payments for exploration expenditure		**(10,217,914)**	(26,289,177)
Payments for acquisition of fixed assets		**(3,074,241)**	(1,418,660)
Payments for acquisition of assets under construction		**(140,424,221)**	(37,489,130)
Payments for borrowing costs		**(4,967,167)**	-
Payments for the acquisition of put options		**-**	(12,699,346)
Investment in associates		**(4,730,000)**	(2,225,333)
(Advances to) / Receipts from third parties		**(766,086)**	28,229
Funds received / (Payments) for security deposits and bank guarantees		**3,213,064**	(5,025,691)
Net Cash used in Investing Activities		**(160,966,565)**	(85,119,108)
Cash Flows from Financing Activities			
Proceeds from share issues		**-**	200,482,440
Proceeds from borrowings		**80,211,381**	-
Proceeds from exercise of options		**9,230,250**	3,990,000
Share issue expenses		**(163,322)**	(14,353,642)
Net Cash provided by Financing Activities		**89,278,309**	190,118,798
Net Increase / (Decrease) in Cash Held		**(77,514,537)**	101,943,589
Cash and cash equivalents at the beginning of the financial year		185,591,726	79,876,095
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		**(11,615,145)**	3,772,042
Cash and cash equivalents at the end of the Financial Year	7	**96,462,044**	185,591,726

The accompanying notes form part of these financial statements.

CONTENTS OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements
For the year ended 30 June 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Perseus Mining Limited and its subsidiaries (the "Group" or the "consolidated entity").

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards board, Urgent Issues Group Interpretations and the *Corporations Act 2001.*

Compliance with IFRS
The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards board (IASB).

New and amended standards adopted by the Group
The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2010:

- AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Project;*
- AASB 2009-8 *Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions;*
- AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues;*
- AASB Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments* and AASB 2009-13 *Amendments to Australian Accounting Standards arising from Interpretation 19, and;*
- AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project.*

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

Early adoption of standards
The consolidated entity has elected to early adopt the following pronouncements to the annual reporting period beginning 1 July 2010:

- AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.*

This includes applying the revised pronouncement to the comparatives in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors.* None of the items in the financial statements had to be restated as the result of applying this standard.

See section (y) of this note for details related to issued standards not early adopted.

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Critical accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(b) Principles of consolidation

(i) *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Perseus Mining Limited (the 'company' or 'parent entity') as at 30 June 2011 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date in which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to Note 11).

The Group's share of its associate's post-acquisition comprehensive income is recognised in comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments in behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Joint ventures

The proportionate interests in the assets, liabilities and expenses of a joint venture activity are incorporated in the financial statements under the appropriate headings.

Where part of a joint venture is farmed out and in consideration the incoming party undertakes to carry out further expenditure in the joint venture area of interest, expenditure incurred prior to farm out is carried forward without adjustment unless the terms of the farm out 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 Consolidated Financial Statements

For the year ended 30 June 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(b) Principles of consolidation (continued)

(iv) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognised within equity attributable to owners of the parent entity.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management team and board of directors of the parent entity.

(d) Foreign currency transactions and balances

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Perseus Mining Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis.

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. 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. Translation differences on non-monetary assets and liabilities, such as equity held at fair value through profit or loss, are reported in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary assets, such as equities classified as available-for-sale financial assets, are recognised in other comprehensive income.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(d) Foreign currency transactions and balances (continued)

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position are translated at the closing rate at the balance date;
- income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange difference is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The functional currencies of the Perseus Mining Limited's overseas subsidiaries are as follows:

Jurisdiction	Entity	Functional Currency
Ghana	Kojina Resources Limited	United States dollars (USD)
	Sun Gold Resources Limited	United States dollars (USD)
	Central Ashanti Gold Limited	United States dollars (USD)
Côte d'Ivoire	Occidental Gold Sarl	CFA[1] francs (XOF)

[1] Communauté financière d'Afrique or Financial Community of Africa

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount can be reliably measured and it is probable that future economic benefits will flow to the entity.

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

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associated operate and generate taxable income. management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affect neither accounting nor taxable profit nor loss. Deferred income tax is determines using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(f) Income tax (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's 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.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generated units). non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if utilised, are shown within borrowings in current liabilities on the statement of financial position.

(i) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Trade receivables are generally due for settlement within 30 to 90 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

An allowance for doubtful debts is made when collection of the full amount is no longer probable. Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(j) Inventories

Inventories of work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs in getting such inventories to their existing location and condition, based on weighted average costs incurred during the period in which such inventories were produced. Inventories of consumable supplies and spare parts expected to be used in production are valued at weighted average cost. Obsolete or damaged inventories of such item are valued at net realisable value.

(k) Investments and other financial assets

Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as Non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as Non-current assets. Loans and receivables are included in receivables (note 8) in the statement of financial position.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in Non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Purchase and sale of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses on sale of available-for-sale financial assets.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within devaluation of gold put options in the period in which they arise. Changes in value of non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 17.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(k) Investments and other financial assets (continued)

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered an indicator in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in the profit or loss.

(l) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At the inception of a hedge transaction, the Group formally designates and documents the hedge relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedge items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 15. Movements in the hedging reserve in shareholders' equity are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as a Non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Where forward contracts are entered into and continue to be held for the purpose of receipt or delivery of a physical commodity in accordance with expected purchase, sale or usage requirements, the contracts are outside of the scope of AASB 139 and are therefore off balance sheet.

(i) Fair value hedges

Changes in fair value of derivatives that are designated and qualify as fair value hedges are recorded in the comprehensive income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of derivative contracts are recognised in the statement of comprehensive income within "sale of goods" with a corresponding offsetting amount to the carrying amount of the asset or liability being the fair value movement of the hedged asset or liability. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income as other income or expense.

(ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss related to the ineffective portion is recognised immediately in profit or loss within other income or expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of derivative contracts is recognised in the statement of comprehensive income within "sale of goods". However when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are included in the measurement of the initial cost or carrying amount of the asset or liability.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(l) Derivatives and hedging activities (continued)

(ii) Cash flow hedges (continued)

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the statement of comprehensive income.

(m) Property, plant and equipment

Land and buildings and all other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses (note 1(g)). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost net of their residual values, over their estimated useful lives as follows:

Item	Estimated Useful Life (years)
Plant and Machinery	3-10
Buildings	20
Field Equipment	5
Furniture and Fittings	8
Motor Vehicles	5
Office Equipment	8

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(g)).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Assets under construction

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 as 'assets under construction', and disclosed as a component of property, plant and equipment.

All subsequent expenditure incurred in the construction of a mine by or on behalf of, the Group is accumulated separately for each area of interest in which economically recoverable reserves have been identified. This expenditure includes net direct costs of construction and borrowing costs capitalised during construction. On completion of development, all assets included in 'assets under construction' are reclassified as either 'plant and equipment' or 'mine properties'.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(n) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest with current tenure are carried forward to the extent that:

- such expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
- 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 is continuing.

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.

In the event that an area of interest if abandoned or, if facts and circumstances suggest that the carrying amount of an exploration and evaluation asset is impaired (as outlined in 1(g)) then the accumulated costs carried forward are written off in the year in which the assessment is made.

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 as 'assets under construction' (note 1(m)).

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probably that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(q) Borrowing Costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured as the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

(s) Employee Benefits

(i) Short term obligations

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.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments. Consideration is given to expected future wage and salary level, experience of employees' departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

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

(iv) Share based payments

Share based compensation benefits are provided to employees, consultants and contractors via the Perseus Mining Limited Employee Option Plan. Information relating to share based payments is set out in note 29.

The fair value of options granted under the Perseus Mining Limited Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specific vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to equity.

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.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(t) Rehabilitation provision

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

(u) Contributed equity

Ordinary shares are classified as equity and 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. If the company reacquires its own equity instruments for the purpose of reducing its issued capital, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of tax) is recognised directly in equity.

(v) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the net result attributable to owners of the parent, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus element.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of ordinary shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(x) Parent entity financial information

The financial information for the parent entity, Perseus Mining Limited, disclosed in note 30 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Perseus Mining Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share-based payments

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(y) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective from 1 January 2013) AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. There will be no impact on the Group's accounting for available-for-sale financial assets as the Group does not have any such assets.

There will be no impact of the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The Group has not yet decided when to adopt AASB 9.

(ii) Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards* (effective from 1 January 2011).

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group will apply the amended standard from 1 July 2011. When the amendments are applied, the Group will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.

(iii) AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* (effective from 1 July 2013).

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Perseus Mining Limited is listed on the ASX and is not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of the entity.

(iv) AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011).

Amendments made to AASB 7 *Financial Instruments: Disclosures* in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitize, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the Group's disclosures. The Group intends to apply the amendment from 1 July 2011.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2011

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including the expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting will, by definition, seldom equal the actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Exploration and evaluation expenditure

In accordance with accounting policy note 1(n) management 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. In determining this, assumptions, including the maintenance of title, ongoing expenditure and prospectively are made. See note 13 for disclosure of carrying values.

(ii) Impairment of assets

In accordance with accounting policy note 1(g), in determining whether the recoverable amount of each cash generating unit is the higher of fair value less costs to sell or value-in-use against which asset impairment is to be considered, the Group undertakes future cash flow calculations which are based on a number of critical estimates and assumptions including, for its assets under construction, forward estimates of:

- (i) mine life including quantities of mineral reserves and resources for which there is a high degree of confidence of economic extraction with given technology;
- (ii) estimated production and sales levels;
- (iii) estimate future commodity prices;
- (iv) future costs of production;
- (v) future capital expenditure;
- (vi) future exchange rates; and/or
- (vii) discount rates applicable to the cash generating unit.

Variations to expected future cash flows, and timing thereof, could result in significant changes to the impairment test results, which in turn could impact future financial results.

(iii) 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 were granted. The fair value of options granted is determined using a Black-Scholes model, using the assumptions detailed in note 29.

(iv) Restoration and rehabilitation provisions

As set out in accounting policy note 1(t), the value of the current restoration and rehabilitation provision is based on a number of assumptions including the nature of restoration activities required and the valuation at the present value of a future obligation that necessitates estimates of the cost of performing the work required, the timing of future cash flows and the appropriate discount rate. Additionally current provisions are based on the assumption that no significant changes will occur in either relevant Federal or State legislation covering restoration of mineral properties. A change in any, or a combination, of these assumptions used to determine current provisions could have a material impact to the carrying value of the provision – see note 14 for disclosure of carrying values.

(v) Derivative financial instruments

The Group makes judgements on the effectiveness of all derivative financial instrument entered into, including forward metal contracts, metal options and foreign currency option contracts in accordance with accounting policy note 1(l). Management's assessment is that, unless otherwise disclosed the derivatives have been highly effective in offsetting changes in the fair value of the future cash flows against which they have been designated and as such are compliant with the hedge effectiveness requirements of AASB 139. Further information on the Group's use of derivative financial instruments, including carrying values, is set out in note 15.

3. SEGMENT INFORMATION

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the executive management team and board of directors that are used to make strategic decisions.

The Group primarily reports on a geographical basis as its risks and rates of return are affected predominantly by differences in geographical areas in which it operates and this is the format of the information provided to the executive management team and board of directors.

The Group operated principally in two geographical segments in 2011 being Australia and West Africa (including the countries of Ghana and Côte d'Ivoire). The segment information is prepared in conformity with the Group's accounting policies.

The Group comprises the following main segments:

Australia	Investing activities and corporate management.
Ghana	Mineral exploration, evaluation and development activities.
Côte d'Ivoire	Mineral exploration and evaluation activities.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2011

3. SEGMENT INFORMATION – continued

(b) Segment information provided to the executive management team and board of directors

	Australia 2011 $	Australia 2010 $	Ghana 2011 $	Ghana 2010 $	Côte d'Ivoire 2011 $	Côte d'Ivoire 2010 $	Consolidated 2011 $	Consolidated 2010 $
Revenue								
Finance revenue	**2,396,281**	1,918,693	**52,075**	9,232	**-**	-	**2,448,356**	1,927,925
Other revenue	**75,087**	4,418,476	**9,738**	(566,111)	**-**	(29,878)	**84,825**	3,822,487
Reconciliation to total revenue (Note 4)	**2,471,368**	6,337,169	**61,813**	(556,879)	**-**	(29,878)	**2,533,181**	5,750,412
Results								
Operating loss before income tax	**(20,565,557)**	(5,125,410)	**(29,380,786)**	(4,282,196)	**(1,229,971)**	(373,394)	**(51,176,314)**	(9,781,000)
Income tax expense							**-**	-
Net loss							**(51,176,314)**	(9,781,000)
Included within segment results:								
Share of net loss of associate accounted for using the equity method	**(867,504)**	(326,647)	**-**	-	**-**	-	**(867,504)**	(326,647)
Depreciation	**(60,013)**	(34,159)	**(176,750)**	(213,092)	**(13,204)**	(47,350)	**(249,967)**	(294,601)
Loss on derivative financial instruments	**-**	-	**(22,763,197)**	-	**-**	-	**(22,763,197)**	-
Devaluation of gold put options	**(5,814,610)**	(5,020,810)	**(1,626,301)**	(20,978)	**-**	-	**(7,440,911)**	(5,041,788)
Impairment reversal of investment in associate	**3,118,384**	212,435	**-**	-	**-**	-	**3,118,184**	212,435
Options issued to employees, directors and consultants	**(1,528,025)**	(2,099,337)	**(3,138,984)**	(1,485,615)	**(817,675)**	(9,539)	**(5,484,684)**	(3,594,491)
Foreign exchange gain/(loss)	**(10,214,118)**	4,418,477	**(194,192)**	(566,112)	**27,830**	(29,878)	**(10,380,480)**	3,822,487
Capitalised exploration expenditure written off	**-**	-	**-**	(844,972)	**-**	-	**-**	(844,972)

	Twelve Months Ended 30 June 2011	Twelve Months Ended 30 June 2010	Twelve Months Ended 30 June 2011	Twelve Months Ended 30 June 2010	Twelve Months Ended 30 June 2011	Twelve Months Ended 30 June 2010	Twelve Months Ended 30 June 2011	Twelve Months Ended 30 June 2010
Assets								
Segment assets	**35,621,883**	137,267,129	**322,880,479**	188,336,203	**26,502,030**	21,189,228	**385,004,392**	346,792,560
Total assets includes:								
Investments in associates	**9,681,081**	4,342,000	**-**	-	**-**	-	**9,681,081**	4,342,000
Additions to Non-current assets (other than financial assets)	**1,122,782**	1,203,450	**149,291,691**	72,899,247	**5,127,572**	10,238,956	**155,542,045**	84,341,653
Liabilities								
Segment liabilities	**1,016,363**	782,818	**170,484,747**	23,699,532	**1,118,461**	1,380,125	**172,619,571**	25,862,475

	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $
4. OTHER INCOME		
Interest income	**2,448,356**	1,876,020
Other	**84,825**	51,905
	2,533,181	1,927,925
5. EXPENSES		
Loss from ordinary activities before income tax has been determined after:		
Expenses		
Other expenses include:		
Bank Fees	**200,998**	90,069
Insurance	**258,578**	82,756
Public relations	**349,871**	284,426
Stock exchange listing and compliance fees	**279,325**	199,561
Travel	**1,080,189**	672,893
6. INCOME TAX EXPENSE		
(a) The prima facie tax benefit at 30% on the loss from ordinary activities is reconciled to the income tax provided in the financial statements as follows:		
Loss from ordinary activities	**51,176,313**	9,781,000
Prima facie income tax benefit @ 30%	**15,352,894**	2,934,300
Tax effect of permanent differences:		
Share based payments to consultants and employees	**(1,645,405)**	(1,078,348)
Share of net losses to associates	**(260,251)**	(97,994)
Share issue costs amortised	**1,120,691**	1,200,234
Other non-deductible items	**(86)**	(92,096)
Deferred tax asset not brought to account	**(14,567,842)**	(2,866,096)
Income tax expense	**-**	-
(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	**5,588,813**	2,940,459

The tax benefits will only be obtained if the conditions in note 1(f) are satisfied and if:

(a) 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;

(b) the consolidated entity continues to comply with the conditions for deductibility imposed by the relevant tax legislation; and

(c) 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 Consolidated Financial Statements
For the year ended 30 June 2011

		CONSOLIDATED	
		2011 $	2010 $
7. CASH AND CASH EQUIVALENTS			
Cash assets	(i)	**1,841,096**	69,835,883
Short term deposits	(ii)	**94,620,948**	115,755,843
		96,462,044	185,591,726

(i) Cash at bank earns interest at floating rates based on daily bank deposit rates.
(ii) Short-term deposits are made for varying periods of between one day and ninety days, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Risk exposure

The Group's exposure to interest rate risk is discussed in note 17. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

		2011 $	2010 $
8. RECEIVABLES			
Current			
Sundry debtors	(i)	**1,194,269**	161,200
Other receivable	(ii)	**7,352,502**	-
		8,546,771	161,200
Non-current			
Loans to external party	(iii)	**749,994**	-
Security deposits	(iv)	**2,880,656**	7,804,727
		3,630,650	7,804,727

Terms relating to the above financial instruments:

(i) Trade and sundry debtors are non-interest bearing and generally on 30 day terms.
(ii) Other receivable relates to a VAT refund from the Ghana Internal Revenue Service.
(iii) The loan relates to advances made to SOMICI SARL for exploration on the Tengrela South tenement where the Group has agreed to fund exploration to feasibility stage. This advance is repayable by SOMICI SARL to the Group.
(iv) At 30 June 2011, the Group has US$2.161 million (approximately A$2.040 million) held in bank deposits which are 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 the Central Ashanti Gold Project.

At 30 June 2011, the company has US$0.577 million (approximately A$0.545 million) and A$0.296 million held in bank deposits which are held as collateral against a international trade facility under which the company can request the issue of Letters of Credit to contractors for the procurement of certain goods required in the construction of the Central Ashanti Gold Project.

Past due but not impaired
Age analysis of both current and Non-current receivables is set out in note 17.

Fair value and foreign exchange and credit risk
Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the end of the reporting period is the carrying amount if each class of receivables mentioned above.

		CONSOLIDATED	
		2011 **$**	2010 $
9. INVENTORIES			
Materials and supplies		**428,089**	-

Inventory expense
No inventory expense has been recognised as an expense during the year ended 30 June 2011 (2010 nil). There have been no write-downs of inventories to net realisable value during the year ended 30 June 2011 (2010 nil).

10. OTHER ASSETS

		2011 **$**	2010 $
Current			
Prepayments		**3,081,289**	763,627
Financial assets at fair value through profit or loss	(i)	**231**	-
		3,081,520	763,627
Non-current			
Financial assets at fair value through profit or loss	(i)	**42,193**	7,657,558
Reconciliation of movements in financial assets at fair value:			
Balance at beginning of the period		**7,657,558**	-
Additions		**-**	12,709,251
Devaluation on mark to market		**(7,440,911)**	(5,041,788)
Foreign exchange gain / (loss) on mark to market		**77,731**	(88,814)
Foreign currency translation movement		**(251,954)**	78,909
Balance at end of the period		**42,424**	7,657,558
Current financial assets at fair value through profit or loss		**231**	-
Non-current financial assets at fair value through profit or loss		**42,193**	7,657,558
		42,424	7,657,558

(i) Terms and conditions relating to the above financial instruments:

On 26 August 2009, the Group purchased a strip of Bullion Options pursuant to which the Group has the right but not the obligation to sell a total of 100,000 ounces of gold to counterparties at a fixed price of US$850 per ounce in twenty four equal monthly amounts commencing on 27 January 2012 and ending on 27 December 2013. The put options were purchased for a consideration of US$9,140,000 (A$10,888,730).

On 13 May 2010, the Group purchased a strip of Bullion Options pursuant to which the Group has the right but not the obligation to sell a total of 20,000 ounces of gold to counterparties at a fixed price of US$1,100 per ounce in six equal monthly amounts commencing on 28 July 2011 and ending on 28 December 2011. The put options were purchased for a consideration of US$1,661,832 (A$1,820,521).

Risk exposure and fair value measurements
Information about the Group's exposure to price risk and about the methods and assumptions used in determining fair value is provided in note 17.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2011

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of associated entity	Principal activity	Country of incorporation	Ownership interest 2011 %	Ownership interest 2010 %	Published fair value 2011 $	Published fair value 2010 $
Manas Resources Limited	Gold Exploration	Australia	**23.9**	27.9	**7,870,000**	2,950,000
Burey Gold Limited	Gold Exploration	Australia	**25.6**	19.9	**5,086,900**	1,774,800

Manas Resources Limited ("Manas")

In December 2010 Manas announced a capital raising of A$11.5 million through the issue of 57.5 million shares at 20c. The share placement was completed in two parts, with tranche 1 for 13.4 million shares (A$2.68 million) allotted on 24 December 2010 and tranche 2 for 44.1 million shares (A$8.82 million) allotted in early February 2011. Perseus subscribed for 9 million shares for a consideration of A$1,800,000 under tranche 2 and as a result its interest in Manas reduced from 25.0% to 23.9%. The second tranche was allotted in early February 2011 following approval by Manas shareholders.

In addition, 12,500,000 Manas options held by Perseus expired unexercised on 31 December 2010, leaving Perseus with 16,666,667 options, exercisable at $0.20, expiring on 30 September 2011.

	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $
Investment in associated entity – Manas Resources Limited	**5,957,660**	2,950,000
Reconciliation of movements in investments accounted for using the equity method:		
Balance at 1 July	**2,950,000**	2,500,000
Investment in associate at cost	**867,160**	833,333
Share of loss for the year	**(611,128)**	(326,647)
Share of reserves of associate	**(366,756)**	(269,121)
Impairment reversal / (impairment) of investment	**3,118,384**	212,435
Balance at 30 June	**5,957,660**	2,950,000
Summarised financial information of associate:		
Financial Position		
Total assets	**23,032,555**	14,591,399
Total liabilities	**681,361**	191,464
Net assets	**22,351,196**	14,399,935
Group's share of associates' net assets	**5,341,936**	4,020,462
Financial Performance		
Total revenue	**309,240**	94,867
Total loss for the year	**(2,557,021)**	(1,169,939)
Group's share of associates' loss	**(611,128)**	(326,647)
Capital commitments and contingent liabilities of associate	**-**	-
Share of capital commitments incurred jointly with other investors	**-**	-
Share of contingent liabilities incurred jointly with other investors	**-**	-

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD - continued

Burey Gold Limited ("Burey")

On 3 March 2010, Perseus announced that it had entered into an agreement to purchase a 19.9% stake in and enter into a strategic alliance with Burey, an exploration company with a focus in Guinea, West Africa. Perseus completed an initial investment of $418,700 by subscribing for 10,467,500 shares in Burey with 10,467,500 attaching options on 15 March 2010, and subsequently subscribed for a further 24,332,500 shares at a cost of $973,300 with 24,332,500 attaching options on 29 June 2010. Perseus has also obtained first rights of refusal over the sale or farm-out of Burey's mineral properties in West Africa. On 28 September 2010 Burey announced a capital raising and allotted 60 million shares at 10c per share. Perseus subscribed and was allotted 11,900,000 shares under this capital raising for consideration of $1,190,000. On the 30 June 2011 Perseus exercised 34,800,000 options for a total consideration of $1,740,000 and its interest in Burey increased from 19.9% to 25.6%. As a result of the exercise of the options, Perseus was allotted 34,800,000 'piggy-back' options. Subsequent to the end of the financial year, and as a result of the 30 June 2011 exercise of options by Burey option holders, further shares were allotted and Perseus's interest in Burey decreased to 23.01%.

The "piggy-back" options to acquire shares in Burey have the following terms:

Number of options	**Exercise Price**	**Maturity Date**
34,800,000	$0.08	31 December 2012

	CONSOLIDATED	
	2011 **$**	2010 $
Investment in associated entity - Burey Gold Limited	**3,723,421**	1,392,000
Reconciliation of movements in investments accounted for using the equity method:		
Balance at 1 July	**1,392,000**	-
Investment in associate at cost	**2,930,000**	1,392,000
Share of loss for the year	**(256,376)**	-
Share of reserves of associate	**(342,203)**	-
Impairment reversal / (impairment) of investment	**-**	-
Balance at 30 June	**3,723,421**	1,392,000
Summarised financial information of associate:		
Financial Position		
Total assets	**17,691,895**	7,362,018
Total liabilities	**527,252**	157,110
Net assets	**17,164,643**	7,204,908
Group's share of associates' net assets	**4,394,149**	1,430,895
Financial Performance		
Total Revenue	**220,160**	39,371
Total loss for the year	**(1,001,470)**	(495,910)
Group's share of associates' loss	**(256,376)**	-
Capital commitments and contingent liabilities of associate	**-**	-
Share of capital commitments incurred jointly with other investors	**-**	-
Share of contingent liabilities incurred jointly with other investors	**-**	-

Notes to the Consolidated Financial Statements

For the year ended 30 June 2011

	CONSOLIDATED	
	2011 $	2010 $
11. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment - at cost	**5,874,801**	3,664,096
Accumulated depreciation	**(1,200,506)**	(764,181)
	4,674,295	2,899,915
Assets under construction (Central Ashanti Gold Project) - at cost		
Acquisition	**4,770,961**	4,770,961
Exploration	**59,040,664**	42,084,800
Evaluation	**5,286,155**	5,375,397
Construction	**157,114,434**	59,471,518
	226,212,214	111,702,676
Total property, plant and equipment net book value	**230,886,509**	114,602,591
Reconciliation of Plant and Equipment:		
Balance at the beginning of the year	**2,899,915**	1,903,816
Additions	**3,113,140**	1,418,660
Depreciation	**(249,967)**	(294,601)
Depreciation capitalised	**(353,065)**	(58,673)
Assets written off	**(38,899)**	-
Translation difference movement	**(696,829)**	(69,287)
Carrying amount at the end of the year	**4,674,295**	2,899,915
Reconciliation of Assets under construction:		
Balance at the beginning of the year	**111,702,676**	-
Additions	**143,798,871**	57,904,841
Reclassification from exploration and evaluation	**-**	53,355,156
Translation difference movement	**(29,289,333)**	442,679
Carrying amount at the end of the year	**226,212,214**	111,702,676

Borrowing costs relating to the Central Ashanti Gold Project, which have been capitalised to 'Assets under construction' during the period amount to $4.1 million (2010: $1.3 million), the borrowings relate 100% to the construction of this asset.

Non-current assets pledged as security

Refer to note 16 for information on Non-current assets pledged as security by the Group.

		CONSOLIDATED	
		2011 **$**	2010 $
13. EXPLORATION AND EVALUATION EXPENDITURE			
Mineral interest acquisition, exploration and evaluation			
Exploration		**27,899,443**	24,171,818
Evaluation		**4,346,092**	1,697,313
Carrying amount at the end of the year		**32,245,535**	25,869,131
Reconciliation:			
Balance at the beginning of the year		**25,869,131**	58,167,962
Expenditure incurred during the period		**8,630,036**	25,018,152
Costs written-off		**-**	(844,972)
Transferred to Property, Plant and Equipment		**-**	(53,355,156)
Translation difference movement		**(2,253,632)**	(3,116,855)
Carried forward		**32,245,535**	25,869,131

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

14. PAYABLES AND PROVISIONS

Current			
Trade creditors and accruals	(i)	**27,704,059**	23,053,160
Employee benefits		**932,648**	173,696
		28,636,707	23,226,856

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.

Risk exposure
Information about the Group's exposure to risk is provided in note 17.

Non-Current			
Provision for rehabilitation work		**4,461,842**	2,635,619
Balance at the beginning of the year		**2,635,619**	2,874,196
Arising during the year		**2,460,408**	-
Translation difference movement		**(634,185)**	(238,577)
Balance at the end of the year		**4,461,842**	2,635,619

The provision for rehabilitation work relates to the Central Ashanti Gold Project in Ghana and formed part of the liabilities of CAGL at the time of its acquisition by the consolidated entity. The obligation arises as a result of gold mining previously conducted on the project area by the former owner, AngloGold Ashanti Limited ("AGC"). The timing of settlement of this obligation cannot be established with any certainty. The Group plans to commence mining the project area and many of the old pits identified for rehabilitation work will be subject to new mining. The provision has been reviewed and increased in line with the additional development that has occurred since June 2010.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2011

	CONSOLIDATED 2011 $	2010 $
15. DERIVATIVE FINANCIAL INSTRUMENTS		
Current		
Cash flow hedge liability	**10,837,822**	-
Non-Current		
Cash flow hedge liability	**48,471,820**	-

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to future price and currency fluctuations in the primary commodity markets in which it operates. This is done in accordance with the Group's financial risk management policies.

Forward metal contracts – cash flow hedges:
The Group uses cash flow designated USD forward metal contracts to hedge movements in USD base metal prices on its anticipated sales of gold. At 30 June 2011 there were cash flow designated hedge contracts in place for 230,000 ounces of gold with settlements scheduled between March 2012 and December 2014. These hedge contracts were designated as effective cash flow hedges beginning 1 October 2010.

Some contracts were in place prior to 1 October 2010, and were previously treated as though they would be settled by physical delivery. However, the Group may settle by other means including by cash or by exchanging for other financial instruments. As some contracts were in place prior to 1 October 2010 when hedge accounting criteria were not met, and given the increase in gold price from the date of the contracts to 30 September 2010, they carried a negative value of US$22.4 million (AUD23.0 million at 1 October 2010), which has been recognised in the statement of comprehensive income.

From 1 October 2010 the portion of the gain or loss on these hedging instruments that are determined to be an effective hedge are recognised and retained directly in equity. The ineffective portion will be recognised in statement of comprehensive income.

Risk exposures and fair value measurements
Information about the Group's exposure to credit risk, price risk and liquidity risk related to the undiscounted cash flow exposure from derivative contracts is provided at note 17.

		2011 $	2010 $
16. BORROWINGS			
Current			
Interest-bearing loan facility	(i)	**20,760,593**	-
Non-Current			
Interest-bearing loan facility	(i)	**59,450,788**	-

(i) The Group drew down on its finance facility provided by Macquarie Bank Limited and Credit Suisse AG during the year. This is a secured loan facility with fixed repayments, with the balance repayable by September 2014. Interest is based on LIBOR plus a 3.75% margin pre completion, 3.25% margin post completion.

Secured liabilities and assets pledged as security
The debt and hedge facilities provided by Macquarie Bank Limited and Credit Suisse AG are secured by a guarantee and indemnity from the company covering all money due under the facilities as well as mortgages over certain of the company's assets including its shares in Kojina Resources Ltd ("Kojina") and receivables under intercompany loan arrangements with subsidiaries. In addition, the security package includes fixed and floating charges over all of the assets and undertakings of both Koijina and Central Ashanti Gold Limited including a first ranking mortgage over CAGP tenements.

Risk exposures and fair value measurements
Information about the Group's exposure to interest rate and foreign currency changes is provided in note 17.

17. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group therefore has an overall risk management program that focuses on the unpredictability of financial and precious metal commodity markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group uses different methods to measure different types of risk to which it is exposed including sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk. The Group then uses derivative financial instruments such as forward metal and forward metal option contracts to hedge certain risk exposures.

Financial risk management is carried out by the finance area of the Group, under policies approved by the board of directors with identification, evaluation and hedging of financial and commodity risks being undertaken in close co-operation with the Group's operating units. The board provides written principles for overall risk management as well as written policies covering specific areas such as use of derivative financial instruments and investment of excess liquidity.

The Group holds the following financial instruments:

	CONSOLIDATED	
	2011 $	2010 $
Financial assets		
Cash and cash equivalents	**96,462,044**	185,591,726
Receivables	**12,177,421**	7,965,927
Financial assets at fair value through profit and loss	**42,424**	7,657,558
Total financial assets	**108,681,889**	201,215,211
Financial liabilities		
Payables	**27,704,059**	23,053,160
Derivative financial instruments	**59,309,642**	-
Interest-bearing liabilities	**80,211,381**	-
Total financial liabilities	**167,225,082**	23,053,160

Market Risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The Group is also exposed to foreign exchange risk arising from the translation of its foreign operations, the Group's investments in its subsidiaries are not hedged as those currency positions are considered to be long term in nature.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	2011		2010	
	USD $	**CFA $**	USD $	CFA $
Financial Assets				
Cash and cash equivalents	**82,221,032**	**259,257**	122,086,870	332,781
Receivables	**10,136,384**	**1,672,009**	7,830,251	-
Financial assets at fair value through profit and loss	**196**	**-**	1,878,451	-
Total Assets	**92,357,612**	**1,931,266**	131,795,572	332,781
Financial Liabilities				
Payables	**25,986,744**	**1,099,392**	21,032,710	1,362,756
Derivative financial instruments	**59,309,642**	**-**	-	-
Interest-bearing liabilities	**80,211,381**	**-**	-	-
Total Liabilities	**165,507,767**	**1,099,392**	21,032,710	1,362,756

Notes to the Consolidated Financial Statements

For the year ended 30 June 2011

17. FINANCIAL RISK MANAGEMENT – continued

Market risk (continued)

Sensitivity

The following table summarises the sensitivity of financial instruments held at balance date to movement in the exchange rate of the AUD to the USD with all other variables held constant. The 10% sensitivity is based on management's estimate of reasonably possible changes over a financial year.

	CONSOLIDATED	
	2011 $	2010 $
Impact on profit or loss	**(470,392)**	5,331,088
Impact on equity	**(13,420,434)**	(8,566,080)

The impact on equity is mainly related to the translation of foreign denominated financial assets and liabilities at balance date. A 10% weakening of the AUD to the USD would have an equal but opposite effect on the above sensitivities.

The Group's exposure to other foreign exchange movements is not material.

(ii) Price risk

The Group is exposed to commodity price risk for its future gold production. These risks are measured using sensitivity analysis and cash flow forecasting and to manage exposures the Group enters into forward commodity price derivatives.

At the end of the reporting period the Group have 230,000 ounces of forward metal contracts in place over approximately 25% of anticipated monthly gold production through to December 2014. The Group also has 120,000 ounces of forward metal options over the anticipated monthly gold production through to December 2013. When necessary these contracts may be rolled over into new contracts at maturity, subject to counterparty credit approval.

Balance date exposures and further details of current commodity price derivative operation are provided at Note 15.

Sensitivity

The following table summarises the sensitivity of the fair value of instruments held at balance date to movements in the forward gold price, with all other variables held constant.

	Impact on profit or (loss)		Impact on equity	
Increase / decrease in gold prices	**2011 $**	2010 $	**2011 $**	2010 $
10% increase	**(28,343)**	-	**(32,574,853)**	-
10% decrease	**94,199**	-	**32,574,849**	-

(iii) Interest rate risk

The Group's main interest rate risk arises from long-term borrowing through its borrowing facility which is based on 3 month LIBOR. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 2011 the Group's borrowings at variable rate were denominated in US dollars. The Group has not entered into any hedge/interest rate swap instruments to manage interest rate risk exposure.

17. FINANCIAL RISK MANAGEMENT – continued

Market risk (continued)

At the end of the reporting period the Group's interest rate risk exposure and the weighted average interest rate for each class of financial assets and liabilities was:

30 June 2011	**Weighted average effective interest rate**	**Fixed interest rate $**	**Floating interest rate $**	**non-interest bearing $**	**Total $**
Financial Assets:					
Cash and cash equivalents	1.1%	13,570,461	82,258,841	632,742	96,462,044
Security deposit	0.6%	-	2,728,848	151,808	2,880,656
Net exposure to cash flow interest rate risk		13,570,461	84,987,689	784,550	99,342,700
Financial Liabilities:					
Interest-bearing liabilities	4.0%	-	80,211,381	-	80,211,381
Net exposure to cash flow interest rate risk		**-**	**80,211,381**	**-**	**80,211,381**

30 June 2010	Weighted average effective interest rate	Fixed interest rate $	Floating interest rate $	non-interest bearing $	Total $
Financial Assets:					
Cash at bank	1.9%	63,466,214	111,879,608	10,245,904	185,591,726
Security deposit	0.3%	2,355,751	5,147,892	301,084	7,804,727
Net exposure to cash flow interest rate risk		65,821,965	117,027,500	10,546,988	193,396,453
Financial Liabilities:					
Interest-bearing liabilities	0%	-	-	-	-
Net exposure to cash flow interest rate risk		-	-	-	-

Sensitivity

If interest rates were to move up by 1% with all other variables held constant then the pre tax impact on the Group's profit would be a movement of $183,468 (30 June 2010: $1,170,275), a 1 % decrease would be a movement of $461,127 (30 June 2010: ($1,170,275)).

Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted under a financial instrument resulting in a financial loss to the Group and arises from deposits with banks and financial institutions, favourable derivative financial instruments as well as credit exposures to customers including outstanding receivables and committed transactions. For banks and financial institutions, only independent parties with a minimum credit rating of 'A' are accepted.

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

Notes to the Consolidated Financial Statements
For the year ended 30 June 2011

17. FINANCIAL RISK MANAGEMENT – continued

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, that as far as possible, 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 cash reserves by continuously monitoring forecast and actual cash flows, matching maturity profiles of financial assets and financial liabilities, and by ensuring that surplus funds are generally only invested in instruments that are tradable in highly liquid markets or that can be relinquished with minimal risk of loss.

Financing arrangements
The Group did not have any established undrawn borrowing facilities at the reporting date (30 June 2010: nil). In June 2011 the Group drew down in full on the borrowing facility provided for development of the Central Ashanti Gold Project.

Maturities of financial liabilities
The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Consolidated	**Less than 6 months $**	**6 months – 1 year $**	**1 – 2 years $**	**2 – 5 years $**	**Greater than 5 years $**	**Total Contractual cash flows $**
30 June 2011						
Non-derivatives						
Interest-bearing liabilities	1,602,824	22,255,597	35,841,022	26,112,780	-	85,812,223
Trade payables	27,704,059	-	-	-	-	27,704,059
	29,306,883	**22,255,597**	**35,841,022**	**26,112,780**	**-**	**113,516,282**
Derivatives						
Cash flow hedge liability	-	10,837,822	23,536,683	24,935,137	-	59,309,642
	-	**10,837,822**	**23,536,683**	**24,935,137**	**-**	**59,309,642**
30 June 2010						
Non-derivatives						
Payables	23,053,160	-	-	-	-	23,053,160
	23,053,160	-	-	-	-	23,053,160
Derivatives						
Cash flow hedge liability	-	-	-	-	-	-
	-	-	-	-	-	-

Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

17. FINANCIAL RISK MANAGEMENT – continued

Fair value measurements (continued)

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2011 and 30 June 2010.

30 June 2011	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Financial assets at fair value through profit and loss	-	42,424	-	42,424
	-	**42,424**	**-**	**42,424**
Liabilities				
Derivative financial instruments used for hedging	-	59,309,642	-	59,309,642
	-	**59,309,642**	**-**	**59,309,642**

30 June 2010	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets at fair value through profit and loss	-	7,657,558	-	7,657,558
	-	7,657,558	-	7,657,558

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows;
- the fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period; and
- other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The net fair value of cash and cash equivalents and non-interest bearing financial assets and liabilities of the Group approximate their carrying values. The carrying values (less impairment provision if provided) of trade receivables and payable are assumed to approximate their fair values due to their short-term nature. The carrying amount of financial liabilities approximates their fair values for which, for disclosure purposes, are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2011

17. FINANCIAL RISK MANAGEMENT – continued

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 twenty four 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.

18. ISSUED CAPITAL AND RESERVES

	CONSOLIDATED	
	2011	2010
	$	$
(a) Issued and paid-up share capital		
425,617,088 (2010: 418,032,088) ordinary shares, fully paid	**355,759,201**	346,615,812

	CONSOLIDATED			
	2011		2010	
	$	**Number**	$	Number
Balance at the beginning of the year	**346,615,812**	**418,032,088**	152,220,729	298,457,088
Shares issued pursuant to exercise of options	**9,230,250**	**7,585,000**	3,990,000	5,975,000
Shares issued to Vendor on 13 August 2009 as part consideration for purchase of the Company's interest in the Central Ashanti Gold Project.	**-**	**-**	1,850,000	2,000,000
Share placements at issue price of $1.50 on 4 November 2009	**-**	**-**	23,400,000	15,600,000
Shares issued following exercise of Subscription Receipts	**-**	**-**	36,402,770	23,400,000
Share placements at issue price of $1.94 on 4 May 2010	**-**	**-**	97,998,877	50,600,000
Share placements at issue price of $1.94 on 31 May 2010	**-**	**-**	3,728,000	1,921,663
Share placements at issue price of $1.94 on 3 June 2010	**-**	**-**	29,100,000	15,000,000
Shares issued pursuant to Share Purchase Plan at issue price of $1.94 on 11 June 2010	**-**	**-**	9,851,974	5,078,337
Transaction costs arising from issue of securities for cash	**(86,861)**	**-**	(11,926,538)	-
Balance at the end of the year	**355,759,201**	**425,617,088**	346,615,812	418,032,088

18. ISSUED CAPITAL AND RESERVES - continued

(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 2010 *Number*	Options Issued *Number*	Options Exercised/ Cancelled/ Expired *Number*	Closing Balance 30 June 2011 *Number*
On or before 31 July 2010		$1.50	3,200,000	-	(3,200,000)	-
On or before 31 December 2010		$1.00	1,000,000	-	(1,000,000)	-
On or before 30 June 2011		$1.00	600,000	-	(600,000)	-
On or before 13 August 2011		$0.60	1,800,000	-	(1,800,000)	-
On or before 14 January 2012		$2.13	1,800,000	-	(750,000)	1,050,000
On or before 23 January 2012		$0.65	1,270,000	-	(235,000)	1,035,000
On or before 31 March 2012		$1.80	400,000	-	-	400,000
On or before 31 March 2012		$1.30	600,000	-	-	600,000
On or before 16 June 2013		$2.13	1,330,000	-	-	1,330,000
On or before 29 July 2012	(i)	$2.45	-	400,000	-	400,000
On or before 6 October 2013	(i)	$3.00	-	450,000	-	450,000
On or before 14 October 2012	(i)	$3.00	-	160,000	-	160,000
On or before 14 October 2012	(i)	$3.45	-	280,000	-	280,000
On or before 3 November 2013	(i)	$3.20	-	340,000	-	340,000
On or before 15 June 2014	(i)	$3.00	-	2,390,000	-	2,390,000
			12,000,000	4,020,000	(7,585,000)	8,435,000

Notes:

(i) 4,020,000 options were issued under the terms of the Perseus Mining Limited Employee Option Plan. For further details refer to note 29.

(c) Ordinary shares

Ordinary shares entitle the holder to participate in 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.

(d) Nature and purpose of reserves

Share Based Payments Reserve

The share based payments reserve is used to record the fair value of options issued but not 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.

non-controlling Interest's Reserve

The non-controlling interest's reserve records the difference between the fair value of the amount by which the non-controlling interests were adjusted to record their initial relative interest and the consideration paid.

Hedge Reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2011

19. ACCUMULATED LOSSES

Accumulated losses
Movements in accumulated losses were as follows:

	CONSOLIDATED	
	2011 $	2010 $
Balance at beginning of financial year	**(22,011,786)**	(12,336,084)
Loss attributable to the owners of the Parent	**(48,245,661)**	(9,675,702)
Balance at end of financial year	**(70,257,447)**	(22,011,786)

20. KEY MANAGEMENT PERSONNEL DISCLOSURES

Key management personnel
The following directors were key management personnel of the Group during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors
Mr Reginald Gillard
Mr Neil Fearis
Mr Sean Harvey
Mr Michael Bohm

Executive directors
Mr Mark Calderwood
Mr Colin Carson
Mr Rhett Brans

Other key management personnel
Other key management personnel of the Group as at the date of this financial report, other than the directors listed above were:

Mr Susmit Shah	Company Secretary
Mr Jeffrey Quartermaine	Chief Financial Officer
Mr Kevin Thomson	Exploration Manager
Mr Grant Pierce	General Manager Operations – CAGP

Key management personnel compensation
The key management personnel compensation included in 'Employee benefits expense' and 'Share based payments' is as follows:

	CONSOLIDATED	
	2011 $	2010 $
Short-term employee benefits	**3,107,639**	1,675,273
Post-employment benefits	**137,588**	67,704
Share-based payments	**616,491**	2,136,704
	3,861,718	3,879,681

Details of remuneration disclosures are provided in the remuneration report on pages 20 to 30.

20. KEY MANAGEMENT PERSONNEL DISCLOSURES - continued

Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report on pages 20 to 30.

(ii) 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.

	Balance at 30 June 2010	Received as Remuneration	Options Exercised	Other Movements	Balance at 30 June 2011	Vested and exercisable at year end
Directors						
Reginald Gillard	-	-	-	-	**-**	**-**
Mark Calderwood	1,200,000	-	(1,200,000)	-	**-**	**-**
Colin Carson	1,200,000	-	(540,000)	(660,000)	**-**	**-**
Rhett Brans	1,000,000	-	(1,000,000)	-	**-**	**-**
Neil Fearis	400,000	-	(400,000)	-	**-**	**-**
Sean Harvey	600,000	-	-	-	**600,000**	**600,000**
Michael Bohm	400,000	-	-	-	**400,000**	**400,000**
Other key management personnel						
Susmit Shah	350,000	150,000	-	-	**500,000**	**350,000**
Jeffrey Quartermaine	-	650,000	-	-	**650,000**	**400,000**
Grant Pierce	750,000	-	-	-	**750,000**	**750,000**
Kevin Thomson	900,000	200,000	-	-	**1,100,000**	**900,000**

	Balance at 30 June 2009	Received as Remuneration	Options Exercised	Other Movements	Balance at 30 June 2010	Vested and exercisable at year end
Directors						
Reginald Gillard	600,000	-	(600,000)	-	-	-
Mark Calderwood	1,200,000	-	-	-	1,200,000	1,200,000
Colin Carson	1,200,000	-	-	-	1,200,000	1,200,000
Rhett Brans	1,000,000	-	-	-	1,000,000	1,000,000
Neil Fearis	400,000	-	-	-	400,000	400,000
Sean Harvey	-	600,000	-	-	600,000	-
Michael Bohm	-	400,000	-	-	400,000	400,000
Other key management personnel						
Susmit Shah	350,000	-	-	-	350,000	350,000
Jeffrey Quartermaine	-	-	-	-	-	-
Grant Pierce	-	750,000	-	-	750,000	750,000
Kevin Thomson	1,125,000	300,000	(525,000)	-	900,000	600,000
Alexander Scott	300,000	-	(300,000)	-	-	-

Notes to the Consolidated Financial Statements
For the year ended 30 June 2011

20. KEY MANAGEMENT PERSONNEL DISCLOSURES - continued

(iii) Share holdings
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:

	Balance at 30 June 2010	Received as Remuneration	Options Exercised	Other Movements	Balance at 30 June 2011
Directors					
Reginald Gillard	1,372,232	-	-	(400,000)	**972,232**
Mark Calderwood	3,700,000	-	1,200,000	(300,000)	**4,600,000**
Colin Carson	673,200	-	540,000	(710,000)	**503,200**
Rhett Brans	475,000	-	1,000,000	(25,000)	**1,450,000**
Neil Fearis	337,732	-	400,000	(260,000)	**477,732**
Sean Harvey	100,000	-	-	-	**100,000**
Michael Bohm	20,000	-	-	-	**20,000**
Other key management personnel					
Susmit Shah	269,500	-	-	-	**269,500**
Jeffrey Quartermaine	-	-	-	-	**-**
Grant Pierce	-	-	-	-	**-**
Kevin Thomson	315,000	-	-	-	**315,000**

	Balance at 30 June 2009	Received as Remuneration	Options Exercised	Other Movements	Balance at 30 June 2010
Directors					
Reginald Gillard	748,000	-	600,000	7,732	1,355,732
Mark Calderwood	4,000,000	-	-	(300,000)	3,700,000
Colin Carson	673,200	-	-	-	673,200
Rhett Brans	475,000	-	-	-	475,000
Neil Fearis	330,000	-	-	7,732	337,732
Sean Harvey	-	-	-	100,000	100,000
Michael Bohm	-	-	-	20,000	20,000
Other key management personnel					
Susmit Shah	269,500	-	-	-	269,500
Jeffrey Quartermaine	-	-	-	-	-
Grant Pierce	-	-	-	-	-
Kevin Thomson	-	-	525,000	(210,000)	315,000
Alexander Scott	-	-	300,000	(300,000)	-

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

20. KEY MANAGEMENT PERSONNEL DISCLOSURES - continued

Other transactions with key management personnel

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.

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	
	2011 $	2010 $
(a) Rent, accounting, Company 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.	**298,710**	427,266
(b) 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.	**5,095**	8,969
Balances due to directors and director-related entities at year end - included in trade creditors and accruals	**138,581**	66,524

21. REMUNERATION OF AUDITORS

Amounts received or due and receivable by HLB Mann Judd for:		
An audit or review of the financial report of the entity and any other entity in the Group	**125,000**	46,200
non-statutory audit services in relation to the entity and any other entity in the Group	**-**	48,500
	125,000	94,700
Amounts received or due and receivable by non HLB Mann Judd audit firms:		
An audit or review of the financial report of subsidiaries	**102,120**	156,198

22. CONTINGENCIES

The Group has entered into three lump sum contracts for the design, supply, construction and services related to the development of the Central Ashanti Gold Project. Notwithstanding the fixed price nature of the contracts, during and after the term of the contracts, claims may be made by the contractors for additional costs associated with changes in scope of work, valid extensions of time or similar.

There were no known contingent liabilities which were not provided for in the financial statements of the Group as at 30 June 2011.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2011

23. COMMITMENTS

(a) Exploration expenditure commitments

With respect to the Group's mineral property interests in Ghana and Côte d'Ivoire, 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 programs, and the costs and results from those programs.

	CONSOLIDATED	
	2011 **$**	2010 $
Within one year	**1,050,000**	1,050,000
One year or later and not later than five years	**5,400,000**	5,360,000
Later than five years	**1,550,000**	1,510,000
	8,000,000	7,920,000

(b) Capital commitments

In March 2007, the company's subsidiary, Kojina Resources Limited ("Kojina"), exercised an option to purchase all of the issued capital of Central Ashanti Gold Ltd ("CAGL") (formerly Stratsys Investments Ltd), a Ghanaian company which is the holder of the Central Ashanti Gold Project. In addition to the consideration paid, Kojina is liable to pay a royalty of 0.25% of gold refined from the tenement areas from commercial mining operations to Strategic Systems Pty Ltd who has subsequently assigned this entitlement to Waratah Investments Limited. CAGL itself had acquired the Central Ashanti Gold Project from the former owner, AngloGold Ashanti Limited (AGC). All consideration payable under the contract to purchase the Central Ashanti Gold Project, has been paid other than a royalty on gold produced from the leases 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 Central Ashanti Mining Licences when CAGL entered in the contract with AGC, or a royalty at half of those rates on new resources identified by CAGL on those licences. By deed of assignment dated 30 June 2011 AGC assigned all of its interest in this royalty to Franco-Nevada Corporation.

The Group has also assumed responsibility for all rehabilitation of Central Ashanti Gold Project Mining leases, which are currently estimated to cost approximately US$4.7 million and a provision has been recorded for this at balance date (refer to note 14).

As at 30 June 2011, the Group had outstanding orders totalling US$8.1 million for goods and services required for the construction of the Central Ashanti Gold Project.

24. RELATED PARTY TRANSACTIONS

(a) Identity of Related Parties

The consolidated entity has a related party relationship with its subsidiaries (see note 25), associates (see note 11) and with its key management personnel (see notes 20 and 29).

(b) Transactions with Other Related Parties

The Company had no transactions with any other related party during the period ended 30 June 2011.

25. SUBSIDIARIES

Name of Subsidiary	Notes	Place of Incorporation	Consolidated Entity Interest 2011 (%)	Consolidated Entity Interest 2010 (%)
Parent Entity				
Perseus Mining Limited	(a)	Australia		
Subsidiaries				
Occidental Gold Pty Ltd (i)	(a)	Australia	**100**	100
Centash Holdings Pty Limited	(a)	Australia	**100**	100
Sun Gold Resources Ltd	(b)	Ghana	**100**	100
Kojina Resources Ltd (ii)	(b)	Ghana	**100**	100
(i) Subsidiaries of Occidental Gold Pty Ltd				
Occidental Gold Sarl	(c)	Côte d'Ivoire	**100**	100
(ii) Subsidiaries of Kojina Resources Ltd				
Central Ashanti Gold Limited	(b)	Ghana	**90**	90

Notes:

(a) Audited by HLB Mann Judd.
(b) Audited by Ernst & Young Ghana
(c) Audited by Ernst & Young Côte d'Ivoire
(d) Central Ashanti Gold Limited has issued shares to the Ghanaian government during the prior period as required under the terms of the mining lease which has resulted in a 10% non-controlling interest.

26. EVENTS OCCURING AFTER THE END OF THE REPORTING PERIOD

Since the end of the financial year and to the date of this report no matter or circumstance has arisen that 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:

(a) First gold was poured at the CAGP on 21 August 2011, in line with expectations.
(b) Practical Completion of the construction of the CAGP processing facility was achieved on 20 July 2011 and full scale commissioning of the facility commenced with commercial production expected to be achieved in the fourth quarter of 2011.
(c) Effective 1 August 2011 Central Ashanti Gold Limited's name was changed by Special Resolution to Perseus Mining (Ghana) Limited.
(d) On 19 August 2011 CAGL took over responsibility for plant commissioning, relieving the lump sum turn-key ("LSTK") contractor of its obligations to complete performance testing. The LSTK contractor will remain liable for all contractual obligations other than the obligation to complete performance testing under the contract.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2011

27. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASHFLOW FROM OPERATING ACTIVITIES

	CONSOLIDATED	
	2011 **$**	2010 $
(a) Reconciliation of the loss from ordinary activities to net cash used in operating activities		
(Loss)/profit from ordinary activities after income tax	**(51,176,313)**	(9,781,000)
Add back non-cash items:		
Depreciation	**249,967**	294,601
Provision for non-recovery of investments in associates	**-**	(212,435)
Employee benefits provision	**-**	109,414
Foreign currency loss/(gain)	**10,380,480**	(3,822,487)
Employee options	**5,484,684**	3,594,491
Impairment reversal of investment in associate	**(3,118,384)**	-
Loss on disposal of investment	**932,840**	-
Share of associates' net loss	**867,504**	326,647
Exploration costs written-off	**-**	844,972
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	**15,766**	490,354
(Increase) in other assets and inventories	**(518,877)**	(684,583)
(Increase)/decrease in financial assets at fair value through profit and loss	**7,615,133**	5,041,788
Increase/(decrease) in payables	**92,992**	742,137
Increase/(decrease) in provision	**758,952**	-
Increase/(decrease) in hedge liabilities	**22,588,975**	-
Net cash used in operating activities	**(5,826,281)**	(3,056,101)

(b) Non-Cash Financing and Investing Activities
During the year, the Company issued options to employees, consultants and directors for nil consideration.

28. EARNINGS PER SHARE

Loss attributable to ordinary shareholders ($)	**(51,176,314)**	(9,781,000)
Weighted average number of ordinary shares (number of shares)	**422,516,636**	332,557,987
Basic loss per share (cents)	**(12.11)**	(2.94)

The Group'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.

29. SHARE-BASED PAYMENTS

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. The Plan does not allow for the issue of options to directors of the Company.

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 expense recognised in the statement of comprehensive income in relation to share-based payments.

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

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at the end of the year Number	Vested and exercisable at end of the year Number
2011								
23/01/2009	23/01/2012	$0.65	1,270,000	-	(235,000)	-	1,035,000	1,035,000
15/01/2010	14/01/2012	$2.13	1,800,000	-	(750,000)	-	1,050,000	1,050,000
17/06/2010	16/06/2013	$2.13	1,330,000	-	-	-	1,330,000	1,330,000
30/07/2010	29/07/2012	$2.45	-	400,000	-	-	400,000	400,000
15/10/2010	14/10/2012	$3.00	-	160,000	-	-	160,000	160,000
15/10/2010	14/10/2012	$3.45	-	280,000	-	-	280,000	280,000
07/10/2010	06/10/2013	$3.00	-	450,000	-	-	450,000	450,000
04/11/2010	03/11/2013	$3.20	-	340,000	-	-	340,000	-
15/06/2012	15/06/2014	$3.00	-	2,390,000	-	-	2,390,000	-
Total			4,400,000	4,020,000	(985,000)	-	7,435,000	4,705,000
Weighted average exercise price			$1.70	$2.99	$1.78	-	$2.39	$2.02

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at the end of the year Number	Vested and exercisable at end of the year Number
2010								
15/03/2007	01/04/2010	$0.50	525,000	-	(525,000)	-	-	-
23/01/2009	23/01/2012	$0.65	2,520,000	-	(1,250,000)	-	1,270,000	1,270,000
27/09/2009	29/09/2012	$1.30	-	150,000	(150,000)	-	-	-
15/01/2010	14/01/2012	$2.13	-	1,800,000	-	-	1,800,000	1,800,000
17/06/2010	16/06/2013	$2.13	-	1,330,000	-	-	1,330,000	-
Total			3,045,000	3,280,000	(1,925,000)	-	4,400,000	3,070,000
Weighted average exercise price			$0.62	$2.09	$0.66	-	$1.70	$1.52

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.84 years (2010: 1.98 years).

Notes to the Consolidated Financial Statements
For the year ended 30 June 2011

29. SHARE-BASED PAYMENTS – continued

Other share-based payments, not under any plans, are as follows (with additional information provided in note 18 above):

	2011 Number	**2011 $**	2010 Number	2010 $
Options to directors as part of their remuneration arrangements	-	-	1,000,000	1,195,750

The weighted average fair value of options granted during the year was $1.99 (2010: $1.50).

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 on or around the date of grant.

The following table lists the inputs to the model used for the years ended 30 June 2011 and 30 June 2010 respectively:

	2011	**2010**
Volatility (%) - range	129% - 137%	118% - 139%
Risk-free interest rate (%) - range	4.6% - 5.1%	3% - 5.3%
Expected life of option (years)	2- 3 years	2- 3 years
Exercise price (cents)	$2.45 - $3.45	$0.60 - $2.13
Weighted average share price at grant date (cents)	$2.60	$1.54

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.

30. PARENT ENTITY DISCLOSURES

	PARENT	
	2011	2010
	$	$
Statement of financial position		
Assets		
Current assets	**16,932,332**	114,491,348
Non-current assets	**277,362,638**	227,004,969
Total assets	**294,294,970**	341,496,317
Liabilities		
Current liabilities	**1,016,394**	782,818
Non-current liabilities	**-**	-
Total liabilities	**1,016,394**	782,818
Equity		
Issued capital	**355,759,201**	346,615,812
Retained earnings	**(78,506,694)**	(16,509,236)
Reserves	**-**	-
Share-based payments	**16,026,069**	10,606,923
Total equity	**293,278,576**	340,713,499
Loss for the year	**(61,997,459)**	(6,139,594)
Other comprehensive income	**-**	-
Total comprehensive income	**(61,997,459)**	(6,139,594)

Contingent liabilities of the parent entity:
There were no contingent liabilities of the parent entity at 30 June 2011.

Commitments for the acquisition of property, plant and equipment by the parent entity:

Plant and equipment		
Not longer than 1 year	**-**	-
Longer than 1 year and not longer than 5 years	**-**	-
Longer than 5 years	**-**	-

Guarantees entered into by the parent entity
See note 16 for details of guarantees the parent entity has given.

Directors' Declaration

30 June 2011

1. In the opinion of the directors of Perseus Mining Limited (the 'Company'):
   a. the accompanying financial statements, and notes are in accordance with the Corporations Act 2001 including:
      i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year then ended; and
      ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards as disclosed in note 1.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2011.

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

M A Calderwood
Managing Director

Dated at Perth, 30 August 2011

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Perseus Mining Limited

Report on the Financial Report

We have audited the accompanying financial report of Perseus Mining Limited ("the company"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements* that the consolidated financial report 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. Those 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 control relevant to the company'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 company's internal control. 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
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

HLB Mann Judd

Accountants | Business and Financial Advisers

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Perseus Mining Limited for the financial year ended 30 June 2011 included on Perseus Mining Limited's website. The company's directors are responsible for the integrity of the Perseus Mining Limited website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial report and remuneration report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial 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 consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards 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 in the directors' report for the year ended 30 June 2011. 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 2011 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

Perth, Western Australia
30 August 2011

M R W OHM
Partner

Mineral Concession Interests

At 30 September 2011

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					
Edikan Gold Mine (EGM) Leases - Ayanfuri mining lease - Nanakaw mining lease - Dadieso Prospecting Licence	Perseus Mining (Ghana) Ltd ('PMGL")	1110/1994	90%	90%	2,3
Nsuaem Prospecting Licence	Perseus Mining (Ghana) Ltd	RL3/26	90%	90%	2
Dunkwa Prospecting Licence	Perseus Mining (Ghana) Ltd	PL3/27	90%	90%	2
Grumesa-Awisam Prospecting Licence	Sun Gold Resources Limited	PL2/30	90%	90%	4
Kwatechi Prospecting Licence	Tropical Exploration and Mining Company Limited	PL3/64	16%	76%	5
Nkotumso Prospecting Licence	W.D. Mining Limited	PL 3/29 LVB 19127/06	0%	90%	6
Location – Ivory Coast					
Tengrela East Research Permit	Occidental Gold s.a.r.l	145	85%	85%	4,7,8
Tengrela South Research Permit	Societe Miniere de Côte d'Ivoire	146	85%	85%	4,7
Mahalé Research Permit	Occidental Gold s.a.r.l	RL 07	90%	90%	9
M'Bengué Research Permit	Occidental Gold s.a.r.l	RL 06	90%	90%	9
Napié Research Permit	Occidental Gold s.a.r.l		90%	90%	10

Mineral Concession Interests

At 30 September 2011

Mineral Concession Interests - continued

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.

   Production royalties are payable to the Governments of Ghana (5%) and Ivory Coast (3%).

2. A royalty of 0.25% of gold produced from the Edikan Gold Mine ("EGM") Licences and the Nsuaem and Dunkwa Licences is payable to the former shareholders of PMGL.

3. Under the original contract to purchase the EGM Licences, PMGL is required to pay AngloGold Ashanti Ltd ("AGC") a royalty on gold production of: 1% if the gold price is below US$350/oz; 1.25% if the gold price is over US$350 and below US$500/oz; and 1.5% if the gold price exceeds US$500/oz, on new resources identified on the CAGP Licences after entering into the purchase contract with AGC or a royalty at double those rates on resources pre-existing on the EGM Licences when PMGL entered in the contract with AGC.

4. A royalty of 0.5% of the value of minerals recovered from the licence is payable to the vendors of the exploration licence.

5. The Company has the right to earn a 76% interest in the property by funding the development of the project to profitable production. Joint venture partners, 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.

6. The Company has an option exercisable on or before 26 July 2016 to purchase the Nkotumso prospecting licence for US$10 plus US$3 per ounce royalty of gold produced.

7. The joint venture partner is free carried to production with 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. Applications to convert the Autorisation de Reconnaissance (reconnaissance licenses) into Permis de Recherche (prospecting licenses) have been approved and Presidential decree is awaited prior to formal grant.

10. Application for a Permis de Recherche (prospecting license) has been approved and Presidential decree is awaited prior to formal grant.

Mineral permits and licences in which Perseus has an interest are subject to renewal from time to time in accordance with the relevant legislation of the governing jurisdiction and Perseus's compliance therewith.

Additional Shareholder Information

The shareholder information set out below was applicable as at 30 September 2011.

SUBSTANTIAL SHAREHOLDERS

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

Name of Holder	Number of Ordinary Shares
Dundee Corporation	56,886,500
Van Eck Associates Corporation	28,420,809

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

Size of Holding	Number of Holders
1 to 1,000	1,205
1,001 to 5,000	1,532
5,001 to 10,000	630
10,001 to 100,000	792
100,001 and over	107
	4,266

The number of shareholdings comprising less than a marketable parcel was 332.

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	Number of Shares	% Held
CDS & Co	148,349,274	34.765
HSBC Custody Nominees (Australia) Limited	73,220,838	17.159
National Nominees Limited	54,166,009	12.694
JP Morgan Nominees Australia Limited	43,613,351	10.221
Citicorp Nominees Pty Limited	24,355,267	5.708
Mark Andrew Calderwood	3,075,000	0.721
Cogent Nominees Pty Limited	2,619,701	0.614
UBS Wealth Management Australia Nominees Pty Ltd	2,176,461	0.510
Bond Street Custodians Limited	2,097,802	0.492
UBS Nominees Pty Ltd	2,000,000	0.469
Merrill Lynch (Australia) Nominees Pty Limited	1,881,395	0.441
UBS Nominees Pty Ltd (PB Seg A/C)	1,870,000	0.438
AMP Life Limited	1,723,137	0.404
Queensland Investment Corporation	1,502,241	0.352
Mandel Pty Ltd	1,500,000	0.352
Franway Pty Ltd	1,500,000	0.352
Mark Andrew Calderwood	1,405,000	0.329
UBS Nominees Pty Ltd	1,356,371	0.318
Caspian Oil & Gas Limited	932,120	0.218
Reginald Norman Gillard	600,000	0.141
	369,943,967	86.698

Additional Shareholder Information

UNQUOTED OPTIONS

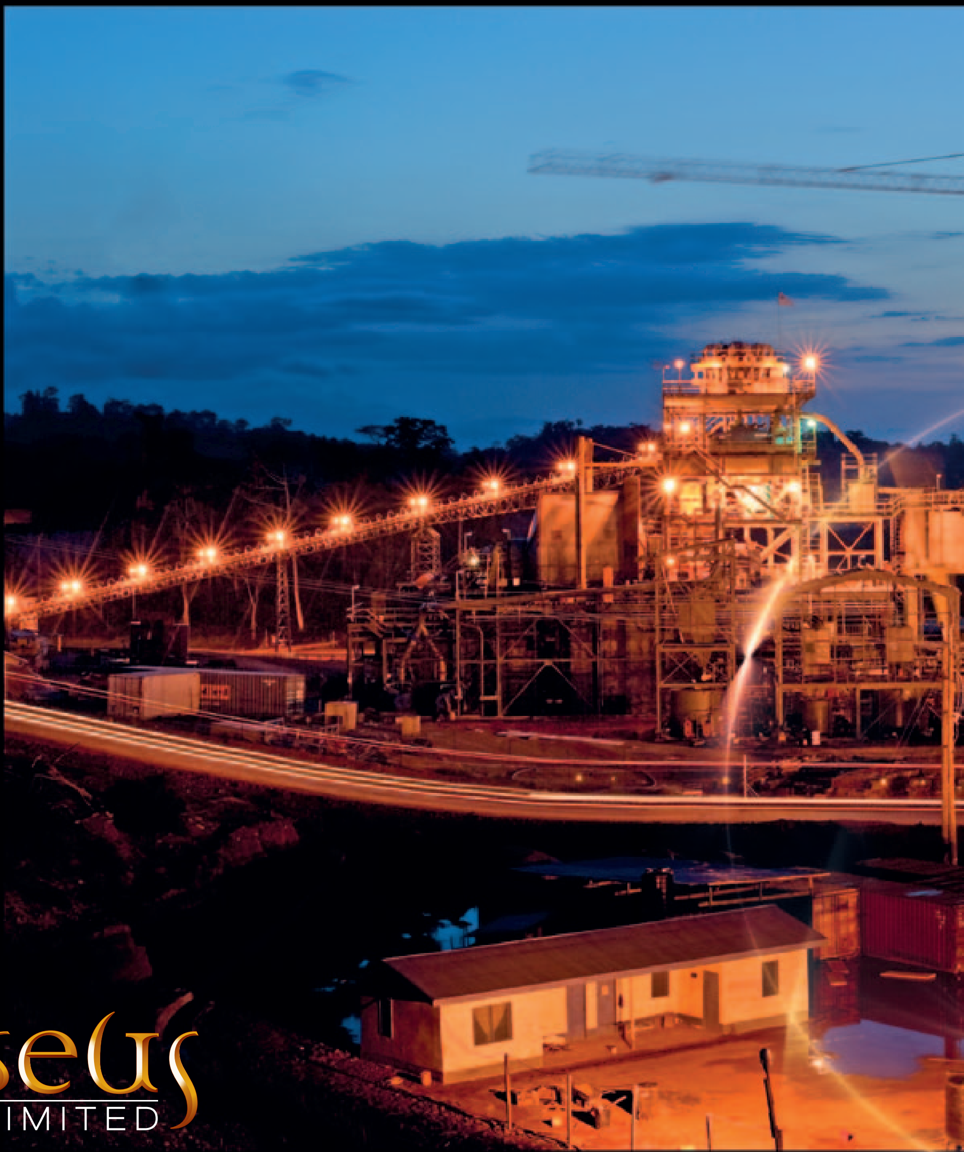
Unquoted options on issue at 30 September 2011 were as follows:

Refer Note	Number of Options	Exercise Price	Exercise Periods/ Expiry Dates	Number of Holders
1	50,000	$2.13	On or before 14 January 2012	1
1	1,035,000	$0.65	On or before 23 January 2012	5
2	600,000	$1.30	On or before 31 March 2012	1
3	400,000	$1.80	On or before 31 March 2012	1
1	400,000	$2.45	On or before 29 July 2012	1
1	160,000	$3.00	On or before 14 October 2012	1
1	280,000	$3.45	On or before 14 October 2012	2
1	1,230,000	$2.13	On or before 16 June 2013	11
1	450,000	$3.00	On or before 6 October 2013	2
1	270,000	$3.20	On or before 3 November 2013	4
1	2,390,000	$3.00	On or before 15 June 2014	29

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

Note	Name	Number of Options Held
2	T S Harvey	600,000
3	M A Bohm	400,000

Note 1 – These options have been issued under the terms of the Company's Employee Option Plan.



Perseus Mining Limited

www.perseusmining.com

ABN 27 106 808 986