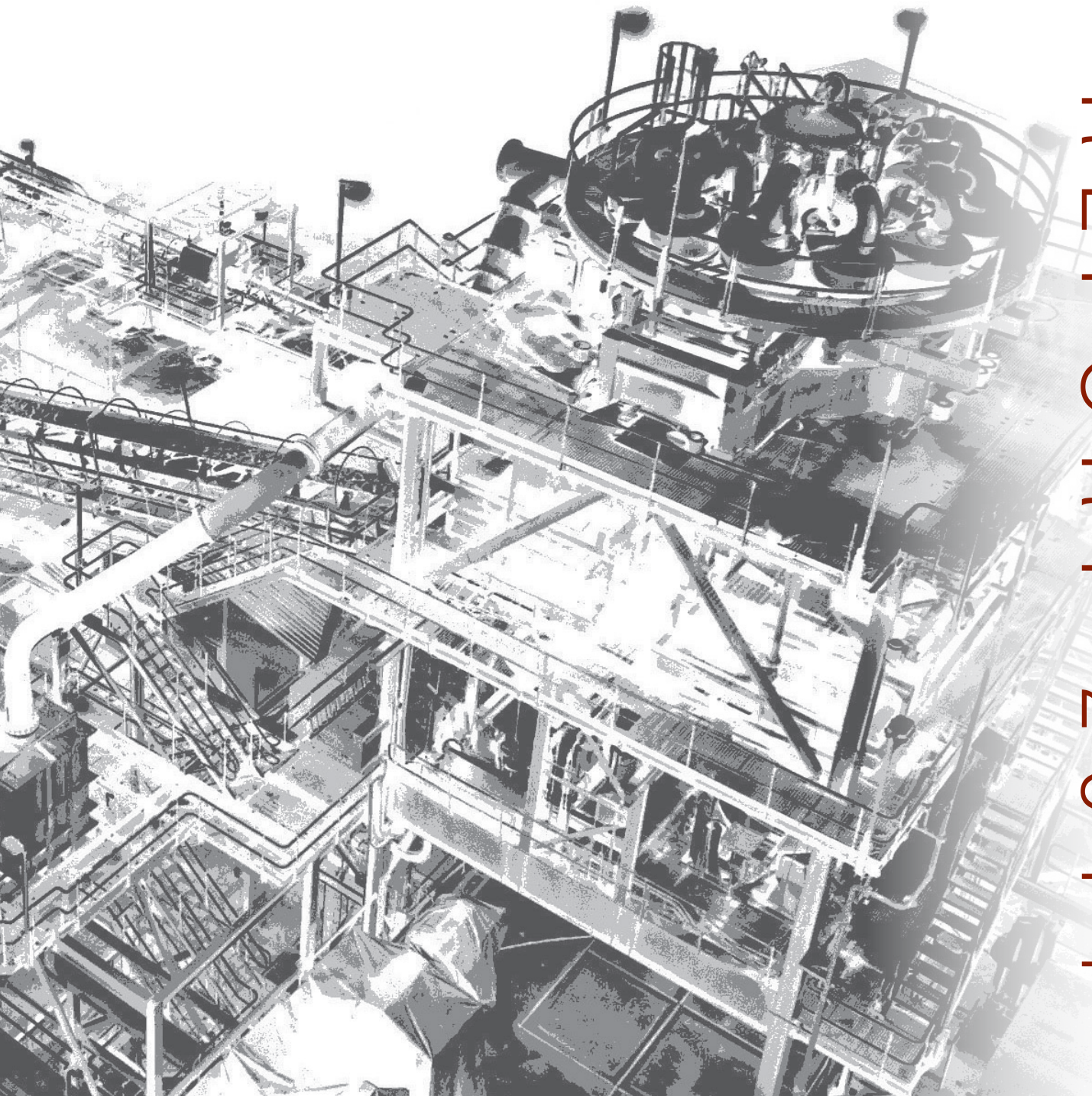




Perseus
MINING LIMITED

ANNUAL REPORT 2014



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Company profile

Perseus Mining Limited ("Perseus") is a West African focused gold explorer, developer and producer listed on both the Australian Securities Exchange and the Toronto Stock Exchange. Perseus currently produces approximately 200,000 ounces per annum from its Edikan Gold Mine in Ghana, with projected growth in gold production and cash flows in the coming years.

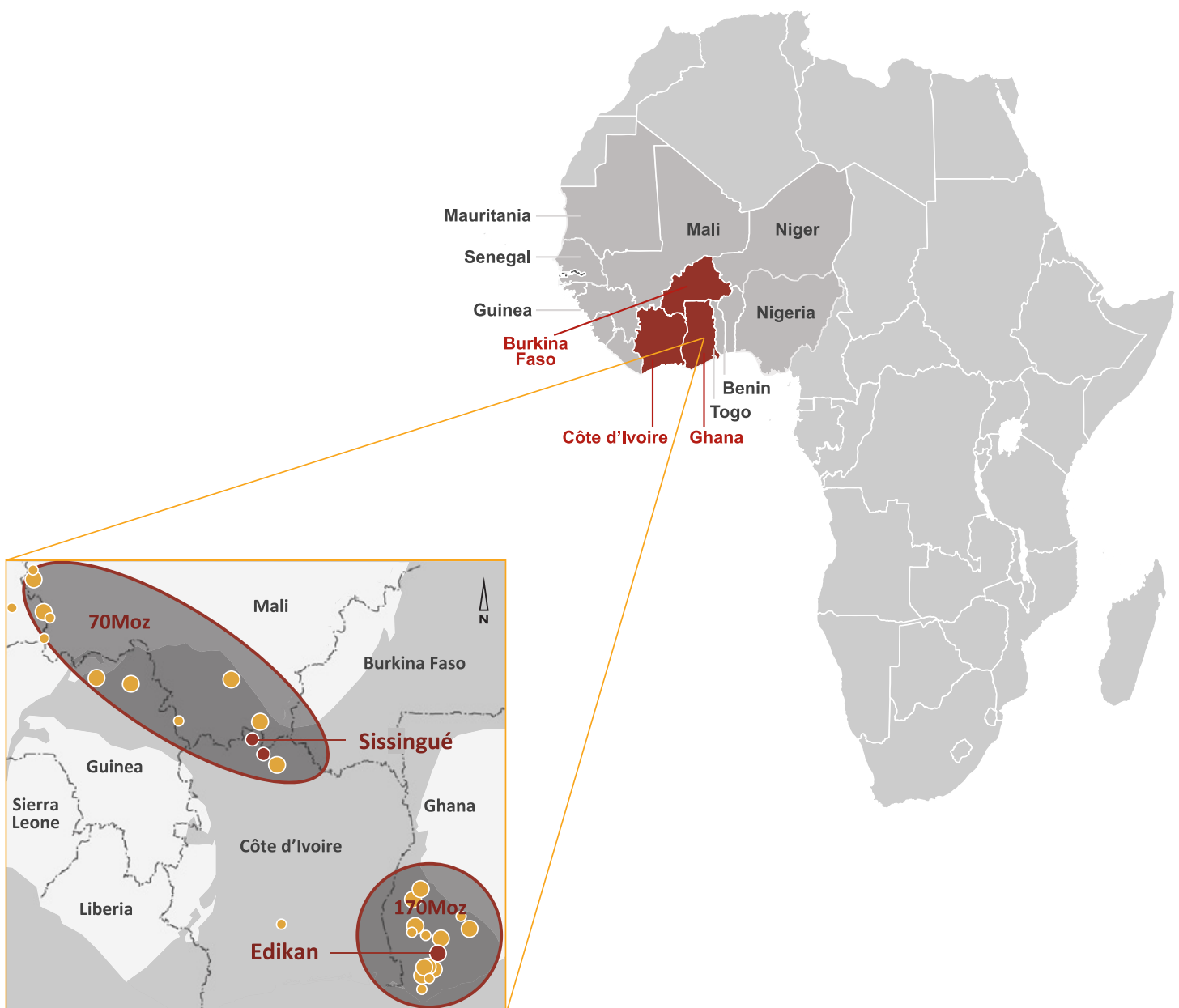
Perseus's other principal asset, the Sissingué Gold Project located in Côte d'Ivoire, is currently undergoing a review of processing options with

the aim of reducing capital costs and increasing gold recoveries. In the coming months the project Feasibility Study will be revised to reflect the new processing flow sheet as well as revised assumptions related to the mining and service functions.

Perseus has a debt free balance sheet which includes cash and bullion of approximately \$49 million, and 125,000 ounces of forward gold sales contracts at a weighted average price of US\$1,468 per ounce, worth \$19 million at 30 June 2014.

The experienced and capable board and management team are highly motivated to deliver improved shareholder returns.

For more details, visit:
www.perseusmining.com



Chairman's address



Dear fellow shareholder,

It is my pleasure to present Perseus Mining Limited's Annual Report for the year ended 30 June, 2014.

The past 12 months has been a challenging year for Perseus as we dealt with a soft gold price and the imperative to reduce costs across the board. Despite the difficulties, we are in our best position since we started production at our Edikan Gold Mine, Ghana, in 2011.

Our balance sheet is strong, with cash and bullion on hand of A\$48.7 million and we are free of debt. Edikan is performing well and our Sissingué Gold Project in Côte d'Ivoire has the potential to become our second operating gold mine. We also have a hedge position of 125,000 ounces of gold at US\$1,468 per ounce, including 70,000 ounces at US \$1600 per ounce, valued at US\$19.0 million.

In the short term, we are working very intensely on optimising the operating performance at Edikan, which will result in our cash costs reducing and financial margins increasing. Our exploration programs in the upcoming year will target higher grade mineralisation close to Edikan to become feed for the plant. Our recent high-grade results at the Bokitsi deposit gave us immediate success.

I would like to take this opportunity to recognise the contribution of our Managing Director Jeff Quartermaine. When Jeff took on the role as Managing Director the gold price was approximately US\$400 higher than it is today. The fact that the company has been able to survive in such a difficult climate for gold producers is testament to his resolve, leadership qualities and sensible management.

On behalf of the board, I would like to acknowledge the efforts of the management team both on site in Ghana and in Perth head office. We have endured the two most difficult years in our existence.

Finally, I would like to thank our shareholders for their loyalty and belief in our strategy.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Reg Gillard', written over a light grey circular graphic element.

Reg Gillard
Non-Executive Chairman

Managing director's address



The twelve months ending 30 June 2014, has been an important period in the corporate evolution of Perseus Mining Limited. During this period we were challenged by a weakening gold price, as well as a range of operational and organisational challenges at our Edikan Gold Mine in Ghana. We tackled these challenges head on and in the process have established a solid foundation from which to pursue our primary objective of maximising shareholder returns.

During the year, in an effort to conserve cash we chose to process a blend of freshly mined ore and lower grade ore that had previously been mined and stockpiled, while striving to achieve operational efficiencies at all levels of our operation. This strategy resulted in the production of 180,519 ounces of gold at Edikan at an average all-in site unit cost of US\$1,294 per ounce by processing 6.7 million tonnes of ore grading 1.0 g/t. The total quantity of gold produced was 13.4% less than in the prior year, notwithstanding that average grade of ore processed was 28.6% lower than in the prior period, notwithstanding that production was 13.4% lower than in the prior period. Furthermore, at US\$1,294 per ounce, our all-in unit site costs were 12.5% higher than in the prior period, notwithstanding that production was 13.4% lower than in the prior period.

While our headline results fell short of guided performance, the statistics cited above indicate that material operating efficiencies were achieved during the year and these improvements have positioned us well for the future when higher grade ore will be mined and processed.

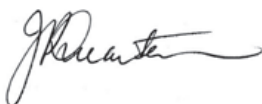
FY2015 promises to be a much better year. Our full-year production guidance for the Edikan Gold Mine is for 210,000-230,000 ounces of gold at an all-in site unit cost of US\$1,100-1,200 an ounce and our performance in the first three months of the year has indicated that we are well on track to achieve this result.

In addition, we expect to be in a position at the start of 2015 to make a decision regarding our Sissingué Gold Project in Côte d'Ivoire. The development of a second producing gold mine is a critical part of our corporate strategy for organically growing and maintaining cash flows. However, we will only proceed with development if the project is proven to be economically robust and does not involve placing undue burdens on the company's balance sheet, during a period of gold price uncertainty.

Should we proceed with development of the Sissingué Gold Mine, I am certain that the lessons the company has learned in the development and initial phases of operation at Edikan will be invaluable in ensuring the success of the project. In all of our activities in West Africa, we consider it essential that local communities and our host governments benefit from our presence. This has certainly occurred in Ghana where the government, local community, our employees and suppliers of goods and services have all shared in the benefits of a producing mine. We are acutely aware that during the past two years our shareholders have not received the same level of benefit and we are determined to restore investor confidence in the upcoming year by delivering improved total shareholder returns.

Finally, I would like to thank all of our Directors and employees in Ghana, Côte d'Ivoire and Australia for their efforts during what has been a challenging year, and our loyal shareholders for their continued support of your management team.

Regards,



Jeff Quartermaine
Managing Director

Perseus's corporate strategy involves organically growing cash flows through successful exploration, effective development and efficient operation of multiple gold mines in diverse geopolitical settings within West Africa.



Review of operations

Perseus's corporate strategy of creating value by pursuing organic earnings growth and risk diversification through exploration and mine development, while optimising the efficiency of its core operating asset, is taking effect. The group achieved drilling success in both Ghana and Côte d'Ivoire, advanced development planning for the Sissingué Gold Project ("SGP") in Côte d'Ivoire and made significant operational improvements at the Edikan Gold Mine ("EGM") in Ghana during the period.

During the period, Perseus's operating strategy at the EGM was to focus on improving the fundamental operating performance of the mine and the process plant, while restricting capital investment to only those initiatives (including pre-stripping waste) that were considered essential to the sustenance of the business in the short to medium term. This strategy has yielded positive

results which are discussed in the next section, EGM, Ghana.

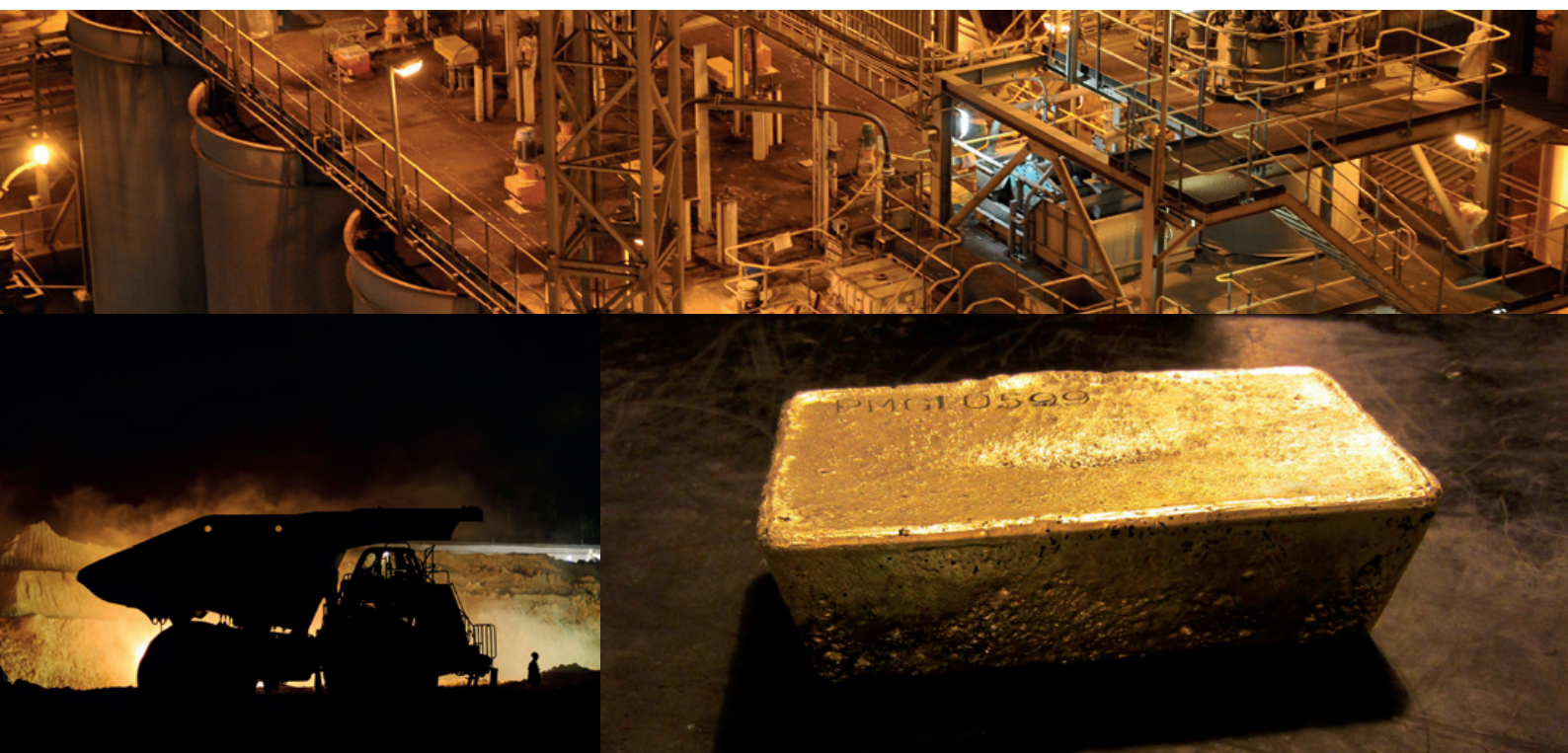
The group has also been reviewing processing options for Perseus's second gold project, the SGP, with the aim of reducing capital costs and increasing gold recoveries as a prelude to reassessing the Feasibility Study model. A smaller, higher grade operation with significantly reduced capital costs has been targeted and relevant metallurgical test work has been carried out to assess a number of alternative options.

Work on the preliminary economic assessment of the processing options was completed following the end of the financial year and selection of a preferred process flow sheet is imminent.

Exploration continued throughout the year, with success at Bokitsi in Ghana,

and Mahalé and Mbengué in Côte d'Ivoire. During the period, the group entered into an earn-in agreement with unlisted Australian company West African Gold Limited, with exploration activities taking place over the Koutakou, Tangayé, Touya and Barga tenements in north-western Burkina Faso. EGM's Ore Reserves were updated in October 2013. The Mineral Resource associated with the EGM was updated in August 2014.

The group's Proved and Probable Ore Reserves as at 30 June 2014 decreased to 85.1Mt containing 3.34 million ounces of gold after allowing for mining depletion. During the period, the group's Measured and Indicated Mineral Resources (inclusive of Ore Reserves) were 6.734 million ounces of gold and Inferred Mineral Resources were 2.894 million ounces of gold.



Review of operations

EGM, Ghana

The EGM is located on the Ayanfuri and Nanankaw mining leases spanning the border between the Central and Western Provinces of the Republic of Ghana, in West Africa. These mining leases, together with the adjoining exploration license areas of Grumesa, Kwatechi, Dunkwa, Nsuaem, Agyakusu and Nkotumso that are also held or optioned by the group, cover a total area of about 482 square kilometres. The group owns a 90% interest in the EGM, with the remaining 10% a free carried interest owned by the Ghanaian government.

Gold production operations

Operating results at the EGM for the 12 months to 30 June 2014 and the corresponding period in 2013 were as follows:

Table 1: Key production statistics - EGM

Parameter	Unit	Twelve months to 30 June 2014	Twelve months to 30 June 2013
Ore mined	kt	6,148	6,999
Total material mined	kt	27,109	32,710
Ore milled	kt	6,650	5,647
Head grade	g/t gold	1.0	1.4
Gold recovery	%	84.3	83.3
Gold produced	ounces	180,519	208,444

The 13.4% decrease in gold production during the period, relative to the corresponding period in 2013, is due to a lower average head grade, which is in line with the planned strategy of processing a blend of ore mined from the AF Gap and Fobinso pits with ore on the ROM stockpile. In addition, processing activities were temporarily interrupted by a fire in the processing plant in April 2014 and the failure of the Ghanaian electricity transmission company, GRIDCO's substation in June 2014, as well as unreliable grid power supply on a regular basis during the second half of the financial year. Gold production for the period was 180,519 ounces at an all-in site cost (including production, royalties, investment in pre-stripping and inventory, development and sustaining capital) of US\$1,294/oz.

A total of 10,147,000 bank cubic metres ("bcm") of ore and waste was mined during the period from the Abnabna, AF Gap and Fobinso pits,

including 47,800 tonnes of oxide ore at 0.95g/t gold, 6,101,000 tonnes of transition and primary ore at 1.07g/t gold and 20,961,000 tonnes of waste. The 17.1% reduction in total material moved relative to the prior period was consistent with the group's plan of conserving capital by reducing investment in waste stripping.

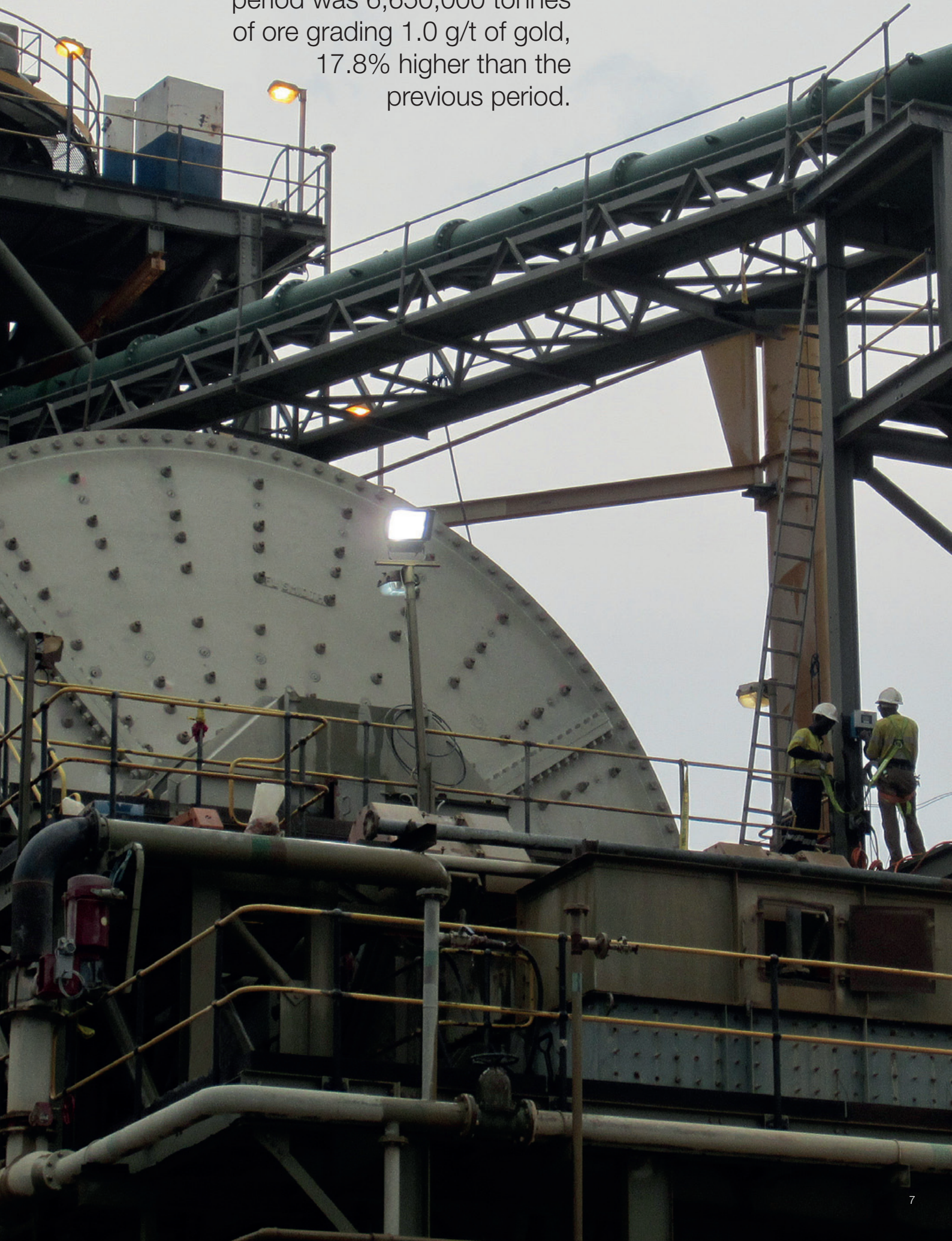
Ore stockpiles (including both high and low grade ore but not mineralised waste) plus crushed ore decreased to 3,682,000 tonnes grading 0.58 g/t containing approximately 68,500 oz of gold. This included approximately 32% oxide ore and 68% transitional/primary ore. Stockpiles at the end of the year were in line with expectations due to less ore being mined than forecast matching the lower mill throughput rates mainly due to the power and fire issues described above.

Total mill throughput for the period was 6,650,000 tonnes of ore grading

1.0 g/t of gold, 17.8% higher than the previous period. Gold recovery of 84.3%, which was 1.2% higher than the previous period, resulted in the production of 180,519 ounces of gold. The improvements in productivity above were despite the fire and power setbacks felt during the period, and were a large part of Perseus's strategy for the period to make significant operational improvements, compensating for the expected reduction in processing grade in the short term.

The all-in site cost (including production, royalties, investment in pre-stripping and inventory, development and sustaining capital) for the period of US\$1,294/oz is 12.5% higher than the previous period of US\$1,150/oz. This is a result of several factors including processing activity interruptions resulting in fewer ounces produced and unexpected cost increases in mining.

Total mill throughput for the period was 6,650,000 tonnes of ore grading 1.0 g/t of gold, 17.8% higher than the previous period.



Review of operations

Mining costs per tonne of material mined have increased from the prior period due to a number of factors including higher rise and fall charges under the mining contract, attributable to labour outcomes unilaterally agreed by the mining contractor, AMS, as well as escalation in the costs of explosives and spare parts; increased consumption of diesel fuel per bcm of material moved by AMS; back payment of incremental management fees to AMS relating to an increase in the scope of material movements under the contract; and increased drill and blast costs arising from a trial to determine whether improved rock breakage could generate sustained increase in mill throughput rates as ore hardens with depth in the pits.

Processing costs have decreased from the prior period due to less maintenance charges associated with

remediation of the crusher and other parts of the plant that occurred in the prior year. General and administrative costs have decreased due to cost saving initiatives introduced during the period. Further cost reductions are being targeted across all departments to reduce the operating cost base of the EGM in future periods.

Of the 183,325 ounces of gold that were sold at an average delivered price of US\$1,322/oz, 62,000 ounces were delivered under forward sales contracts at a weighted average price of US\$1,263/oz while the balance of the gold sales were made at prevailing spot prices.

As at 30 June 2014, the company held forward gold sale contracts totalling 125,000 ounces of gold deliverable up to and including 31 December 2015 at a weighted average price of US\$1,468/

oz. This includes a total of 70,000 ounces of gold deliverable in quarterly instalments during the 2015 calendar year at a price of US\$1,600/oz.

During the period, Perseus received GHS37.4 million (\$14.8 million) in part payment of the outstanding VAT receivable owed to the company by the Government of Ghana. GHS9.0 million (\$4.2 million) of Treasury Credit Notes were received and offset against employee taxes, withholding taxes and a gold royalty payment. Subsequent to the end of the financial year a further GHS17.6 million (\$6.1 million) was received from the Government. Perseus is continuing to work with the Government to agree repayment terms for the balance of the outstanding debt and also to avoid the current situation where a large VAT receivable has accumulated and remained unpaid for an extended period.

Table 2: Key financial operating statistics - EGM

Parameter	Units	Twelve months to 30 June 2014	Twelve months to 30 June 2013
Total gold sales	Ounces	183,325	205,109
Average sales price	US\$/oz of gold sold	1,322	1,469
• Mining cost	US\$/tonne of material mined	4.09	3.23
• Processing cost	US\$/tonne of ore milled	10.99	12.08
• G & A cost	US\$M / month	1.59	1.68
Royalties	US\$/oz	84	95
All-in site cost	US\$/oz	1,294	1,150



Exploration

During the period 4,866 metres were drilled on various targets in Ghana at the EGM and on adjoining licence areas.

A program of Mineral Resource infill drilling was conducted on the Bokitsi South deposit on the Ayanfuri Mining Lease which hosts the EGM. Drill results from the programme will be incorporated into a revised estimation of the Mineral Resources at Bokitsi South, and an updated Ore Reserve estimate for Bokitsi South will be included in a re-estimation of the EGM's Ore Reserves which will be published in the following financial year. Some of the high grade drill intercepts include:

- BKRC099 - 4 m at 10.8g/t gold from 72m including 1m at 36.0g/t gold from 73m
- BKDD048 - 8.7m at 8.7g/t gold from 67.5m including 2.4m at 18.6g/t gold from 72.6m
- BKRC093 - 6m at 8.7g/t gold from 9m including 16.1g/t gold from 10m
- BKRC081 - 20m at 8.6g/t gold from 67m including 3m at 30.5g/t gold from 67m and 4m at 11.4g/t gold from 79m

Reverse circulation ("RC") drilling commenced at the Pokukrom Prospect on the Nsuaem Prospecting Licence, located 10 to 13km northeast of the EGM plant site, to follow up on significant results from past drilling. Previous RC drilling conducted in early 2013 returned several significant intercepts including 26m at 1.5g/t gold, 24m at 1.2g/t gold and 11m at 2.6g/t gold. The assay results for this drilling are all pending.

A small soil sampling program was completed on the Agyakusu Prospecting Licence targeting the north-eastern strike extension of the Abnabna-Fobinso dike, 2.8 to 6.4km northeast of the Fobinso pit. All assays were received and a zone of gold anomalous soils with high values and coincident arsenic anomalism was delineated. This encouraging soil anomaly relatively close to the EGM plant site will be followed up in the 2015 financial year with a first-pass scout RC drilling program.

EGM Mineral Resource estimate: Following an infill drilling programme on the EGM mining leases in the period up to June 2014, and after adjusting key assumptions to reflect actual results to date, Mineral

Resource estimates have been updated by independent consultant, RungePincokMinarco in accordance with the JORC Code – 2012 Edition.

A detailed summary of the updated Mineral Resource estimate for each of the mineral deposits identified to date on the EGM tenements, calculated using a 0.40 g/t gold cut-off grade, is shown below. The Mineral Resource estimates take into account mining depletion as at 30 June 2014 as relevant.

Relative to the previous Mineral Resource estimate for EGM published in June 2013, the updated Mineral Resource contains 411,000 fewer ounces of gold in the Measured and Indicated categories and 74,300 fewer ounces in the Inferred category. After adjusting both Mineral Resource estimates to the mining surface as at 30 June 2014, the net decrease in Mineral Resources is 155,500 ounces (2.8%) in the Measured and Indicated category and 73,800 ounces (3.0%) in the Inferred category.

The Mineral Resource estimates for the EGM are tabulated below in Tables 3 and 4 respectively.

Table 3: M&I Mineral Resources – EGM^{1,2,3}

Deposit	Measured Resources			Indicated Resources			Measured + Indicated Resources		
	Quantity Mt	Grade g/t gold	Gold Ounces	Quantity Mt	Grade g/t gold	Gold Ounces	Quantity Mt	Grade g/t gold	Gold Ounces
AF Gap - Fobinso	34.5	1.1	1,228,000	24.5	0.9	698,000	59.0	1.0	1,926,000
Esuajah South	9.5	1.8	546,000	7.3	1.6	370,000	16.8	1.7	916,000
Esuajah North	16.9	0.9	494,000	18.4	0.8	493,000	35.3	0.9	986,000
Fetish	12.6	0.9	380,000	18.1	1.1	663,000	30.8	1.1	1,043,000
Chirawewa	-	-	-	5.8	1.0	195,000	5.8	1.0	195,000
Bokitsi	0.7	3.7	86,000	1.6	2.6	133,000	2.3	3.0	219,000
Mampong	-	-	-	-	-	-	-	-	-
Dadieso	-	-	-	-	-	-	-	-	-
Total	74.2	1.1	2,734,000	75.7	1.0	2,552,000	150.0	1.1	5,285,000

1. Based on May 2014 Resource estimation.

2. 0.4g/t gold cut-off applied.

3. Last updated in May 2014 and allows for mining depletion to 30 June 2014.

Review of operations

Table 4: Inferred Mineral Resources – EGM^{1,2,3}

Deposit	Inferred Resources		
	Quantity Mt	Grade g/t gold	Gold Ounces
AF Gap - Fobinso	28.5	0.8	731,000
Esuajah South	5.7	1.1	211,000
Esuajah North	3.6	0.9	105,000
Fetish	9.8	1.1	346,000
Chirawewa	10.4	0.9	284,000
Bokitsi	2.9	1.8	170,000
Mampong	8.6	0.9	257,000
Dadieso	5.3	1.5	253,000
Total	74.8	1.0	2,356,000

1. Based on May 2014 Resource estimation.

2. 0.4g/t gold cut-off applied.

3. Last updated in May 2014 and allows for mining depletion to 30 June 2014.



EGM Ore Reserve estimate:

Following the update of the Mineral Resource in July 2013, mining consultant RPM was commissioned to complete an independent estimate of the Ore Reserves for the EGM as at 1 July 2013 in accordance with the requirements of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 Edition).

Compared to the previous 2012 Ore Reserve the tonnes of ore and waste moved were reduced by 15%, the life of mine strip ratio was reduced by 16%, head grade remained steady, contained gold was decreased by 6% and the life of the mine was increased by 0.6 years. These changes result in material cash flow benefits.

The Ore Reserves, which include material from seven open pits including Abnabna, Fobinso, Fetish, Chirawewa, Bokitsi, Esuajah North and Esuajah South plus stockpiles and taking into account mining depletion, are as follows:

Table 5: Ore Reserves – EGM^{1,2,3,4}

Deposit	Proved Reserves			Probable Reserves			Proved & Probable Reserves			W: O Ratio ³
	Quantity Mt	Grade g/t gold	Gold '000 Ounces	Quantity Mt	Grade g/t gold	Gold '000 Ounces	Quantity Mt	Grade g/t gold	Gold '000 Ounces	
AF Gap - Fobinso	24.2	1.2	908	6.0	0.8	154	30.2	1.1	1,062	2.4
Esuajah South	5.9	1.7	327	1.0	1.8	55	6.9	1.7	382	8.1
Esuajah North	11.8	0.9	354	3.9	0.9	111	15.7	0.9	465	1.4
Fetish	7.8	0.9	224	6.1	1.1	219	13.9	1.0	443	2.1
Chirewawa				2.9	1.1	106	2.9	1.1	106	3.9
Bokitsi				2.1	2.3	158	2.1	2.3	158	6.3
ROM Stockpiles				3.7	0.6	69	3.7	0.6	69	-
Total	49.7	1.1	1,813	25.7	1.1	872	75.4	1.1	2,685	2.7

1. Based on June 2013 Resource estimation.

2. Variable gold grade cut-off based on material type, Oxide = 0.6g/t, Transition = 0.5g/t and Fresh = 0.4g/t

3. Inferred mineral resource is considered as waste.

4. Last updated in August 2013 and allows for material mined to 30 June 2014.

SGP, Côte d'Ivoire

The SGP is located in the north of Côte d'Ivoire and is situated within an 885sq km land package consisting of the Sissingué exploitation permit area and the adjoining Tengréla South exploration permit area, together referred to as the Tengréla Gold Project. The permits are located along a structural/stratigraphic corridor within the Syama-Boundiali greenstone belt 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.

Project development

In November 2010, Perseus announced details of a Feasibility Study for the development of its Sissingué gold deposit, which confirmed robust project economics based on selected assumptions as well as the upside potential from ongoing resource definition drilling.

In the period that followed, Perseus sought to negotiate a fiscal stability agreement with the Ivorian government to ensure that the fiscal terms that had been assumed as part of the Feasibility Study would remain in force for the duration of the project. Before such an agreement could be finalised, a significant fall in the price of gold together with start-up challenges at the EGM, eliminated internal cash flows as a source of funding for the project. In addition, the ongoing resource definition drilling failed to generate the incremental increases in the Mineral Resource and Ore Reserves that had been anticipated. At this point the project was placed on hold.

Perseus had successfully re-negotiated its project loan facility into a revolving line of credit with a limit of US\$100

million in the prior period, which was to provide a source of financing for the development. As part of the group's cost reduction program, and the decision to put the project on hold, Perseus reduced the Available Commitment limit on its revolving line to nil during the period. This eliminated the 1.75% per annum undrawn line fee, as well as political risk insurance relating to the debt.

Since late 2013, Perseus has been reviewing processing options for the SGP with the aim of reducing capital costs and increasing gold recoveries as a prelude to reassessing the Feasibility Study model. A smaller, higher grade operation with significantly reduced capital costs has been targeted and relevant metallurgical test work has been carried out to assess a number of alternative options.

Work on the preliminary economic assessment of the above processing options was completed following the end of the financial year and selection of a preferred process flow sheet is imminent.

In the coming months, the technical study of the chosen flow sheet will be advanced and the project Feasibility Study will be revised to reflect not only the new processing flow sheet, but also revised assumptions related to mining and various service functions associated with the project. Perseus will take particular note of the commissioning and operating experience gained through the development and operation of the group's first gold mine, EGM.

During this period, Perseus will also re-engage with the Ivorian Government to finalise a Mining Convention for the project. While the SGP has been on hold, a new Mining Code came into effect in March 2014 which provided a framework for obtaining fiscal stability for mining projects and the Government granted an extension of time of two years until March 2016 to develop the SGP.

Based on current plans, it is estimated that Management will be in a position to table a project development proposal conditional on financing for consideration by the Board of Perseus in early 2015.



Review of operations

Exploration

During the period 47,376 metres were drilled in Côte d'Ivoire, focussing on the Mahalé, Mbengué and Napié exploration licences.

A total of 36,206m of drilling was completed on the Mahalé licence during the period, including 17,048m of air core ("AC") drilling to evaluate gold in soil anomalism with coincident anomalous auger drill holes at the Bélé Prospect, located 43km west-southwest of the currently planned SGP plant site. 12,871m of RC drilling was carried out to follow up on significant AC drilling results. Significant RC intercepts attained at Bélé included: 14m at 6.2g/t gold; 12m at 4.3g/t gold; 10m at 14.7g/t gold; and 6m at 5.1g/t gold. A program of gradient

induced polarisation ("IP") geophysics commenced during the period with 84 line kilometres completed. The IP geophysics is intended to help target follow up drilling at the Bélé Prospect.

A total of 10,802m was drilled at the Mbengué project during the period consisting of 3,416m of follow up RC drilling on the K1 Prospect of the Kanadi Anomaly plus 7,386m of rotary air blast ("RAB") drilling to test gold and arsenic anomalism in auger drilling along strike from K1. RC drilling on the K1 Prospect returned several additional significant drill intercepts along strike including: 36m at 2.0g/t gold; 58m at 1.5g/t gold; 6m at 6.0g/t gold including 2m at 16.9g/t gold. Several anomalous RC and RAB drill intercepts were also returned from the Kanadi East area situated 4 to 6 kilometers to the east-northeast of K1,

with intercepts of 4m at 8.4g/t gold, 4m at 3.7g/t gold and 8m at 1.8g/t gold.

RAB drilling on the Napié Project concluded early in the period with 368 meters drilled. There were no significant assays from this drilling.

A high resolution helicopter-borne magnetic and radiometric survey flown by New Resolution Geophysics of South Africa was completed over parts of the Mbengué and Napié licences. The data has been processed, imaged and interpreted and will be used to help guide further drilling programs.

SGP Mineral Resource estimate:
The Mineral Resource estimates for the SGP are tabulated below in Tables 6 and 7 respectively.

Table 6: M&I Mineral Resources - SGP

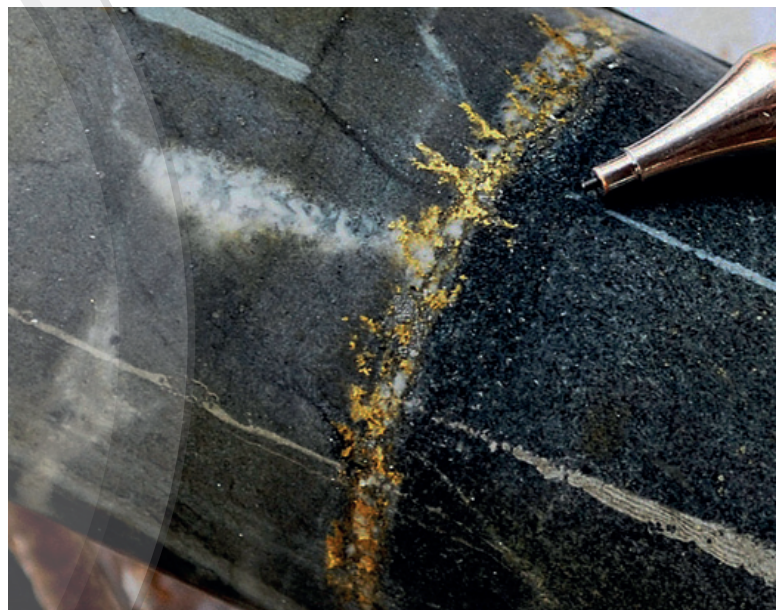
Ore type	Measured Resources ¹			Indicated Resources ¹			Measured & Indicated Resources		
	Quantity Mt	Grade g/t gold	Gold Ounces	Quantity Mt	Grade g/t gold	Gold Ounces	Quantity Mt	Grade g/t gold	Gold Ounces
Oxide	0.9	1.6	48,000	4.6	1.2	171,000	5.5	1.2	219,000
Transition	0.6	2.0	39,000	1.3	1.3	56,000	1.9	1.6	95,000
Primary	2.7	2.5	217,000	8.9	1.4	394,000	11.6	1.6	611,000
Total	4.2	2.2	304,000	14.8	1.3	621,000	19.0	1.5	925,000

1. 0.6g/t gold cut-off applied.

Table 7: Inferred Mineral Resources – SGP¹

Ore type	Inferred Resources ¹		
	Quantity Mt	Grade g/t gold	Gold Ounces
Oxide	0.9	1.0	31,000
Transition	0.7	1.0	21,000
Primary	5.4	1.4	239,000
Total	7.0	1.3	291,000

1. 0.6g/t gold cut-off applied.



SGP Ore Reserve estimate:

Work on the re-design of the SGP open pit based on the current Mineral Resource estimate is underway in conjunction with the review of process options discussed above. The current Ore Reserves for the SGP are as follows:

Table 8: Ore Reserves – SGP^{1,2,3,4}

Ore type	Proved Reserves			Probable Reserves			Proved & Probable Reserves		
	Quantity Mt	Grade g/t gold	Gold '000 Ounces	Quantity Mt	Grade g/t gold	Gold '000 Ounces	Quantity Mt	Grade g/t gold	Gold '000 Ounces
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

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.

Burkina Faso

During the period, Perseus entered into a farm-in agreement with West African Gold Limited ("WAG"), an Australian unlisted junior explorer, in respect of four exploration permits (Koutakou, Barga, Touya and Tangayé) in the North of Burkina Faso. Under the terms of the agreement Perseus must spend a minimum of US\$250,000 during the first year on

exploration. Perseus may earn a 50% interest in the permits by spending US\$2M and up to an 80% interest by spending an additional US\$2M within 5 years.

Soil sampling and geological mapping programs were carried out on the Koutakou and Tangayé licenses. The soil sampling and mapping focussed on the 13km long Koutakou soil anomaly and was intended to confirm, infill and extend

the substantial gold in soil anomaly that had been previously defined by WAG. A total of 1,400 soil and 46 rock samples were obtained with assay results confirming the 13km long anomaly at Koutakou. A program of scout RAB drilling has been planned to evaluate the Koutakou anomaly plus explore several artisanal mining sites and is expected to commence in the December 2014 quarter after the rainy season.



Group ore reserves and mineral resources

Table 9: Total Group Ore Reserves

Deposit	Proved Reserves			Probable Reserves			Proved & Probable Reserves		
	Quantity Mt	Grade g/t gold	Gold '000 Ounces	Quantity Mt	Grade g/t gold	Gold '000 Ounces	Quantity Mt	Grade g/t gold	Gold '000 Ounces
EGM >0.4g/t ^(1,2,3)	53.4	1.1	1,880	21.9	1.1	802	75.4	1.1	2,682
SGP >0.55g/t ⁽⁴⁾	-	-	-	9.7	2.1	657	9.7	2.1	657
Total	53.4	1.1	1,880	31.6	1.4	1,459	85.1	1.2	3,339

1. Based on June 2013 Resource estimation.
2. Variable gold grade cut-off based on material type, Oxide = 0.6g/t, Transition = 0.5g/t and Fresh = 0.4g/t.
3. Last updated in August 2013 and allows for material mined to 30 June 2014.
4. Last updated in November 2010.

Table 10: Total Group Mineral Resources (including Ore Reserves)

Deposit (cut-off g/t gold)	Measured Resources			Indicated Resources			Inferred Resources		
	Quantity Mt	Grade g/t gold	Gold Ounces	Quantity Mt	Grade g/t gold	Gold Ounces	Quantity Mt	Grade g/t gold	Gold Ounces
EGM ⁽¹⁾ >0.4g/t	74.2	1.1	2,734	75.7	1.0	2,552	74.8	1.0	2,356
GGP ⁽²⁾ >0.4 g/t ⁽³⁾	-	-	-	25.1	0.6	471	16.4	0.5	247
SGP ⁽⁴⁾ >0.6g/t	4.2	2.2	304	14.8	1.3	621	7.0	1.3	291
Total	78.4	1.2	3,038	115.6	1.0	3,644	98.2	1.1	2,894

1. Last updated in May 2014 and allows for material mined to 30 June 2014.
2. Grumesa Gold Project - last updated in December 2010.
3. Primary reported above a 0.4g/t gold cut-off, oxide/transition report above a 0.2g/t gold cut-off.
4. Last updated in March 2013.
5. The company holds 90% of EGM, 90% of GGP and 85% of SGP after allowing for Government equity at mining stage.

GOVERNANCE AND INTERNAL CONTROLS FOR RESERVE AND RESOURCE ESTIMATES

Resource drilling is conducted by NQ and HQ diamond drilling and to a lesser extent by high quality, dry, RC drilling. Drill hole positions are surveyed to high accuracy with a DGPS and down hole deviations measured at 30m intervals with Reflex or Flexit multi-shot survey equipment. Drilling is logged in detail for lithology, alteration, structure and mineralisation and is then validated

and imported into a master database using Datashed. Sampling is typically at 1 meter intervals and samples are analysed for gold by 50g Fire Assay at external recognised laboratories. QA/QC procedures are industry standard with certified standards, blanks and duplicate samples inserted into the sample stream at a rate of 1 in 20 samples.

Mineral Resource and Ore Reserve estimates are prepared and reported by suitably qualified Perseus personnel or external consultants (Competent

Person) in accordance with the JORC code and other industry standards. The modifying factors for EGM's Reserve estimates are based on information from the actual operation. Any supporting information and documentation including geological interpretation that are prepared and supplied by Perseus personnel are reviewed by the Competent Person. Block models are visually checked by Perseus personnel for comparison against the original exploration drilling data.

Financial performance

The group recorded a net loss after tax of \$32.1 million for the period, compared to a net profit after tax of \$41.9 million in the previous financial year. Profit has decreased this period by 177%, compared to the prior period. This is due to a number of factors, including:

- Foreign exchange gain in prior year of \$20.3 million moving to a foreign exchange loss in the current year of \$21.6 million, a \$41.9 million turn around due mainly to the strengthening of the AUD against the USD and the revaluation of the intercompany loan, and the devaluation of the GHS against the USD when valuing the VAT receivable;
- A reduction in the gold produced due to a strategic decision to reduce material movements and process stockpiles, coupled with the down time due to the fire and power issues as discussed above;
- Increases in operating costs as discussed in the earlier review of the EGM;
- Offset slightly by a write up of low grade run of mine stockpiles to net realisable value due to higher gold price and lower operating costs.

Cash and investments

At 30 June 2014 available cash totalled \$36.9 million (30 June 2013: \$35.5 million) while additional deposits totalling \$10.0 million (30 June 2013: \$10.3 million) supported performance guarantees for environmental rehabilitation of the EGM. The VAT repayments in June 2014 had a positive impact on the group's cash holding at 30 June 2014.

As at 30 June 2014, Perseus held \$1.5 million (30 June 2013: \$0.7 million)

of equity accounted investments comprising security holdings in Burey Gold Limited. It also held \$1.8 million (30 June 2013: \$3.3 million) of available for sale financial instruments comprising security holdings in Manas Resources Limited.

Debt finance

At 30 June 2014 the group had no borrowings (30 June 2013: nil). As part of the group's cost reduction program Perseus reduced the Available Commitment limit on its revolving line of credit to nil during the period. This eliminated the 1.75% per annum undrawn line fee, as well as political risk insurance relating to the debt.

Equity capital raising

On 18 February 2014, the group successfully completed a placement to institutional and sophisticated investors of about 68.7 million ordinary shares, representing 15% of Perseus's existing capital, at the time of the raise, to raise approximately \$32.3 million. The price under the placement was set at \$0.47 per new share issued. The proceeds of the placement will be used for capital expenditure to accelerate productivity improvements and access to the eastern pits at the EGM and to provide for further balance sheet flexibility.

Revenue protection

A total of 62,000 ounces were delivered under forward sales contracts at a weighted average price of US\$1,263/oz while the balance of the gold sales were made at prevailing spot prices. During the prior period, the group renegotiated the terms of its project loan facility and changed it to a revolving line of credit with a limit of US\$100 million and extended the tenor

by 12 months to 31 December 2015. As part of the debt restructure, 70,000 ounces of additional forward sales at US\$1,600/oz were put in place requiring delivery of gold between January 2015 and December 2015. In total, the group holds forward gold sales contracts for 125,000 ounces of gold at a weighted average price of US\$1,468 per ounce, which is 37.5% of gold production for the next 18 months.

Outlook

Operations

- Gold production for the EGM for the year ended 30 June 2015 is forecast to be in the range of 210,000 to 230,000 ounces at an estimated total site cash cost of US\$1,100/oz to US\$1,200/oz.
- The group's focus during the coming years will be on maximising the cash margin at the EGM. Improving operational efficiencies, earlier access to higher grade deposits and a targeted cost reduction program will contribute to this outcome.

Development and Exploration

- Revision of the Feasibility Study for the SGP with a view to being able to table a project development proposal conditional on financing for consideration by the Board of Perseus in early 2015.
- The group will continue to explore with the aim of finding additional near mine reserves for processing at the EGM as well as on other exploration tenements held by the group in West Africa to create value by pursuing organic growth.

Summary of financial information	30 June 2014 \$'000	30 June 2013 \$'000
Net (loss) / profit after tax	(32,060)	41,882
Net increase / (decrease) in cash held	2,085	(72,630)
Total assets	562,022	590,380
Shareholders' equity	466,609	481,844



Sustainability Report

1 OCCUPATIONAL HEALTH & SAFETY (OHS)

1.1 Injuries

After a run of 476 lost time injury (LTI) free days, two LTIs were sustained at Edikan this year, one to an employee of the mining contractor in October 2013 and the other to an employee of the mill reline contractor in March 2014. The site LTI Frequency Rate (LTIFR, per 1 million man hours worked) increased from zero in July 2013 to 0.52 at the end of June 2014, as shown in Figure 1 right. The two LTIs sustained during the year resulted in Edikan being only 117 days LTI free at the end of June 2014.

In addition to the LTIs, there were 37 other injuries reported during the year, down from the 57 reported in the previous year. This consisted of 27 first aid injuries, nine medical treatment injuries and one restricted work injury.

1.2 Malaria

Malaria continues to be an issue at Edikan as detailed in Figure 2 right,

however the number of malaria cases appears to have decreased with time. Fogging and spraying programs have continued in the Edikan Camp and all new Camp buildings were constructed with mesh-enclosed verandahs to prevent entry by mosquitos. Treated mosquito nets were distributed to communities and a series of employee and community information sessions were held to raise awareness of the issue.

1.3 Incidents

There were 340 incidents formally reported at Edikan during the year, not including environmental incidents. Incidents by category are displayed in Figure 3 right. Incident reporting continues to increase due to ongoing education across site and the ease of reporting electronically. Initiatives to improve the level of formal hazard reporting have been implemented in an effort to prevent incidents from occurring, including providing all individuals with personal hazard identification books.

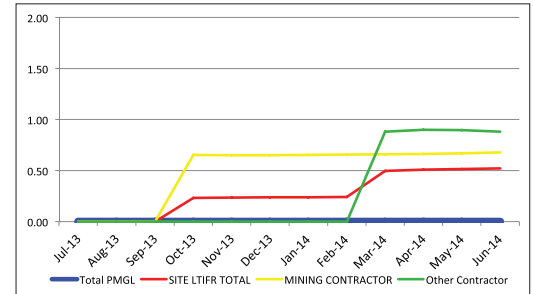


Figure 1: Edikan Lost Time Injuries, per 1 Million Man Hours Worked

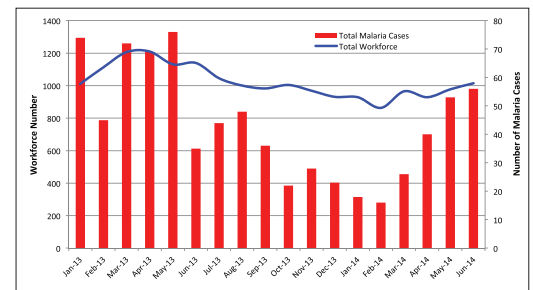


Figure 2: Malaria Cases

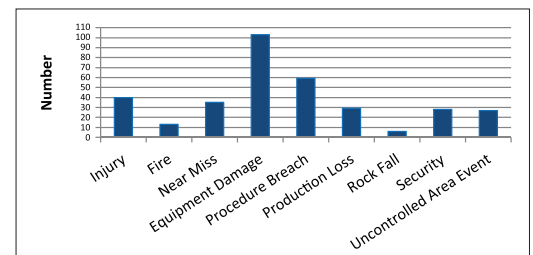


Figure 3: Incidents by Category



Sustainability Report

2 ENVIRONMENT

2.1 Incidents

There were 46 environmental incidents formally reported at Edikan during the year. Incidents by category are displayed in Figure 4 right. Non-hydrocarbon spills are the most commonly reported incident, with many incidents arising from process spills into bunded areas. Such spills into bunded areas are contained and do not impact on the environment, yet formal reporting allows corrective actions to be implemented to prevent such spills from recurring. On a positive note, the waste management practises on site are functioning effectively, with no related incidents being reported during the year.

2.2 Land Disturbance and Rehabilitation

During the year, an additional 26.19 hectares of land was cleared of vegetation to allow for expansion of the waste rock dumps, haul road widening, a new contractor's yard and for improved security around the Edikan Camp. Three new topsoil stockpiles were created as a result of this clearing and were planted with grass species to protect them from erosion. The topsoil will be used for future rehabilitation works.

Rehabilitation of disturbed areas back to a natural state continues to be done progressively at Edikan as final areas become available. To ensure that final slopes are stable and erosion will be minimised, areas are landformed before topsoil is spread and vegetation is planted. The Edikan nursery continues to produce a variety of indigenous and semi-exotic grasses, shrubs and trees, whilst some species are purchased from the local communities. Grass species alone continue to be planted in some areas for ongoing erosion control purposes.

The details of land disturbance and rehabilitation works undertaken at Edikan to date are shown in Figure 5 right.

3 SOCIAL DEVELOPMENT

3.1 Employment

Perseus continues to adhere to the local employment schedule for unskilled labour that was developed in conjunction with the Community Consultative Committee (CCC) by endeavouring to employ local people in available positions whenever possible. The percentage of Perseus employees and contractors employed at Edikan in June 2014, by location, is shown in Figure 6 right.

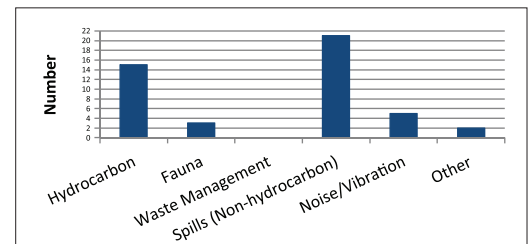


Figure 4: Environmental Incidents by Category

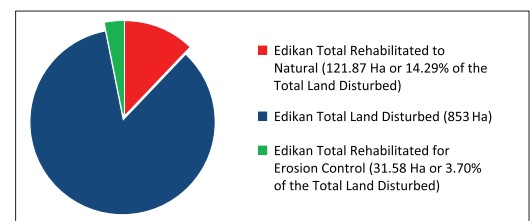


Figure 5: Rehabilitation Works to Date

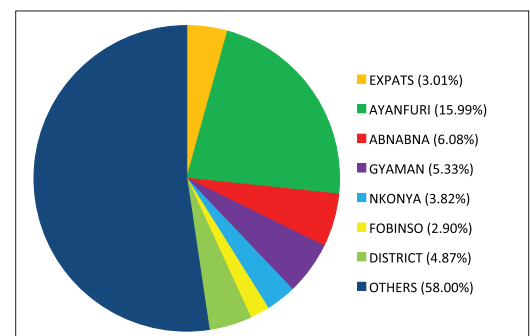


Figure 6: Ghana Employees by Location



Apprentice program

Perseus continues to utilise local suppliers and service providers and encourage their contractors to do so as well. Perseus has also been championing the improvement of local businesses during the year, with the volume of trade for local suppliers reaching over USD \$500,000. The small groups from some of the catchment communities who undertake the progressive rehabilitation planting continue their work at Edikan, as part of Perseus' ongoing support of local businesses.

In Côte d'Ivoire also, the Company employs as many people as possible from the local areas it is working in, with casual labour to assist with drilling programs being a good example of this.

In addition to employing as many local people as possible, Perseus also adheres to equal opportunity principles and encourages women to apply for positions with the Company. Women represent approximately 11% of the total workforce at June 2014. Perseus has a number of females in senior management positions within the organisation, including the Human Resources Manager at Edikan and the Chief Financial Officer and Group Sustainability Manager in Perth.

3.2 Community Support

Perseus supports its local communities in many ways, including through donations that help to achieve the objectives of improving health, education and sanitation.

Cultural events are also supported to help maintain the sense of community within the villages. In total this year, Perseus donated USD 134,884 to support these target areas in Ghana, and CFA 8,850,000 for key community projects in Côte d'Ivoire.

Key donations in Ghana included a new borehole with pump for each of Fobinso, Wampam, Princiso/Ataase and Adwenpaye communities. Work started on mechanised boreholes and a water supply system for the Gyaman community and a kindergarten was constructed at Abenabena as part of an apprenticeship program's training requirements. In Côte d'Ivoire, tables and benches were provided to the Tengrela Secondary School and Mahalé Primary School, as well as sponsorship for a football tournament between communities in which Perseus operates.

The Edikan Community Development Fund established by Perseus also provides financial support to the local communities. This year, USD \$209,358 was spent on the community development projects currently being implemented. These projects include:

Ayanfuri and Nkonya – construction of a 6-unit classroom block, staff common room, office library and store;

Abenabena and Gyaman – construction of a 3-unit classroom block and ablution block;

Fobinso – construction of a Teacher's Quarters; and

Adwenpaye – provision of school furniture.

The Perseus corporate office in Perth undertook another collection of donated text books, novels and non-fiction books and shipped them to Ghana to improve the school and community libraries. The books were distributed in January 2014 to grateful schools and communities.

3.3 Community Grievances

In both Ghana and Côte d'Ivoire, Perseus has a grievance procedure in place that allows external stakeholders to raise issues with the Company. In turn, the Company formally responds to the complaint and endeavours to resolve the issue in a timely manner. Grievances at Edikan for the year by category are detailed in Figure 7 below. There were three grievances recorded in Côte d'Ivoire for the year, two of which were issues relating to land compensation and the other grievance related to lack of payment by a Perseus contractor to three individuals in the local community.

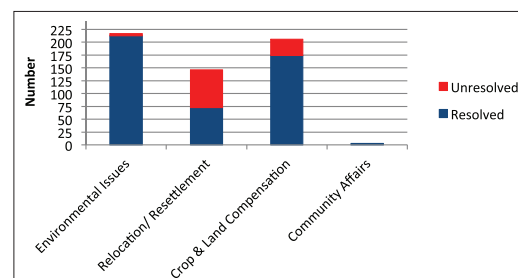


Figure 7: Edikan Community Grievances by Category



Sustainability Report

3.4 Community Training & Education

Perseus continues to provide educational opportunities and skills training to members of its local communities as it cannot employ everyone directly. A number of the local youth are undertaking technical and vocational scholarships provided by the Company that will help them to develop sustainable livelihoods and pursue future employment in mining and other industries.

A six month apprenticeship training program concluded in August 2013 with 76 local youth graduating with skills and a NVTI (National Vocational Training Institute) certificate in brick laying, plumbing, electrical installation or carpentry skills. This six month training program cost USD \$90,618 and it is intended that the skills acquired by the youth will be utilised when building the resettlement homes.

Perseus had developed a special four year training programme with the Kumasi Technical Institute in areas such as mechanics, welding and fabrication and carpentry and joinery. The scholarships are fully funded by Perseus, and cover expenses related to tuition, accommodation, meals, school books and other necessities and this year Perseus spent USD \$26,698 on the training program. Forty local youth were awarded scholarships in 2011 and 39 of them recently completed their training. In 2012, Perseus provided a further 50 scholarships as interest in the training increased, with those students still to complete their training. The beneficiaries are all children in project-affected families.

26 students currently attending senior high school and tertiary institutions were awarded scholarships through the Perseus scholarship program during the year. Seventeen scholarships were granted for Senior High School education and the other nine were for tertiary studies. During 2013 and 2014, USD \$10,975 in fees was paid by Perseus.

3.5 Community Consultation

Perseus endeavours to consult with the community on a regular basis to discuss a variety of issues, and has a number of forums in place to achieve this, including the following:

Ghana:

- The Community Consultative Committee (CCC) met twice during the year to discuss the Edikan Gold Mine Trust Fund.
- The Compensation Negotiation Committee met 14 times during the year, mostly to negotiate compensation rates for rubber plants and deprivation of land use.
- The Resettlement Compensation Negotiation Committee met 17 times during the year, with key issues discussed including structure values, resettlement eligibility criteria, the resettlement site layout plan, residential plots and details of the resettlement package to be offered.
- Additional meetings were held with resettlement project-affected people (14 meetings) and local government representatives (2 meetings).
- Two community noticeboards were also erected, at Mampong and Wampam, to enhance information sharing in those communities.

Côte d'Ivoire:

- The Community Consultative Committee (CCC) met twice during the year to develop the rules by which the Committee should operate.
- The Sissingué Community held a formal meeting to discuss the proposed Sissingué Gold Operation fence project and the employment opportunities it would provide for the Sissingué youth.

3.6 Resettlement

Resettlement activities continued during the year for people displaced from the western side of the Edikan Gold Mine. 67 houses were completed last year, and another four were completed this year.

Deprivation of Land Use compensation is a requirement under Ghanaian law and payments for the western side of

the Edikan project were undertaken during the year. In total, USD \$104,364 was paid to affected persons during the year.

For land take on the eastern side of the Edikan development, which incorporates the areas of Fetish, Esuajah North and Esuajah South, a number of activities were undertaken during the year including crop compensation payments and structures cash compensation payments as detailed in Figure 8 below. Twelve households in the Fetish mining area were relocated to enable access for project development purposes, and rental accommodation was provided for these affected people.

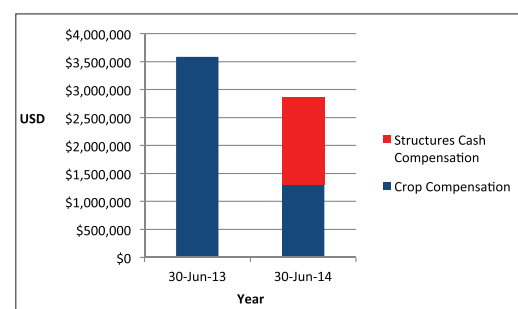


Figure 8: Edikan Eastern Resettlement Compensation Amounts

Negotiation on the acquisition of the eastern resettlement site also concluded. Crop compensation to affected farmers was almost complete at the end of the year and compensation to the respective land owners had commenced. Perseus is aiming for full, vacant possession of the resettlement site by the end of September 2014.

At Perseus' Sissingué Project in Côte d'Ivoire, crop compensation was paid to affected farmers who had cash crops, such as cotton, cashews and mangoes as well as subsistence farmers growing food items like maize, cassava, ground nuts and okra. Five hamlet owners were also financially compensated for their structures and another six hamlets need to be relocated, which will be undertaken during project pre-development works. Determination of the rightful landowners is still being resolved by the relevant government representatives, in order for Perseus to pay the respective owners land compensation.

Financial Report

For the period ended 30 June 2014

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Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the "group") consisting of Perseus Mining Limited ("Perseus" or the "company") and its controlled entities for the year ended 30 June 2014 (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.

DIRECTORS

The following persons were directors of Perseus during the period and up to the date of this report. Directors were in office for the entire period unless otherwise stated.

- Reginald Norman Gillard
- Jeffrey Allan Quartermaine
- Michael Andrew Bohm
- Rhett Boudewyn Brans (resigned 15 November 2013)
- Colin John Carson
- Neil Christian Fearis (retired 15 November 2013)
- Terence Sean Harvey

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS

A review of the Group's operations during the year ended 30 June 2014 is provided in the section of this report headed "Review of Operations" which immediately precedes the Directors' Report.

FINANCIAL RESULTS

The group recorded a net loss after tax of \$32.1 million for the period, compared to a net profit after tax of \$41.9 million in the previous financial year. Profit has decreased this period by 177%, compared to the prior period. This is due to a number of factors, including:

- Foreign exchange gain in prior year of \$20.3 million moving to a foreign exchange loss in the current year of \$21.6 million, a \$41.9 million turn around due mainly to the strengthening of the AUD against the USD and the revaluation of the intercompany loan, and the devaluation of the GHS against the USD when valuing the VAT receivable;
- A reduction in the gold produced due to a strategic decision to reduce material movements and process stockpiles, coupled with the down time due to the fire and power issues as discussed above;
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Cash and investments

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As at 30 June 2014, Perseus held \$1.5 million (30 June 2013: \$0.7 million) of equity accounted investments comprising security holdings in Burey Gold Limited. It also held \$1.8 million (30 June 2013: \$3.3 million) of available for sale financial instruments comprising security holdings in Manas Resources Limited.

Debt finance

At 30 June 2014 the group had no borrowings (30 June 2013: nil). As part of the group's cost reduction program Perseus reduced the Available Commitment limit on its revolving line of credit to nil during the period. This eliminated the 1.75% per annum undrawn line fee, as well as political risk insurance relating to the debt.

Financial position

At 30 June 2014 the group had net assets of \$466.6 million (30 June 2013: \$481.8 million) and an excess of current assets over current liabilities of \$69.3 million (30 June 2013: \$34.5 million).

The group's net assets decreased by 3% compared with the prior period due to the group's hedging asset reducing in value as a result of an increase in the gold market, the current year's loss after tax, movements in foreign exchange decreasing asset balances and greater depreciation and amortisation due to larger asset balances than prior years, particularly in the area of additions to mine properties through waste stripping.

CORPORATE

Dividends

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

Equity capital raising

On 18 February 2014, the group successfully completed a placement to institutional and sophisticated investors of about 68.7 million ordinary shares, representing 15% of Perseus's existing capital, at the time of the raise, to raise approximately \$32.3 million. The price under the placement was set at \$0.47 per new share issued. The proceeds of the placement will be used for capital expenditure to accelerate productivity improvements and access to the eastern pits at the EGM and to provide for further balance sheet flexibility.

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Metal Markets

From 1 July 2013 to 30 June 2014 the price of gold increased 10.3% to US\$1,315/oz, (30 June 2013: US\$1,192.00/oz). Subsequent to the end of the financial year, gold prices have remained relatively constant.

The risk posed to Perseus's business by the gold price has, to a certain extent, been mitigated by partial hedging of its Ore Reserves as outlined above. Perseus has no reason to believe that the gold market fundamentals will not remain consistent with the current position over the short to medium term.

Directors' report

Outlook

Operations

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- Revision of the Feasibility Study for the SGP with a view to being able to table a project development proposal conditional on financing for consideration by the Board of Perseus in early 2015.
- The group will continue to explore with the aim of finding additional near mine reserves for processing at the EGM as well as on other exploration tenements held by the group in West Africa to create value by pursuing organic growth.

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 made significant inroads with regards to the VAT receivable due from the Government of Ghana. During the period, Perseus received GHS37.4 million (\$14.8 million) in part payment of the outstanding VAT receivable owed to the company by the Government of Ghana. GHS9.0 million (\$4.2 million) of Treasury Credit Notes were received and offset against employee taxes, withholding taxes and a gold royalty payment. Subsequent to the end of the financial year, a further GHS17.6 million (\$6.1 million) was received from the Government. Perseus is continuing to work with the Government to agree repayment terms for the balance of the outstanding debt and also to avoid the current situation where a large VAT receivable has accumulated and remained unpaid for an extended period.
2. On 18 February 2014, the group successfully completed a placement to institutional and sophisticated investors of about 68.7 million ordinary shares, representing 15% of Perseus's existing capital, at the time of the raise, to raise approximately \$32.3 million. The price under the placement was set at \$0.47 per new share issued. The proceeds of the placement will be used for capital expenditure to accelerate productivity improvements and access to the eastern pits at the EGM and to provide for further balance sheet flexibility.

MATTERS SUBSEQUENT TO BALANCE DATE

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

1. On 8 July 2014, the company received partial payment of the outstanding VAT debt from the Government of Ghana of GHS17.6m (\$6.1 million). The company is continuing to work with the Government to agree a repayment schedule for the balance of the outstanding debt and also to avoid the current situation where a large VAT receivable has accumulated and remained unpaid for an extended period.

LIKELY DEVELOPMENTS

The likely developments in the operations of the group and the expected results of those operations in the coming financial year are as follows:

- The continued production of gold from the EGM per guidance;
- A decision regarding the development of the SGP;
- Limited mineral exploration;
- Targeted cost reduction program, particularly focussing on mining costs.

Further commentary on planned activities over the forthcoming year is provided in the section of this report headed "Review of Operations".

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.

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 more than 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, risk and the remuneration committees of the company and is chairman of the latter. During the past three years he has also served as a director of the following listed companies:

Other current directorships:

Platina Resources Limited	appointed 1 July 2009
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Former directorships in the last 3 years:

Mount Magnet South NL	appointed 18 April 2011 and resigned 2 August 2013
Nemex Resources Limited	appointed 21 February 2011 and resigned 31 October 2012
Aspen Group Limited	appointed 24 December 2001 and resigned 30 April 2012

Jeffrey Allan Quartermaine BE (Civil), MBA, FCPA – Managing director (Appointed 01/02/2013)

The managing director and chief executive officer, Mr. Jeffrey Quartermaine, was appointed on 1 February 2013 after previously serving as the group's chief financial officer from 2010 to 2013. Jeff Quartermaine has more than 25 years of experience in senior financial and strategic management roles with ASX and TSX-listed resources companies. He is a Fellow of the Society of Certified Practising Accountant (CPA) who holds both business management (MBA) and engineering qualifications (BE). Mr. Quartermaine has extensive experience as chief financial officer and chief operating officer of a number of Australian public companies. During the past three years he has not served as a director of any other listed companies.

Michael Andrew Bohm B.AppSc (Mining Eng.), MAusIMM - Non executive director (Appointed 15/10/2009)

Mr. Michael Bohm is a mining engineer with extensive experience in operations management, evaluation and project development in Australia, Northern Europe, SE Asia, North and South America. Mr. Bohm has more than 24 year's minerals industry experience predominantly in the gold, nickel and diamond sectors in both open pit and underground mining environments. Mr. Bohm serves on the company's audit, risk and remuneration committees. During the past three years he has also served as a director of the following listed companies:

Other current directorships:

Ramelius Resources Limited	appointed 29 November 2012
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Former directorships in the last 3 years:

Herencia Resources plc.	appointed 14 June 2006 and resigned 31 August 2013
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Directors' report

INFORMATION ON DIRECTORS - continued

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 an executive director of Perseus, Mr. Carson is responsible for the company's compliance, corporate and legal matters. During the past three years he has also served as a director of the following listed companies:

Other current directorships:

Manas Resources Limited appointed 17 October 2007

Former directorships in the last 3 years:

Equus Mining Limited appointed 10 October 1994 and resigned 27 May 2013

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 he is a member of the Law Society of Upper Canada.

Mr. Harvey serves on the company's audit, risk and remuneration committees and is the chairman of the former. During the past three years he has also served as a director of the following listed companies:

Other current directorships:

Victoria Gold Corporation appointed 31 July 2007
Serabi Gold plc appointed 30 March 2011
Sarama Resources Ltd appointed 2 November 2011
Troy Resources Limited appointed 29 August 2013

Former directorships in the last 3 years:

Azimuth Resources Limited appointed 10 May 2012 and resigned 5 July 2013
Andina Minerals Inc appointed 29 December 2004 and resigned 20 March 2013
Allied Gold Limited appointed 11 March 2010 and resigned 7 September 2012

Rhett Boudewyn Brans MIEAust CPEng - Executive director (Appointed 26/05/2004 and resigned 15/11/2013)

Mr. Rhett 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 more than 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 was responsible for Perseus's project development and operating activities. During the past three years he also served as a director of the following listed company:

Other current directorships:

Syrah Resources Limited appointed 12 June 2013
Carnavale Resources Limited appointed 18 September 2013

Former directorships in the last 3 years:

Tiger Resources Limited appointed 11 July 2008 and resigned 22 May 2013

INFORMATION ON DIRECTORS - continued

Neil Christian Fearis LL.B. (Hons) FAICD F FIN - Non-executive director (Appointed 26/05/2004 and retired 15/11/2013)

Mr. Neil Fearis has more than 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 served 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:

Tiger Resources Limited	appointed 26 May 2011
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Former directorships in the last 3 years:

Carnarvon Petroleum Limited	appointed 30 November 1999 and resigned 31 December 2013
Magma Metals Limited	appointed 8 October 2009 and resigned 25 June 2012

Company secretary

Martijn Paul Bosboom LL.B LL.M AGIA

(Appointed company secretary on 18/11/2013)

Mr. Martijn Bosboom is also the company's general counsel and has more than 20 years of international in-house and private practice experience in both common law and civil law jurisdictions. Mr. Bosboom holds a Bachelor of Laws from the University of Western Australia and a Master of Laws from the University of Leiden, the Netherlands. Mr. Bosboom is a member of the Governance Institute of Australia ("GIA") and has completed the GIA's Graduate Diploma of Applied Corporate Governance.

Directors' report

DIRECTORS' MEETINGS

The number of meetings of the directors and the number of meetings attended by each director during the year ended 30 June 2014 were:

	Full meetings of directors		Audit committee meetings		Remuneration committee meetings	
	A	B	A	B	A	B
R. N. Gillard	10	10	4	4	2	2
J. A. Quartermaine	10	10	-	-	-	-
C. J. Carson	10	10	-	-	-	-
R. B. Brans ⁽ⁱ⁾	3	4	-	-	-	-
N. C. Fearis ⁽ⁱⁱ⁾	4	4	2	2	-	-
T. S. Harvey	10	10	4	4	2	2
M. A. Bohm	10	10	2	2	2	2

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.

(i) Resigned 15 November 2013

(ii) Retired 15 November 2013

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	Performance rights
Non-executive directors	R N Gillard	1,100,000	-	-
	T S Harvey	1,000,000	-	-
	M A Bohm	420,000	-	-
Executive directors	J A Quartermaine	200,000	-	999,286
	C J Carson	853,200	-	700,000

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the class order applies.

REMUNERATION REPORT (audited)

This report outlines the remuneration arrangements in place for Perseus's non-executive directors, executive directors and other key management personnel ("KMP") for the financial year ended 30 June 2014 in accordance with the *Corporations Act 2001* (Cth) (the "Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

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 (including link to performance)
3. Service agreements
4. Share-based compensation
5. Additional information

1. 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 and other stakeholders 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. Various remuneration arrangements in relation to the company's key management personnel during the financial year were based on recommendations made by an independent remuneration consultant, PJ Kinder Consulting.

Fees paid to PJ Kinder Consulting for this advice was \$5,000 (2013: \$11,000). Instructions and scope of terms for the engagement of PJ Kinder Consulting were issued by the committee.

The board is satisfied that the remuneration recommendations made by PJ Kinder Consulting were made free from undue influence by the member or members of the key management personnel to whom the recommendations relate. The board's reasons for stating so are:

- (i) that the instructions and terms were issued and set by the committee;
- (ii) PJ Kinder Consulting discussed its findings and recommendations with the committee only and not any members of the management;
- (iii) PJ Kinder Consulting's fees were based on a time basis at rates commensurate with such professional services; and
- (iv) the committee had satisfied itself that PJ Kinder Consulting is a qualified and well-credentialed firm for the purposes of such professional advice and is independent from Perseus.

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.

Directors' report

REMUNERATION REPORT - continued

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 or performance rights, 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 approved 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 9.25% 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.

The remuneration of the non-executive directors for the year ended 30 June 2014 is detailed below.

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

Position	Annual fees ¹ from 1 July 2013 to 30 June 2014 \$	Annual fees ¹ from 1 July 2014 ² \$
Base Fees		
Chair	170,000	170,000
Other non-executive directors	85,000	85,000
Additional Fees		
Audit committee – chair	17,000	17,000
Audit committee – member	8,500	8,500
Remuneration committee – chair	12,750	12,750
Remuneration committee - member	6,800	6,800

1 Inclusive of statutory superannuation where applicable

2 Statutory superannuation contributions increased to 9.5% from 1 July 2014

Directors' retirement benefits

No retirement benefits are paid to non-executive directors other than the statutory superannuation contributions (if applicable) of 9.25% for the year ending 30 June 2014 and 9.5% from 1 July 2014, 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.

REMUNERATION REPORT - continued

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.

During the 2012 financial year the group conducted a review of incentive plans 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. This incentive plan is effective for the 2014 financial year. Further details are provided below under variable remuneration.

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. The group introduced a remuneration framework during the 2013 financial year which sets out the basis of short term incentives (“STI”) and long term incentives (“LTI”), which are discussed further below.

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 ended 30 June 2014 is detailed in table 2 of this report.

STI

The STI is the annual component of the “at risk” reward opportunity, which takes the form of a cash bonus. The STI is reliant on the achievement of job related KPI’s, both financial and non-financial, over a mix of group, business unit, department and individual targets. The objective of a STI is to align the performance of the individual to the short term operational and financial objectives of the group.

After the board evaluates and approves the group’s operating budget for the forthcoming financial year, a series of physical, financial and business sustainability targets are set. These are used to determine the KPI’s of the CEO and executives, their direct reports and so on down the organisation structure.

These performance measures are chosen to represent the key drivers of short term success for the group with reference to the group’s long term strategy. The CEO and executives have a target STI opportunity of up to 25% and 10% of fixed remuneration respectively.

On an annual basis the board will evaluate the group’s physical, financial and business sustainability targets to determine whether these were met, give consideration to the group’s external environment including the outlook for future years and then determine the STI pool that is available for payment to individuals.

Directors' report

REMUNERATION REPORT - continued

Each individual has a performance review conducted to measure performance against set KPI's, with a rating from 1 to 5 being awarded.

Overall performance review rating

- 1 – Unsatisfactory
- 2 – Needs improvement
- 3 – Meets expectations
- 4 – Exceeds expectations
- 5 – Outstanding

A rating less than or equal to 3 attracts a nil STI opportunity, greater than 3 but less than or equal to 4, a pro rata of 0% to 75% of STI opportunity, and greater than 4 a pro-rata of 75% to 100% STI opportunity.

The remuneration committee will then, after consideration of performance against KPI's and recommendation from the CEO, determine the amount if any of the STI to be paid to each executive. STI payments are awarded in the month of August for all eligible participants to the extent they reach specific targets that were set at the beginning of the financial year. The cash bonuses are inclusive of superannuation.

Given the introduction of an LTI plan the board does not consider it appropriate to defer a portion of the STI. The board has the discretion to scale the size of the STI pool up or down. For the financial year ended 30 June 2014, given the current economic climate, the board has determined that no STI payments will be made for the period.

LTI

The LTI is the "at risk" component that takes the form of an equity based incentive designed to attract, motivate and retain high quality employees at the same time as aligning their interests with those of the group's shareholders. LTI awards are made under the Performance Rights Plan ("PRP") and give eligible employees rights to acquire shares in Perseus subject to vesting conditions.

The company uses both total shareholder return ("TSR") and individual achievement of a KPI rating of 3 or more over the vesting period as the performance measure for the LTI. TSR was selected as the LTI performance measure as it links rewards of the executives to the creation of long term shareholder wealth. Furthermore vesting only occurs if the group performs in the 50th percentile of its peer group or above, the greater the outperformance the greater the reward to the executive.

The peer group chosen for comparison, having considered the following factors: ASX listing; TSX listing; commodity focus; geographic focus; and business development stage, is shown below.

African Barrick Gold plc	Medusa Mining Limited	Resolute Mining Limited	Semafo Inc
Golden Star Resources Ltd	Endeavour Mining Corp	Kingsgate Consolidated	Regis Resources
Teranga Gold Corporation	St Barbara Mines		

Subject to the performance conditions, the vesting date for the rights is one and a half and three years from the commencement of the performance period. The vesting schedule is as follows:

Relative TSR over the vesting period	Proportion of performance rights vested
Below the 50 th percentile	0%
At the 50 th percentile	25%
Between the 50 th and the 75 th percentile	Pro-rate between 25% and 50%
Above the 75 th percentile	100%

REMUNERATION REPORT - continued

TSR performance and individual KPI performance is monitored on an annual basis. If the hurdles are not achieved during the performance period, the rights will lapse and no re-testing of rights is permitted.

Table 7 provides details of rights awarded and vested during the year and table 5 provides details of the value of rights awarded, exercised and lapsed during the year.

Where a participant ceases employment for any reason, any unvested rights will lapse and be forfeited, subject to the discretion of the board in the case of death, disability, retirement or redundancy. If the board exercises its discretion in this manner, the rights will only vest upon meeting the relevant LTI performance measures.

In the event of a change of control of the group, the board may in its absolute discretion determine that all or a portion of the unvested rights automatically vest and are automatically exercised.

2. Details of remuneration (including link to performance)

Details of the remuneration of the directors and the KMP 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 25 to 27 for details) plus the following senior executives.

Mr Martijn Bosboom	General counsel (appointed 15 July 2013) and company secretary (appointed 18 November 2013)
Ms Elissa Brown	Chief financial officer
Mr Kevin Thomson	Exploration manager

Company performance and its link to STIs

For the financial year ended 30 June 2014, given the current economic climate, the board has determined that no STI payments will be made for the period gone.

Company performance and its link to LTIs

During the period the board issued performance rights to the executives of the group, as well as other employees with a certain level of influence over the group's performance. The performance measures that drive the vesting of this LTI include Perseus's TSR relative to its peer group and the individual's performance over the relevant vesting period, 1 January 2014 to 30 June 2015 and 1 January 2014 to 31 December 2016.

Perseus's performance during the 12 months to 30 June 2014 and the four previous years are set out below:

Year ended 30 June	2014	2013	2012	2011	2010
Market capitalisation (\$'000)	218,562	201,503	1,135,746	1,115,117	961,474
Closing share price (\$)	0.42	0.44	2.48	2.62	2.30
TSR – 1 year (%)	(5.7)	(82.3)	(5.3)	13.9	215.1
TSR – 3 year rolling (%)	(84.2)	(80.9)	239.7	120.2	98.3
Median peer group TSR – 1 year (%) ¹	20.1	(68.0)			

Notes:

¹ Only relevant for the 2013 and 2014 financial year as prior years would have had a different peer group.

For the 2014 grant of performance rights, based on the period's performance, Perseus is above the 50th percentile of the peer group. If the ranking remains unchanged at the vesting date of 30 June 2015 and 31 December 2016 then all performance rights will vest subject to achievement of minimum individual employee KPI rating requirements.

Directors' report

REMUNERATION REPORT - continued

Table 2 - Directors' and executives' remuneration for the year ended 30 June 2014

	Salary / fees	Short-term Cash bonus ^(iv)	Post-employment Superannuation	Termination /resignation payments	Share-based payments Options	Performance rights ^(iv)	Total	Performance related
	\$	\$	\$	\$	\$	\$	\$	%
Non-executive directors								
Reginald Gillard								
2014	175,057	-	16,193	-	-	-	191,250	-
2013	206,422	-	18,578	-	-	-	225,000	-
Neil Fearis ⁽ⁱ⁾								
2014	40,912	-	-	-	-	-	40,912	-
2013	128,000	-	-	-	-	-	128,000	-
Sean Harvey								
2014	102,730	-	-	-	-	-	102,730	-
2013	110,000	-	-	-	-	-	110,000	-
Michael Bohm								
2014	88,721	-	8,207	-	-	-	96,928	-
2013	99,083	-	8,917	-	-	-	108,000	-
Sub-total non-executive directors								
2014	407,420	-	24,400	-	-	-	431,820	-
2013	543,505	-	27,495	-	-	-	571,000	-
Executive directors								
Jeffrey Quartermaine								
2014	697,500	-	25,000	-	-	52,143	774,643	7
2013	609,167	17,760	25,000	-	-	33,129	685,056	7
Colin Carson								
2014	305,225	-	17,775	-	-	91,600	414,600	22
2013	363,530	-	16,470	-	-	88,708	468,708	19
Rhett Brans ⁽ⁱⁱ⁾								
2014	179,924	-	20,253	147,316	-	(88,708)	258,785	(34)
2013	469,250	-	10,750	-	-	88,708	568,708	16
Sub-total executive directors								
2014	1,182,649	-	63,028	147,316	-	55,035	1,448,028	4
2013	1,441,947	17,760	52,220	-	-	210,545	1,722,472	13
Directors total								
2014	1,590,069	-	87,428	147,316	-	55,035	1,879,848	3
2013	1,985,452	17,760	79,715	-	-	210,545	2,293,472	10

REMUNERATION REPORT - continued

Table 2 - Directors' and executives' remuneration for the year ended 30 June 2014 – continued

	Salary / fees	Short-term Cash bonus ^(vi)	Post-employment Superannuation	Termination /resignation payments	Share-based payments Options	Performance rights ^(iv)	Total	Performance related
	\$	\$	\$	\$	\$	\$	\$	%
Senior executives								
Susmit Shah ⁽ⁱⁱⁱ⁾								
2014	71,604	-	-	-	-	-	71,604	-
2013	137,426	-	-	-	-	-	137,426	-
Kevin Thomson								
2014	458,744	-	-	-	-	46,438	505,182	9
2013	449,502	-	-	-	-	28,298	477,800	6
Elissa Brown								
2014	342,225	-	17,775	-	-	37,156	397,156	9
2013	263,530	16,280	16,470	-	-	21,741	318,021	12
Jon Yelland ^(vi)								
2014	366,707	-	23,521	60,496	-	(33,129)	417,595	(8)
2013	432,496	24,975	25,000	-	-	33,129	515,600	11
Martijn Bosboom ^(v)								
2014	254,250	-	23,120	-	-	3,985	281,355	1
2013	-	-	-	-	-	-	-	-
Senior executives total								
2014	1,493,530	-	64,416	60,496	-	54,450	1,672,892	3
2013	1,282,954	41,255	41,470	-	-	83,168	1,448,847	9

Notes:

- (i) Fees for director services provided by Mr. Neil Fearis were charged to Perseus by an interposed entity, and include an amount equal to the superannuation benefit that would otherwise have been paid to him as an individual. Mr Fearis retired from the position of non-executive director with effect from 15 November 2013.
- (ii) Mr Rhett Brans resigned on 15 November 2013 and forfeited his performance rights. Any share based payment expense previously recognised under AASB 2 in respect of the performance rights that will no longer vest has been reversed.
- (iii) Fees for company secretarial services provided by Mr Shah were charged to Perseus by Corporate Consultants Pty Ltd ("CCPL"), a company in which Mr Shah has a beneficial interest. Mr Shah resigned from the position of joint company secretary with effect from 14 May 2014.
- (iv) Vesting expense for the financial year of performance rights issues to directors and employees under the terms of the company's Performance Rights Plan approved by shareholders in November 2012. The fair value of the performance rights is calculated at the date of grant using the Monte-Carlo Simulation pricing model.
- (v) Mr Martijn Bosboom was appointed general counsel on 15 July 2013. On 18 November 2013 Mr Bosboom was appointed joint company secretary and continued as sole company secretary after the resignation of Mr Shah on 14 May 2014.
- (vi) Mr Jon Yelland resigned on 10 March 2014 and forfeited his performance rights. Any share based payment expense previously recognised under AASB 2 in respect of the performance rights that will no longer vest has been reversed.
- (vii) Certain 2013 KMP resigned in 2013 and have not been included in the table above.

Directors' report

REMUNERATION REPORT - continued

3. Service agreements

Remuneration and other terms of employment for the chief executive officer and managing director, chief financial 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, Mr. Jeffrey Quartermaine

Mr. Jeffrey Quartermaine was appointed on 1 February 2013 as managing director and CEO and an employment contract with Perseus was entered outlining the terms of his employment.

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

Fixed remuneration – Mr. Quartermaine's annual salary was set at \$850,000 per annum, inclusive of statutory superannuation entitlements, with effect from 1 February 2013. This was subsequently voluntarily decreased to \$722,500 per annum, inclusive of statutory superannuation entitlements, with effect from 1 July 2013, as part of the group's cost reduction program.

Variable remuneration – Mr. Quartermaine received 725,000 performance rights during the period, issued under the terms of the company's Performance Rights Plan approved by shareholders in November 2012. No other variable remuneration was paid to Mr. Quartermaine in respect of his services during the 12 months ended 30 June 2014.

Statutory entitlements

Mr. Quartermaine 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. Quartermaine'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. Mr. Quartermaine may terminate the contract by giving Perseus three months' notice, whilst Perseus may terminate the contract by giving Mr. Quartermaine the greater of six months or a period that is not less than that specified by the Fair Work Act 2009 (Cth) and the National Employment Standards. 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. Quartermaine in lieu of the notice period.

If the terms of Mr. Quartermaine'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 originally contracted gross base salary (\$850,000 per annum) as for each year of employment by Perseus with a minimum payment equivalent to six months of his originally contracted gross base salary and a maximum of twelve months of his originally contracted 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) ⁽ⁱⁱ⁾	Variable remuneration	Termination provision
Jeffrey Quartermaine <i>CEO & managing director</i>	Perseus Mining Limited	No fixed term and review annually	3 months	\$722,500	STI/LTI plan	Applicable on early termination by the company ^(iv)
Colin Carson <i>Executive director</i>	Perseus Mining Limited	No fixed term and review annually	3 months	\$370,000	STI/LTI plan	Applicable on early termination by the company ^(iv)
Elissa Brown <i>Chief financial officer</i>	Perseus Mining Limited	No fixed term and review annually	3 months	\$370,000	STI/LTI plan	Applicable on early termination by the company ^(iv)
Kevin Thomson <i>Exploration manager</i>	Perseus Mining Services Ltd	No fixed term and review annually	2 months	CDN\$454,750 ⁽ⁱⁱⁱ⁾	STI/LTI plan	Applicable on early termination by the company ^(iv)
Martijn Bosboom ⁽ⁱ⁾ <i>General counsel and company secretary</i>	Perseus Mining Limited	No fixed term and review annually	3 months ⁽ⁱ⁾	\$330,000	STI/LTI plan	Applicable on early termination by the company ^(iv)

Notes:

- (i) Mr Martijn Bosboom was appointed general counsel on 15 July 2013. On 18 November 2013 Mr Bosboom was appointed joint company secretary and continued as sole company secretary after the resignation of Mr Shah on 14 May 2014. Mr Bosboom is required to provide 2 months' notice on resignation; the company is required to provide 3 months' notice.
- (ii) Represents current fixed remuneration of key management personnel from 1 July 2014.
- (iii) CDN\$454,750 gross per annum, inclusive of Canadian Pension Plan (CPP) contributions.
- (iv) 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 originally contracted salary.

Directors' report

REMUNERATION REPORT – continued

4. Share based compensation

KMP are eligible to participate in Perseus's PRP. The terms and conditions of the performance rights affecting remuneration of directors and KMP in the current or a future reporting period are set out below. Performance rights granted carry no dividend or voting rights. When exercisable, the performance rights are convertible into one ordinary share per right. Further information is set out in note 28 to the financial statements.

Table 4 - Key terms of share based compensation held by KMP and directors as at 30 June 2014

Type	Grant date	Exercise price	Fair value at grant date	Vesting date	% of grant vested	Expiry date
Performance right ⁽ⁱ⁾	25 November 2012	nil	\$0.89	30 June 2015	-	31 December 2015
Performance right ⁽ⁱ⁾	1 January 2013	nil	\$0.71	30 June 2015	-	31 December 2015
Performance right ⁽ⁱ⁾	1 January 2014	nil	\$0.17	30 June 2015	-	31 December 2015
Performance right ⁽ⁱ⁾	1 January 2014	nil	\$0.18	31 December 2016	-	30 June 2017
Performance right ⁽ⁱ⁾	4 June 2014	nil	\$0.22	30 June 2015	-	31 December 2015
Performance right ⁽ⁱ⁾	4 June 2014	nil	\$0.23	31 December 2016	-	30 June 2017

(i) The assessed fair value at grant date of performance rights granted to the individuals is allocated equally over the performance period (three year period from 1 July 2012 to 30 June 2015 over which the individuals and the company's performance is assessed), and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Monte Carlo Simulation pricing model. Further information is set out in note 28 to the financial statements.

(ii) The assessed fair value at grant date of performance rights granted to the individuals is allocated equally over the performance period (18 month period from 1 January 2014 to 30 June 2015 and three year period from 1 January 2014 to 31 December 2016 over which the individuals and the company's performance is assessed), and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Monte Carlo Simulation pricing model. Further information is set out in note 28 to the financial statements.

REMUNERATION REPORT - continued

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

Table 5 - Value of share based compensation

Name	Percentage of remuneration consisting of: Options	Value granted, exercised or lapsed in 12 months ended 30 June 2014						Amount paid per share on exercise
		Granted \$		Exercised \$		Forfeited / lapsed / expired \$		
		Options	Performance rights ⁽ⁱ⁾	Options	Performance rights	Options	Performance rights	
Executive directors								
Jeffrey Quartermaine	-	-	163,125	-	-	-	-	-
Colin Carson	-	-	90,000	-	-	-	-	-
Rhett Brans ⁽ⁱⁱ⁾	-	-	-	-	-	-	-	-
Senior executives								
Kevin Thomson	-	-	70,000	-	-	-	-	-
Elissa Brown	-	-	70,000	-	-	-	-	-
Jon Yelland ⁽ⁱⁱⁱ⁾	-	-	-	-	-	-	-	-
Martijn Bosboom	-	-	43,750	-	-	-	-	-

Notes:

- (i) The value at grant date calculated in accordance with AASB 2 Share-based payment of performance rights granted during the year as part of remuneration. The total value of the performance rights granted is included in the table above. This amount is allocated to remuneration over the vesting period (refer to Table 4 for detail on vesting periods of performance rights).
- (ii) Mr Rhett Brans resigned on 15 November 2013 and forfeited his performance rights.
- (iii) Mr Jon Yelland resigned on 10 March 2014 and forfeited his performance rights.

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

Directors' report

REMUNERATION REPORT - continued

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

Table 6 – Movement of options and performance rights 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	Forfeited / lapsed / expired	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								
Reginald Gillard	-	-	-	-	-	-	-	-
Options	-	-	-	-	-	-	-	-
Performance rights	-	-	-	-	-	-	-	-
Sean Harvey	-	-	-	-	-	-	-	-
Options	-	-	-	-	-	-	-	-
Performance rights	-	-	-	-	-	-	-	-
Michael Bohm	-	-	-	-	-	-	-	-
Options	-	-	-	-	-	-	-	-
Performance rights	-	-	-	-	-	-	-	-
Executive directors								
Jeffrey Quartermaine	250,000	-	-	(250,000)	-	-	-	-
Options	250,000	-	-	(250,000)	-	-	-	-
Performance rights	274,286	725,000 ⁽ⁱ⁾	-	-	-	999,286	-	-
Options	-	-	-	-	-	-	-	-
Collin Carson	300,000	400,000 ⁽ⁱ⁾	-	-	-	700,000	-	-
Performance rights	300,000	400,000 ⁽ⁱ⁾	-	-	-	700,000	-	-
Options	-	-	-	-	-	-	-	-
Rhett Brans ^(iv)	300,000	-	-	(300,000)	-	-	-	-
Performance rights	300,000	-	-	(300,000)	-	-	-	-
Senior executives								
Kevin Thomson	200,000	-	-	(200,000)	-	-	-	-
Options	200,000	-	-	(200,000)	-	-	-	-
Performance rights	234,286	400,000 ⁽ⁱⁱ⁾	-	-	-	634,286	-	-
Options	100,000	-	-	(100,000)	-	-	-	-
Elissa Brown	180,000	400,000 ⁽ⁱⁱ⁾	-	-	-	580,000	-	-
Performance rights	180,000	400,000 ⁽ⁱⁱ⁾	-	-	-	580,000	-	-
Options	-	-	-	-	-	-	-	-
Jon Yelland ^(v)	274,286	-	-	(274,286)	-	-	-	-
Performance rights	274,286	-	-	(274,286)	-	-	-	-
Options	-	-	-	-	-	-	-	-
Martijn Bosboom ⁽ⁱⁱⁱ⁾	-	250,000 ⁽ⁱⁱ⁾	-	-	-	250,000	-	-
Performance rights	-	250,000 ⁽ⁱⁱ⁾	-	-	-	250,000	-	-

Notes:

- (i) Performance rights issued on 4 June 2014.
- (ii) Performance rights issued on 1 January 2014.
- (iii) Mr Martijn Bosboom was appointed general counsel on 15 July 2013. On 18 November 2013 Mr Bosboom was appointed joint company secretary and continued as the sole company secretary after the resignation of Mr Shah on 14 May 2014.
- (iv) Mr Rhett Brans resigned on 15 November 2013 and forfeited his performance rights.
- (v) Mr Jon Yelland resigned on 10 March 2014 and forfeited his performance rights.

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 and performance rights yet to vest has been determined as the amount of the grant date fair value of the options or performance rights.

Table 7 – Options and performance rights granted as at 30 June 2014

Name	Number of options and performance rights	Financial period granted	Vested in current financial period	Vested in prior financial period	Forfeited/ current financial period	Financial period in which options / performance rights may vest	Minimum total value of grant yet to vest	Maximum total value of grant yet to vest
	No	Yr	%	%	%	Yr	\$	\$
Executive directors								
Jeffrey Quartermaine	Options	2011	-	100	100	-	-	-
	Performance rights	2013	-	-	-	2015	-	193,544
	Performance rights	2014	-	-	-	2015	-	79,255
	Performance rights	2014	-	-	-	2017	-	82,920
Colin Carson	Performance rights	2013	-	-	-	2015	-	266,125
	Performance rights	2014	-	-	-	2015	-	43,727
	Performance rights	2014	-	-	-	2017	-	45,749
Senior executives								
Kevin Thomson	Options	2011	-	100	100	-	-	-
	Performance rights	2013	-	-	-	2015	-	165,319
	Performance rights	2014	-	-	-	2015	-	34,793
	Performance rights	2014	-	-	-	2017	-	35,088
Elissa Brown	Options	2011	-	100	100	-	-	-
	Performance rights	2013	-	-	-	2015	-	127,013
	Performance rights	2014	-	-	-	2015	-	34,793
	Performance rights	2014	-	-	-	2017	-	35,088
Martijn Bosboom	Performance rights	2014	-	-	-	2015	-	21,746
	Performance rights	2014	-	-	-	2017	-	21,930

Directors' report

REMUNERATION REPORT – continued

5. Additional information

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, there were no unissued ordinary shares in Perseus under option.

Shares issued on exercise of options

During the financial year no ordinary shares were issued by Perseus as a result of the exercise of options. None have been issued since the end of the financial year.

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 2013	Received as remuneration	Options exercised	Other Movements ^(vi)	Balance at 30 June 2014
Directors					
Reginald Gillard	918,750	-	-	181,250	1,100,000
Jeffrey Quartermaine	-	-	-	200,000	200,000
Colin Carson	453,200	-	-	400,000	853,200
Rhett Brans ⁽ⁱ⁾	950,000	-	-	(950,000)	-
Neil Fearis ⁽ⁱⁱ⁾	477,732	-	-	(477,732)	-
Sean Harvey	500,000	-	-	500,000	1,000,000
Michael Bohm	420,000	-	-	-	420,000
Other key management personnel					
Susmit Shah ⁽ⁱⁱⁱ⁾	619,500	-	-	(619,500)	-
Jon Yelland ^(iv)	7,000	-	-	(7,000)	-
Kevin Thomson	290,000	-	-	-	290,000
Elissa Brown	-	-	-	31,250	31,250
Martijn Bosboom ^(v)	-	-	-	40,000	40,000

Notes:

- (i) Shareholdings at the time Mr Rhett Brans resigned on 15 November 2013.
- (ii) Shareholdings at the time Mr Fearis retired from the position of non-executive director with effect from 15 November 2013.
- (iii) Shareholdings at the time Mr Shah resigned from the position of joint company secretary with effect from 14 May 2014.
- (iv) Shareholdings at the time Mr Jon Yelland resigned on 10 March 2014.
- (v) Mr Martijn Bosboom was appointed general counsel on 15 July 2013. On 18 November 2013 Mr Bosboom was appointed joint company secretary and continued as the sole company secretary after the resignation of Mr Shah on 14 May 2014.
- (vi) The remaining other movements represent on-market purchase of shares.

Performance rights

As at the date of this report, the total number of performance rights under the Performance Rights Plan was 7,263,775 as follows:

Type of security	Number	Exercise price	Issue date	Expiry date
Performance rights	300,000	nil	25 November 2012	31 December 2015
Performance rights	1,288,775	nil	1 January 2013	31 December 2015
Performance rights	2,275,000	nil	1 January 2014	31 December 2015
Performance rights	2,275,000	nil	1 January 2014	30 June 2017
Performance rights	562,500	nil	4 June 2014	31 December 2015
Performance rights	562,500	nil	4 June 2014	30 June 2017

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

REMUNERATION REPORT – continued

Shares issued on exercise of performance rights

During the financial year no ordinary shares were issued by Perseus as a result of the exercise of performance rights. None have been issued since the end of the financial year.

End of remuneration 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. In April 2014, the company entered into Deeds of Indemnity, Access and Insurance with all persons who were an officer of the company at that time. Independent legal advice was received that the content of the deeds conforms with the Corporations Act 2001 and current market practice. To the extent permitted by law, the company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year end. 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 premiums, paid during the year ended 30 June 2014 amounted to \$217,581, 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 proceeding 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

During the year Ernst & Young, the group's auditor, performed other non-audit services in addition to statutory duties. The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the group, acting as an advocate for the group or jointly sharing risks and rewards. Further information is set out at note 21 of the financial statements.

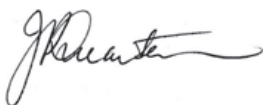
Directors' report

AUDITORS' INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young, 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 2014.

Signed in accordance with a resolution of directors.

J A Quartermaine



Managing Director

Perth, 26 August 2014

Competent Person Statement

The information in the Annual Group Ore Reserves and Mineral Resources Statement in this report is based on, and fairly represents information and supporting documentation prepared by competent persons in accordance with the requirements of the JORC Code. The Annual Group Ore Reserves and Mineral Resources Statement as a whole has been approved by Mr Kevin Thomson, a Competent Person who is a Professional Geoscientist with the Association of Professional Geoscientists of Ontario. Mr Thomson is an employee of a subsidiary of the Company. Mr Thomson has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 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 Thomson consents to the inclusion in this report of the information in the form and context in which it appears.

All production targets for the EGM referred to in this report are underpinned by estimated Ore Reserves which have been prepared by competent persons in accordance with the requirements of the JORC Code.

The information in this report that relates to EGM Ore Reserves, SGP Ore Reserves, SGP Mineral Resources and GGP Mineral Resources is based on, and fairly represents, information and supporting documentation compiled by Mr Kevin Thomson, a Competent Person who is a Professional Geoscientist with the Association of Professional Geoscientists of Ontario. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The information in this report that relates to EGM Mineral Resources was first reported by the Company in compliance with the JORC Code 2012 in a market release on 27 August 2014. The Company confirms that it is not aware of any new information or data that materially affects the information in that market announcement.

The information in this report that relates to exploration results at its Bokitsi South deposit in Ghana was first reported by the Company in compliance with the JORC Code 2012 in market releases on 19 June 2014 and 7 July 2014. The Company confirms that it is not aware of any new information or data that materially affects the information in those market announcements.

The information in this report that relates to exploration results at the Mahalé exploration licence in Côte d'Ivoire was first reported by the Company in compliance with the JORC Code 2012 in its December 2013 Quarterly Activities Report dated 28 January 2014. The Company confirms that it is not aware of any new information or data that materially affects the information included in that market announcement.

The information in this report that relates to other exploration results is based on, and fairly represents, information and supporting documentation prepared by Mr Kevin Thomson, a Competent Person who is a Professional Geoscientist with the Association of Professional Geoscientists of Ontario. Mr Thomson is an employee of a subsidiary of the Company. Mr Thomson has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 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 Thomson 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' 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 - Tengréla Gold Project, Côte d'Ivoire" dated December 22, 2010 in relation to the Edikan Gold Mine (formerly the Central Ashanti Gold Project) and the Tengréla Gold Project respectively.




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Auditor's Independence Declaration to the Directors of Perseus Mining Limited

In relation to our audit of the financial report of Perseus Mining Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in cursive script that reads "Ernst & Young".

Ernst & Young

A handwritten signature in cursive script that reads "Gavin Buckingham".

Gavin Buckingham
Partner
Perth
26 August 2014

Corporate governance statement

This statement reports on Perseus Mining Limited's ("Perseus" or the "company") corporate 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 ("CGC"). 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. Practices are reported against the Second Edition of the ASX principles. All these practices, unless otherwise stated, were in place for the entire year.

In a small number of instances, the company has determined not to meet the standard set out in the ASX Principles at the present time. This applies in situations where the board considers the recommendation to be inappropriate for a company of Perseus's stage of corporate development or where the company philosophy differs from the ASX Principles. As the company's activities expand in size, nature and scope, 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.

The table below summarises the company's compliance with the recommendations set out in the ASX Principles.

Recommendation	Comply Yes / No	Reference / explanation	ASX listing rule / CGC recommendations
Principle 1 — Lay solid foundations for management and oversight			
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	Page 48-49	ASX CGC 1.1
1.2 Companies should disclose the process for evaluating the performance of senior executives.	Yes	Page 49	ASX CGC 1.2
1.3 Companies should provide the information indicated in the guide to reporting on Principle 1.	Yes	Page 48-49	ASX CGC 1.3
Principle 2 — Structure the board to add value			
2.1 A majority of the board should be independent directors.	Yes	Page 49-50	ASX CGC 2.1
2.2 The chair should be an independent director.	Yes	Page 50	ASX CGC 2.2
2.3 The roles of chair and chief executive officer (CEO) should not be exercised by the same individual.	Yes	Page 50	ASX CGC 2.3
2.4 The board should establish a nomination committee.	No	Page 50	ASX CGC 2.4
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	Page 49-50	ASX CGC 2.5
2.6 Companies should provide the information indicated in the guide to reporting on Principle 2.	Yes	Page 49-51	ASX CGC 2.6
Principle 3 — Promote ethical and responsible decision-making			
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:	Yes	Page 51 Website	ASX CGC 3.1
<ul style="list-style-type: none"> The practices necessary to maintain confidence in the company's integrity The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders The responsibility and accountability of individuals for reporting and investigating reports of unethical practices 			

Recommendation	Comply Yes / No	Reference / explanation	ASX listing rule / CGC recommendations
Principle 3 — Promote ethical and responsible decision-making - continued			
3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy.	Yes	Page 52 Website	ASX CGC 3.2
The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	No	Page 52-53	
3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	No	Page 52-53	ASX CGC 3.3
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Yes	Page 53	ASX CGC 3.4
3.5 Companies should provide the information indicated in the guide to reporting on Principle 3.	Yes	Page 51-53	ASX CGC 3.5
Principle 4 — Safeguard integrity in financial reporting			
4.1 The board should establish an audit committee.	Yes	Page 53	ASX CGC 4.1
4.2 The audit committee should be structured so that it: <ul style="list-style-type: none"> • Consists only of non-executive directors • Consists of a majority of independent directors • Is chaired by an independent chair, who is not chair of the board • Has at least three members 	Yes	Page 53	ASX CGC 4.1 ASX CGC 4.2 ASX LR 12.7
4.3 The audit committee should have a formal charter.	Yes	Page 53 Website	ASX CGC 4.3
4.4 Companies should provide the information indicated in the guide to reporting on Principal 4.	Yes	Page 53	ASX CGC 4.4
Principle 5 — Make timely and balanced disclosure			
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	Yes	Page 54 Website	ASX CGC 5.1
5.2 Companies should provide the information indicated in the guide to reporting on Principle 5.	Yes	Page 54	ASX CGC 5.2
Principle 6 — Respect the rights of shareholders			
6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	Page 54	ASX CGC 6.1
6.2 Companies should provide the information indicated in the guide to reporting on Principle 6.	Yes	Page 54	ASX CGC 6.2
Principle 7 — Recognise and manage risk			
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	Page 54	ASX CGC 7.1
7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	Page 54	ASX CGC 7.2

Corporate governance statement

Recommendation	Comply Yes / No	Reference / explanation	ASX listing rule / CGC recommendations
Principle 7 — Recognise and manage risk - continued			
7.3 The board should disclose whether it has received assurance from the CEO (or equivalent) and the Chief Financial Officer (CFO) (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	Page 54-55	ASX CGC 7.3
7.4 Companies should provide the information indicated in the guide to reporting on Principle 7.	Yes	Page 54-55	ASX CGC 7.4
Principle 8 — Remunerate fairly and responsibly			
8.1 The board should establish a remuneration committee.	Yes	Page 55	ASX CGC 8.1
8.2 The remuneration committee should be structured so that it: <ul style="list-style-type: none"> Consists of a majority of independent directors Is chaired by an independent chair Has at least three members 	Yes	Page 55	ASX CGC 8.2
8.3 Companies should clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives.	Yes	Page 55	ASX CGC 8.3
8.4 Companies should provide the information indicated in the guide to reporting on Principle 8.	Yes	Page 55	ASX CGC 8.3

Principle 1: Lay solid foundations for management and oversight

Functions reserved to the board and delegated to senior executives

The relationship between the board and the senior management team is considered to be critical to the successful operation of the company.

The board is responsible for understanding the expectations of the company's shareholders, regulators and other key stakeholders and for identifying areas of significant business risk. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the company is properly managed. The board has established a framework for the management of the group that involves a system of internal controls, a business risk management process and the establishment of clear standards of behaviour with which all employees are required to comply as a condition of their continuing employment by the company.

The responsibility for the day to day operation and administration of the group is delegated by the board to the CEO who in turn delegates specific responsibilities to the senior management team. The board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the CEO and the senior management team.

The board is responsible for ensuring that management's objectives and activities, once defined, are aligned with the expectations and risks identified by the board. The board has a number of mechanisms in place to ensure this is achieved including:

- Board approval of a strategic plan designed to meet stakeholders' needs and manage business risk;
- Ongoing development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success of the company;
- Consider and if thought fit approve policies designed to guide the conduct of the company's employees in conducting the company's business;
- Consider and if thought fit, approve systems for health, safety and environmental management; risk and internal control, and regulatory compliance;
- Monitoring management's progress relative to approved budgets — via the establishment and reporting of both financial and non-financial key performance indicators;
- Approval of the annual and half-yearly financial reports;

Principle 1: Lay solid foundations for management and oversight - continued

- Consider, approve and monitor the progress of strategic initiatives including major capital expenditure, capital management, and acquisitions and divestitures;
- Ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored;
- Reporting to shareholders.

Senior executive performance review

The company has implemented a Remuneration Framework which forms the basis of remuneration in the form of salary, short term and long term incentives and links these to KPI's which are agreed with executives and are used as a basis for monitoring performance. Typically KPIs include measures related to individual performance, corporate performance, and the performance of the executive's team as well as measurable indicators relating to business unit performance (e.g. gold produced, cash operating costs, various environmental, occupational health and safety, community and government relations) as applicable.

Principle 2: Structure the board to add value

Perseus endorses the proposition 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 structured to achieve this outcome and its directors believe that they have adequately discharged their responsibilities and duties to the benefit of shareholders and other key stakeholders.

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the directors' report.

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 were not formally set out in a letter of appointment however this practice will change when any new directors are appointed. 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 existing directors, who are experienced public company directors.

Independent directors

Directors of Perseus are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with — or could reasonably be perceived to materially interfere with — the exercise of their unfettered and independent judgement.

In the context of director independence, “materiality” is considered from both the group and director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the group's loyalty.

Corporate governance statement

Principle 2: Structure the board to add value - continued

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Perseus are considered to be independent ensuring compliance with the recommendation that the board be comprised of a majority of independent directors:

Reginald N Gillard	Independent	Non-executive chairman
Michael A Bohm	Independent	Non-executive director
T Sean Harvey	Independent	Non-executive director

Mr Jeffrey A Quartermaine is the managing director and CEO of the company and is not considered to be independent nor is Mr Colin J Carson who is employed by the company in an executive role.

Prior to the commencement of each full board meeting, the independent directors meet separately to discuss any matters that need to be canvassed without input from executive or non-independent directors. Where required, matters arising from the meeting of independent directors will be added to the agenda of the full board meeting for consideration by all of the directors.

Chairman and CEO

The chairman of the board 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 Reginald N Gillard, is independent as discussed above.

The CEO is Mr Jeffrey A Quartermaine who is responsible for implementing company strategies and policies.

Nomination Committee

The board of the company does not use a nomination committee. Directors are of the opinion that due to the nature and size of the company, the functions normally performed by a nomination committee can and should be discharged by the full board.

If a casual vacancy occurs on the board or if as part of the annual board performance appraisal, it is felt that additional skill sets are required on the board, the chairman will initiate a process designed to recruit a new director. Typically, a formal gap analysis of the skills, experience and expertise of the incumbent directors will be performed to identify specific skill sets and experience that could add value to the board. A short-list of potential candidates who are thought to possess the requisite skills and experience is prepared, using where appropriate the advice of independent search consultants. Candidates are invited to meet with all directors who then debate the relative merits of candidates and select the most suitable candidate to fill the position. This director must stand for election by shareholders 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 CEO) must retire and may offer themselves for re-election.

Board performance review

It is the policy of the board to conduct an annual evaluation of the performance of the directors. Performance is measured by the efficiency and effectiveness with which the Company goes about achieving its corporate objectives. The annual evaluation will be a peer review process on an individual basis, evaluation as a group or a combination of both and will be managed internally or externally. This evaluation process for the previous reporting period was an internally managed formal appraisal by each director of their peers' performance relative to a series of measures related to the achievement of the company's objectives. A performance evaluation for the current reporting period was carried out in July 2014 and involved an internally managed review of the board as a whole. The results of the evaluation are discussed by the board and, as necessary, plans for performance improvement are agreed.

In the event of an evaluation of individual directors, before discussion at board level relevant results are first discussed by the chairman and the individual director. The evaluation process also involves consideration of more subjective appraisal of the overall board's performance as gathered by the chairman during the period based on contacts with shareholders and other key stakeholders.

Principle 2: Structure the board to add value - continued

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 information

Directors have the right of access to any employee of the group for the purpose of seeking information about aspects of the company's business and are encouraged to do so.

For each formal meeting of the board, a set of board papers is prepared by management addressing each of the functional areas of the business and is typically provided to directors in advance of the meeting to afford directors the opportunity to familiarise themselves with matters to be considered ahead of the meeting. Information provided to the board includes all material information on exploration, development, operations, finance and corporate activities including 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.

Share ownership

Directors are encouraged to own shares in the company.

Principle 3: Promote ethical and responsible decision making

Code of conduct

A code of conduct has been adopted by the group that is intended to provide all directors and employees of the group with a framework of principles by which the group's business is to be conducted and by which all directors and employees are required to interact with each other and with external stakeholders in the company. In summary, it is intended that directors and employees will at all times:

- act with total integrity and professionalism and be scrupulous in the proper use of the group's information, funds, equipment and facilities;
- exercise fairness, equity, respect, courtesy, consideration and sensitivity in dealing with colleagues, customers, suppliers and other stakeholders; and
- avoid real or perceived conflicts of interest.

The code of conduct, which formally documents existing practise, applies equally to all employees of the group and compliance with the code of conduct is an explicit condition of their continued employment by the group. The code of conduct can be found on the company's website.

Whistle blower policy

Under the group's whistle blower policy, any employee can report concerns about the conduct or practices of the company or any of its employees that they consider places the interests of the company, its employees, its other stakeholders or members of the general public at risk of loss, injury or damage, including reputational damage, to the company secretary who is then responsible for initiating an investigation of the allegation in consultation with the CEO. If the alleged breach is not rectified to the satisfaction of the employee, they have the right to report any alleged breach to an independent director without further reference to senior managers of the company. The whistle blower policy can be found on the company's website.

Corporate governance statement

Principle 3: Promote ethical and responsible decision making - continued

Securities trading policy

The group has adopted a formal policy that governs behaviour in relation to trading in the company's securities. In order to preserve the reputation and integrity of the company, it is imperative that when associates of Perseus deal in Perseus's securities, those dealings are not only fair, but are also seen to be fair. The securities trading policy is intended to eliminate the potential for misconceptions, misunderstandings or suspicions which might arise in relation to dealings in the securities of Perseus. The securities trading policy can be found on the company's website.

The general principle on which this policy is based is that directors, employees, advisers, contractors and consultants of Perseus (Applicable Persons) and their related parties (spouses, de facto spouses, parents and children, and entities controlled by Applicable Persons) (Related Persons) who deal in Perseus's securities should:

- never engage in short term trading of Perseus's securities;
- not deal in Perseus's securities while in possession of inside information;
- notify the company secretary of any intended transactions involving Perseus's securities if the person is a member of Perseus's key management personnel ("KMP"); and
- ensure that all buying or selling of Perseus's securities by KMP of Perseus occurs outside of prohibited periods unless prior written clearance is obtained in accordance with this policy.

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.

Diversity

The group recognises the value contributed to the organisation by employing people with varying skills, gender, cultural backgrounds, ethnicity and experience. Perseus believes its diverse workforce is an important element of its continued growth, improved productivity and performance. To this end the company has adopted an equal opportunity and anti-discrimination policy whereby to the extent possible permitted by the laws of the jurisdictions in which we operate, Perseus is committed to providing equal employment opportunities to all directors and employees and to all applicants for employment regardless of race, colour, gender, religion, age, nationality, disability, marital status, sexual orientation, political conviction or any other grounds and to providing a workplace where differences are respected and accepted and anti-discriminatory behaviour of any kind is strictly prohibited. Merit is the sole basis of appointment, promotion and remuneration. The equal opportunity and anti-discrimination policy can be found on the company's website.

This commitment is enacted through:

- Encouraging diversity in our workforce in the course of our business provided that this does not conflict with "local employment" rules and quotas that apply in some jurisdictions in which we operate;
- Avoiding discrimination of any form in our recruitment practices;
- Educating employees on issues of diversity, tolerance and respect for differences;
- Proactively discouraging behaviour involving harassment, bullying or disrespectful conduct by employees towards other employees;
- Establishing and enforcing disciplinary procedures which include sanctions against discriminatory behaviour.

The group supports the fundamental premise of the recommendations contained in the ASX corporate governance principles and recommendations requiring diversity in the workplace.

While not setting specific targets for achieving gender diversity, the group:

- Encourages diversity in the appointment of employees to roles at all levels of the organisation by interviewing suitably qualified men and women for the positions. The actual data on the gender diversity that currently exists within the group is set out on next page:

Principle 3: Promote ethical and responsible decision making - continued

- Has an employee development policy under which the company is committed to providing all employees, irrespective of gender, with support and opportunities to improve their skills, knowledge and qualifications required for the performance of their existing role and for improving their prospects of promotion to other roles within the company;
- Has implemented a Remuneration Framework to ensure a uniform approach to performance based pay and remuneration. Salaries are set on the basis of the level of responsibility of the position, technical skills and qualifications required to perform the role. Performance based pay is determined through the use of KPI's set at the beginning of each financial year with reference to the group's performance as well as business unit, team and individual objectives;
- Provides flexible work arrangements, to the extent practically possible, taking into account the nature of work performed by employees.

As at 1 August 2014 the number (and proportion) of women at various levels in the organisation is as follows: Board level: nil, senior executives: 1 (20%), EGM department management 2 (22%) and throughout the entire group 69 (14%). In relation to ethnicity, 96% of the workforce of the company's subsidiaries in Ghana are Ghanaian nationals, this includes representation from all five catchment communities that surround the EGM as well as other Ghanaian communities further afield. 97% of the workforce of the company's subsidiaries in Côte d'Ivoire is Ivorian.

Principle 4: Safeguard integrity in financial reporting

Audit and risk committee

The company has an audit and risk committee comprising three independent, non-executive directors, with two committee members constituting a quorum. The audit committee was reconstituted as the audit and risk committee in June 2014 and its charter was amended to reflect those changes.

Name ¹		Meetings held	Meetings attended
T S Harvey (Chairman)	Independent, non-executive director	4	4
R N Gillard	Independent, non-executive chairman	4	4
M A Bohm	Independent, non-executive director	2	2
N Fearis	Independent, non-executive director	2	2

Notes

¹ Mr Fearis was chairman of the audit committee for part of the reporting period. He retired as a director of the company on 15 November 2013. He was replaced as a member of the audit committee by Mr Bohm at which time Mr Harvey took over as chairman of the committee.

Details of the qualifications and expertise of these directors is included in the directors' report. The audit and risk committee has adopted a formal charter which contains details of the procedure for the selection and appointment of the external auditor, and for the rotation of the external audit engagement partners.

The audit and risk committee charter can be found on the company's 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.

Ernst and Young were appointed as external auditor in 2011. In accordance with the Corporations Act Ernst and Young is required to rotate its audit engagement partners on listed companies at least every 5 years.

Corporate governance statement

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

Continuous disclosure policy and shareholder communication

The company has adopted a formal policy and procedures designed to ensure compliance with ASX listing rule continuous disclosure requirements and accountability for compliance. In summary, when the company becomes aware of any information concerning the company that a reasonable person would expect to have a material effect on the price or value of Perseus's securities, the company will immediately make that information publicly available unless the information is of a nature that a reasonable person would not expect it to be disclosed and the information is confidential and one of the following applies:

- the information is incomplete or indefinite, which would make disclosure premature;
- the information comprises matters of supposition or matters that are not definite;
- the information has been generated expressly for internal management purposes;
- the information is a trade secret; or
- it would be a breach of the law to disclose the information publicly.

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. Regular open "dial-in" teleconferences are convened which are open for all shareholders, potential investors and analysts to participate. The CEO and CFO conduct investor relation presentations throughout the year.

Shareholders and interested investors are also 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.

The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and the preparation of the audit report.

Principle 7: Recognise and manage risk

The board has the ultimate responsibility for the risk management, compliance and internal controls systems of the company. In June 2014 the audit committee was reconstituted as the audit and risk committee with an amended charter to enhance the importance of risk management as a key area for the board.

Risk management

Group management, through the CEO, 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 CEO 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.

Principle 7: Recognise and manage risk - continued

Assurances from the chief executive officer and the chief financial officer

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.

The CEO and the CFO have declared in writing to the board that the company's financial statements 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 CEO and the CFO 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

Details of the composition of the remuneration committee and meetings held during the period are as follows:

Name ²		Meetings held	Meetings attended
R N Gillard (Chairman)	Independent, non-executive chairman	2	2
T S Harvey	Independent, non-executive director	2	2
M A Bohm	Independent, non-executive director	2	2
N Fearis	Independent, non-executive director	0	0

Notes

² Mr Fearis retired as a director of the company on 15 November 2013. He was replaced as a member of the remuneration committee by Mr Harvey.

The remuneration committee is responsible for determining and reviewing compensation arrangements for the non-executive directors, the CEO and the executive management team. The remuneration committee has adopted a formal charter setting out its role and responsibilities which can be found on the company's website. The committee obtains external advice in relation to remuneration arrangements when deemed appropriate.

Remuneration policy

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.

For a full discussion of the company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period please refer to the remuneration report, which is contained in the directors' report.

There is no scheme to provide retirement benefits to non-executive directors.

The company does not have a written policy prohibiting entering into transactions in associated products, which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes. The company believes that this matter is sufficiently covered by Section 206J(1) of the Corporations Act which prohibits the key management personnel of a listed company from entering into an arrangement to limit their exposure to "an element of the member's remuneration that has not vested in the member".

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These financial statements are the 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
Second Floor
437 Roberts Road
Subiaco WA 6008
AUSTRALIA

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities on pages 5 to 13, which is not part of these financial statements.

These financial statements were authorised for issue by the directors on 26 August 2014. 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.

Statement of comprehensive income

For the year ended 30 June 2014

CONSOLIDATED			
	Notes	2014 \$'000	2013* Restated \$'000
Revenue		264,218	293,734
Changes in inventories of finished goods and work in progress	4	563	(15,129)
Contractors, consumables, utilities and reagents		(179,618)	(144,069)
Royalties		(16,501)	(19,349)
Employee benefits expense		(29,596)	(24,512)
Depreciation and amortisation expense	4	(40,962)	(27,869)
Foreign exchange (loss) / gains	4	(21,643)	20,280
Finance costs	4	(1,588)	(3,089)
Impairment reversal / (impairment) of investment in associate	10	2,255	(2,676)
Impairment of available-for-sale financial asset	9	(2,225)	-
Impairment of exploration		-	(2,194)
Share of net losses of associate	10	(1,383)	(1,369)
Loss recognised on discontinuation of equity accounting		-	(3,979)
Gain on derivative financial instruments		-	233
Other expenses		(10,297)	(7,093)
(Loss) / profit before income tax expense		(36,777)	62,919
Income tax benefit / (expense)	5	4,717	(21,037)
(Loss) / profit after tax expense		(32,060)	41,882
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(2,494)	21,066
Net changes in fair value of cash flow hedges		(19,393)	91,160
Net changes in fair value of available for sale financial assets		705	(651)
Income tax benefit / (expense) relating to cash flow hedges		6,788	(31,906)
Total comprehensive (loss) / income for the year		(46,454)	121,551
(Loss) / profit attributable to:			
Owners of the parent		(30,949)	38,771
Non-controlling interests		(1,111)	3,111
		(32,060)	41,882
Total comprehensive (loss) / income attributable to:			
Owners of the parent		(43,923)	111,868
Non-controlling interests		(2,531)	9,683
		(46,454)	121,551
Basic (loss) / profit per share	27	(6.43) cents	8.47 cents
Diluted (loss) / profit per share	27	(6.43) cents	8.47 cents

The accompanying notes form part of these financial statements.

* Certain amounts shown here do not correspond to the June 2013 financial statements and reflect adjustments made as detailed in note 1.

Statement of financial position

As at 30 June 2014

		CONSOLIDATED	
	Notes	2014 \$'000	2013* Restated \$'000
Current assets			
Cash and cash equivalents	6	36,937	35,480
Receivables	7	32,985	8,203
Inventories	8	37,111	31,058
Other assets	9	5,943	10,345
Derivative financial instruments	14	9,557	2,548
Total current assets		122,533	87,634
Non-current assets			
Receivables	7	17,243	53,101
Inventories	8	2,025	-
Other assets	9	2,053	4,181
Investments accounted for using the equity method	10	1,548	652
Property, plant and equipment	11	184,521	211,343
Mine properties	12	189,005	156,411
Mineral interest acquisition and exploration expenditure	13	33,565	47,311
Derivative financial instruments	14	9,529	29,747
Total non-current assets		439,489	502,746
Total assets		562,022	590,380
Current liabilities			
Trade and other payables	15	53,077	53,085
Derivative financial instruments	14	115	-
Total current liabilities		53,192	53,085
Non-current liabilities			
Provisions	15	7,669	7,983
Deferred tax liability	16	34,552	47,468
Total non-current liabilities		42,221	55,451
Total liabilities		95,413	108,536
Net assets		466,609	481,844
Equity			
Issued capital	18	476,429	445,404
Reserves	18	(1,110)	11,659
(Accumulated losses) / retained earnings	19	(15,280)	15,669
Parent entity interest		460,039	472,732
Non-controlling interest		6,570	9,112
Total equity		466,609	481,844

The accompanying notes form part of these financial statements.

* Certain amounts shown here do not correspond to the June 2013 financial statements and reflect adjustments made as detailed in note 1.

Statement of changes in equity

For the year ended 30 June 2014

CONSOLIDATED

	Issued capital \$'000	(Accumulated losses)/ retained earnings \$'000	Share based payments reserve \$'000	Foreign currency translation reserve \$'000	Asset revaluation reserve \$'000	Cash flow hedge reserve \$'000	Non- controlling interest's reserve \$'000	Non- controlling interest \$'000	Total equity \$'000
Balance at 1 July 2013	445,404	15,267	18,865	(31,454)	(651)	24,631	218	9,062	481,342
Changes in accounting policies (see note 1)	-	402	-	50	-	-	-	50	502
Balance at 1 July 2013 (restated)*	445,404	15,669	18,865	(31,404)	(651)	24,631	218	9,112	481,844
Loss for the period	-	(30,949)	-	-	-	-	-	(1,111)	(32,060)
Currency translation differences	-	-	-	(2,359)	-	-	-	(159)	(2,518)
Share of currency translation difference of associated entity	-	-	-	24	-	-	-	-	24
Net change in the fair value of financial assets	-	-	-	-	705	-	-	-	705
Net change in the fair value of cash flow hedges	-	-	-	-	-	(17,454)	-	(1,939)	(19,393)
Income tax relating to components of other comprehensive loss	-	-	-	-	-	6,109	-	679	6,788
Total comprehensive (loss) / income for the year	-	(30,949)	-	(2,335)	705	(11,345)	-	(2,530)	(46,454)
Shares issued during the year	32,286	-	-	-	-	-	-	-	32,286
Share issue expenses	(1,261)	-	-	-	-	-	-	-	(1,261)
Share based payments	-	-	206	-	-	-	-	(12)	194
Balance at 30 June 2014	476,429	(15,280)	19,071	(33,739)	54	13,286	218	6,570	466,609
Balance at 1 July 2012	445,450	(23,102)	18,449	(51,824)	-	(28,697)	218	(626)	359,868
Profit for the year (restated – see note 1)	-	38,771	-	-	-	-	-	3,111	41,882
Currency translation differences	-	-	-	19,204	-	-	-	646	19,850
Share of currency translation difference of associated entity	-	-	-	1,216	-	-	-	-	1,216
Net change in the fair value of financial assets	-	-	-	-	(651)	-	-	-	(651)
Net change in the fair value of cash flow hedges	-	-	-	-	-	82,044	-	9,116	91,160
Income tax relating to components of other comprehensive loss	-	-	-	-	-	(28,716)	-	(3,190)	(31,906)
Total comprehensive income / (loss) for the year	-	38,771	-	20,420	(651)	53,328	-	9,683	121,551
Shares issued during the year	-	-	-	-	-	-	-	-	-
Share issue expenses	(46)	-	-	-	-	-	-	-	(46)
Share based payments	-	-	416	-	-	-	-	55	471
Balance at 30 June 2013 (restated)*	445,404	15,669	18,865	(31,404)	(651)	24,631	218	9,112	481,844

The accompanying notes form part of these financial statements.

* Certain amounts shown here do not correspond to the June 2013 financial statements and reflect adjustments made as detailed in note 1.

Statement of cash flows

For the year ended 30 June 2014

		CONSOLIDATED	
	Notes	2014 \$'000	2013 \$'000
Operating activities			
Receipts in the course of operations		255,294	285,185
Payments to suppliers and employees		(236,142)	(207,207)
Interest received		203	188
Payments for borrowing costs		(269)	(2,981)
Net cash (used in) / from operating activities	26	19,086	75,185
Investing activities			
Payments for exploration and evaluation expenditure		(8,409)	(13,378)
Payments for acquisition of property, plant and equipment		(358)	(920)
Payments for mine properties		(21,570)	(28,503)
Payments for acquisition of assets under construction		(17,624)	(37,500)
Proceeds on disposal of property, plant and equipment		164	-
Purchase of gold put options		(179)	-
Investment in unlisted entity		(50)	-
Payments for security deposits and bank guarantees		-	(6,914)
Net cash used in investing activities		(48,026)	(87,215)
Financing activities			
Proceeds from share issues		32,286	-
Repayment of borrowings		-	(60,554)
Share issue expenses		(1,261)	(46)
Net cash provided by / (used in) financing activities		31,025	(60,600)
Net increase / (decrease) in cash held		2,085	(72,630)
Cash and cash equivalents at the beginning of the financial year		35,480	105,497
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		(628)	2,613
Cash and cash equivalents at the end of the financial year	6	36,937	35,480

The accompanying notes form part of these financial statements.

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Notes to the financial statements

For the year ended 30 June 2014

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"). Perseus Mining Limited is a listed for-profit public company, incorporated and domiciled in Australia. During the year ended 30 June 2014, the consolidated entity conducted operations in Australia, Ghana and Côte d'Ivoire.

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 (AASB), 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 and Interpretations adopted by the group

In the year ended 30 June 2014, the group reviewed and has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2013.

(i) From 1 July 2013 the group applied AASB Interpretation 20 *Stripping costs in the production phase of a surface mine*. The change in accounting policy has been applied to the earliest period presented and therefore there has been a restatement of certain 30 June 2013 closing balances as follows:

As of and for the year ended 30 June 2013:

Decrease in changes in inventories of finished goods and work in progress of \$339,000

Increase in contractors, consumables, utilities and reagents of \$3,079,000

Decrease in depreciation and amortisation expense of \$3,427,000

Increase in income tax expense of \$241,000

Increase in profit after tax of \$447,000

Increase in inventories of \$381,000

Increase in mine properties of \$391,000

Increase in deferred tax liability of \$270,000

Increase in reserves of \$50,000

Increase in retained earnings of \$402,000

Increase in non-controlling interest of \$50,000

The effect on earnings per share related to the restatement in 2013 was an increase of \$0.001.

The impact for the current year has not been disclosed as it is impractical to do so.

Prior to the implementation of Interpretation 20 the group capitalised excess stripping costs incurred during production based on the strip ratio method. Stripping ratios are a function of the quantity of ore mined compared with the quantity of overburden, or waste required to be removed to mine the ore. For each individual pit and interim pit ("component") the actual strip ratio was compared to the life of component strip ratio and costs were deferred to the extent that the current period ratio exceeded the life of component strip ratio. The deferred costs were then expensed to the income statement in the period where the current ratio fell below the life of component ratio.

Following the application of Interpretation 20, the group is now required to amortise the deferred waste asset over the expected useful life of the identified component of the ore body that has been made more accessible by the activity. The group amortises the deferred waste asset on a unit of production basis over the economically recoverable reserves of the component concerned. The unit of measure is bank cubic meters of ore mined. The group already identified each component of the ore body via the use of interim pits and as such the requirement of Interpretation 20 to separately identify components of each ore body had no effect on the group at the date of application of the interpretation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

a) Basis of preparation – continued

(ii) From 1 July 2013 the group applied AASB 13 *Fair Value Measurement*. The group has reassessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurements of assets and liabilities. AASB 13 also requires additional disclosures.

Application of AASB 13 has not materially impacted the fair value measurements of the group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in note 17.

(iii) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013). In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. The group has applied the new standard and its application has had no impact on the composition of the group.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control. The group has applied the new standard and its application has had no impact on the composition of the financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. The group has applied the standard and additional disclosures required are set out in note 24.

(iv) AASB 119 *Employee Benefits* (September 2011) and AASB 2011-10: *Amendments to Australian Accounting Standards arising from AASB 119* (September 2011) (applicable for annual reporting periods beginning on or after 1 January 2013). The amended standard changed the definition of short-term and long-term employee benefits. The impact of which is not material to the group.

AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (applicable for annual reporting periods beginning on or after 1 July 2013, and thus applicable to the group for the first time this year). This standard makes amendments to AASB 124 *Related Party Disclosures* to remove the individual key management personnel (KMP) disclosure requirements which now need to be included in the group's remuneration report due to an amendment to the *Corporations Regulations 2001* in June 2013. The group has ensured all individual KMP disclosures required have been disclosed in the remuneration report.

AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* (application for annual reporting periods commencing on or after 1 January 2013). This standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's statement of financial position.

Notes to the financial statements

For the year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

a) Basis of preparation – continued

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative instruments and available for sale financial assets.

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.

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 2014 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including special purpose entities) controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the 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 acquisition 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 and joint ventures

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.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control, are similar to those necessary to determine control over subsidiaries. Investments in associates and joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the group's share of net assets of the associate or joint venture since the acquisition date. The group's investment in its associate or joint venture includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to note 10 for investment in associates).

The statement of other comprehensive income reflects the group's share of the results of operations of the associate or joint venture. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the group and the associate or joint venture are eliminated to the extent of the group's interest in the associate or joint venture.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

b) Principles of consolidation – continued

The financial statements of the associate or joint venture are prepared for the same reporting period as the group. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

After application of the equity method, the group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value.

Upon loss of significant influence over the associate or joint control over the joint venture, the group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

After application of the equity method, the group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Impairment of investment in associate' in the income statement.

(iii) 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 entity within the group 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'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.

Notes to the financial statements

For the year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

d) Foreign currency transactions and balances – continued

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. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(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. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the translation reserve in equity.

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)
	Perseus Mining (Ghana) Limited	United States dollars (USD)
Côte d'Ivoire	Occidental Gold Sarl	CFA ¹ francs (XOF)
	Perex Sarl	CFA ¹ francs (XOF)
	Perseus Mining Côte d'Ivoire SA	CFA ¹ francs (XOF)
	Perseus Services Sarl	CFA ¹ francs (XOF)
Canada	Perseus Mining Services Ltd	Canadian dollars (CAD)

1. Communauté Financière d'Afrique (Financial Community of Africa)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

e) Revenue recognition

Revenue is recognised and 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. The following criteria are also applicable to specific revenue transactions:

(i) *Gold bullion sales*

Revenue from gold bullion sales is recognised when there has been a transfer of risks and rewards from the group to an external party, no further processing is required by the group, quality and quantity of the goods has been determined with reasonable accuracy, the selling price is fixed or determinable, and collectability is probable. The point at which risk and rewards pass for the group's commodity sales is upon dispatch of the gold bullion from the mine site. Adjustments are made for variations in commodity price, assay and weight between the time of dispatch and the time of final settlement.

(ii) *Interest income*

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 balance sheet full 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 determined 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.

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.

Notes to the financial statements

For the year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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 with an original maturity not exceeding three months, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. If greater than three months principal amounts can be redeemed in full with interest payable at the same cash rate from inception as per the agreement with each bank. 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.

j) Inventories

Gold bullion, gold in circuit and ore stockpiles are physically measured or estimated and 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. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling the final product.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(k) Investments and other financial assets - continued

(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 7) 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. 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 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.

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.

Notes to the financial statements

For the year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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 14. 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 Financial Instruments: Recognition and Measurement 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 "revenue". 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

m) Property, plant and equipment and mine properties

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.

Accumulated mine development costs (classified as either 'plant and equipment' or 'mine properties') are depreciated/amortised on a unit of production basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of mine, in which case the straight line method is applied. The units of measure for amortisation of mine properties is tonnes of ore mined and the amortisation of mine properties takes into account expenditures incurred to date, together with sanctioned future development expenditure. The EGM mine properties work in progress is assessed at the end of every month and when the work is completed it is transferred to mine properties and then amortised.

The units of measure for depreciating mine related plant and equipment is tonnes of ore processed.

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 equipment	3-10
Buildings	20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's 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.

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 financial statements

For the year ended 30 June 2014

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 is 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 probable 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

r) Provisions - continued

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 short-term employee benefits 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 and the Performance Rights Plan. Information relating to share based payments is set out in note 28.

The fair value of options or performance rights granted under the Perseus Mining Limited's Employee Option Plan or the Performance Rights 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 or performance rights 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 or performance rights that are expected to become vested. 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.

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.

Notes to the financial statements

For the year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

t) Rehabilitation provision - continued

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.

x) Parent entity financial information

The financial information for the parent entity, Perseus Mining Limited, disclosed in note 29 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

x) Parent entity financial information - continued

(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) Deferred stripping costs

The group incurs waste removal costs (stripping costs) during the development and production phases of its surface mining operations. During the production phase, stripping costs (production stripping costs) can be incurred both in relation to the production of inventory in that period and the creation of improved access and mining flexibility in relation to ore to be mined in the future. The former are included as part of the costs of inventory, while the latter are capitalised as a stripping activity asset, where certain criteria are met. Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and what relates to the creation of a stripping activity asset.

Once the group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g., in tonnes) of waste to be stripped and ore to be mined in each of these components.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The group considers that the ratio of the expected waste to be stripped for an expected amount of ore to be mined, for a specific component of the ore body, is the most suitable production measure.

Furthermore, judgements and estimates are also used to apply the units of production method in determining the amortisation of the stripping activity asset(s).

z) Fair value measurement

The group measures derivatives at fair value at each balance-sheet date and, for the purposes of impairment testing, uses fair value less costs of disposal to determine the recoverable amount of some of its non-financial assets. Also, fair values of financial instruments are disclosed in note 17.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the financial statements

For the year ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

z) Fair value measurement - continued

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described, as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is either:

- Expected to be realised within 12 months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as non-current.

A liability is current when either:

- It is due to be settled within 12 months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

aa) Accounting standards and interpretations issued but not yet effective

At the date of the authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the group. Management anticipates that all of the relevant pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement.

(i) AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.

- Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
 - o The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
 - o The remaining change is presented in profit or loss

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

aa) New accounting standards and interpretations - continued

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.

The AASB issued a revised version of AASB 9 (AASB 2013-9) during December 2013. The revised standard incorporates three primary changes:

1. New hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures
2. Entities may elect to apply only the accounting for gains and losses from own credit risk without applying the other requirements of AASB 9 at the same time
3. In February 2014, the IASB tentatively decided that the mandatory effective date for AASB 9 will be 1 January 2018

The application date of this standard is 1 January 2018 and management has not yet assessed its impact on the group.

(ii) IFRS 15 *Revenue from contracts with customers*. In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations (IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue—Barter Transactions Involving Advertising Services*)

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- (a) Step 1: Identify the contract(s) with a customer
- (b) Step 2: Identify the performance obligations in the contract
- (c) Step 3: Determine the transaction price
- (d) Step 4: Allocate the transaction price to the performance obligations in the contract
- (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The application date of this standard is 1 January 2017 and management has not yet assessed its impact on the group.

Early application of this standard is permitted.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

bb) Comparatives

Certain comparatives have been reclassified to comply with current year presentation.

Notes to the financial statements

For the year ended 30 June 2014

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 consolidated 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, forward estimates including:

- (i) Mine life including quantities of ore reserves and mineral 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 payments*

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 and the fair value of performance rights granted is determined using a Monte Carlo simulation model, using the assumptions detailed in note 28.

(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 relevant 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 15 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 14.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – continued

(vi) *Taxes*

Judgement is required in determining whether deferred tax assets are recognised on the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in jurisdictions in which the group operates could limit the ability of the group to obtain tax deductions in future periods.

(vii) *Unit-of-production method of depreciation / amortisation*

The group uses the unit-of-production basis when depreciating/amortising life of mine specific assets, which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The group amortises mine property assets utilising tonnes of ore mined and mine related plant and equipment over tonnes of ore processed.

(viii) *Deferred stripping expenditure*

The group defers stripping costs incurred during the production stage of its operations. Significant judgement is required to distinguish between production stripping that relates to the extraction of inventory and what relates to the creation of a deferred waste asset.

The group also identifies the separate components of the ore body. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify these components, and to determine the expected volumes of waste to be stripped and ore to be mined in each component. Changes in a mine's life and design will usually result in changes to the expected stripping ratio (waste to mineral reserves ratio).

Changes in other technical or economical parameters that impact reserves will also have an impact on the life of component ratio even if they do not affect the mine's design. Changes to the life of mine are accounted for prospectively.

(ix) *Inventory*

Net realisable value tests are performed at least quarterly and represent the estimated future sales price of the product based on prevailing spot metal prices at the reporting date, less estimated costs to complete production and bring the product to sale. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage based on expected processing method. Stockpile tonnages are verified by periodic surveys.

(x) *Reserves and resources*

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the group's mining properties. The group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body and this requires complex geological judgements to interpret data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, goodwill, provision for rehabilitation, recognition of deferred assets, and depreciation and amortisation charges.

(xi) *Measurement of fair values*

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 17 for further disclosures.

Notes to the financial statements

For the year ended 30 June 2014

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 three geographical segments in 2014 being Australia and the West African 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	Mining, mineral exploration, evaluation and development activities.
Côte d'Ivoire	Mineral exploration, evaluation and development activities.

Revenue is derived from two external customers arising from the sale of gold bullion reported under the Ghana reporting segment.



3. SEGMENT INFORMATION – continued

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

	Australia 2014 \$'000	Australia 2013 \$'000	Ghana 2014 \$'000	Ghana 2013 \$'000	Côte d'Ivoire 2014 \$'000	Côte d'Ivoire 2013 \$'000	Consolidated 2014 \$'000	Consolidated 2013 \$'000
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Revenue								
Total revenue	229	113	263,989	293,621	-	-	264,218	293,734
Results								
Operating (loss) / profit before income tax	(19,328)	6,104	(15,345)	57,598	(2,104)	(783)	(36,777)	62,919
Income tax benefit / (expense)							4,717	(21,037)
Net (loss) / profit							(32,060)	41,882

Included within segment results:

Share of net loss of associate accounted for using the equity method	(1,383)	(1,369)	-	-	-	-	(1,383)	(1,369)
Impairment reversal / (impairment) of investment in associate	2,255	(2,676)	-	-	-	-	2,255	(2,676)
Impairment of available-for-sale financial asset	(2,225)	-	-	-	-	-	(2,225)	-
Depreciation and amortisation	(898)	(859)	(39,918)	(26,904)	(146)	(106)	(40,962)	(27,869)
(Loss) / gain on derivative financial instruments	-	-	-	233	-	-	-	233
Devaluation of gold put options	-	(47)	(180)	-	-	-	(180)	(47)
Share based payments to employees, directors and consultants	(120)	(369)	(33)	(93)	(20)	(10)	(173)	(472)
Foreign exchange (loss) / gain	(7,850)	25,786	(13,788)	(5,504)	(5)	(2)	(21,643)	20,280

Assets

Segment assets	43,272	29,172	456,590	503,209	62,160	57,999	562,022	590,380
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Total assets includes:

Investments in associates	1,548	652	-	-	-	-	1,548	652
Additions to non-current assets (other than financial assets)	404	394	41,881	54,978	3,792	16,228	46,077	71,600

Liabilities

Segment liabilities	1,013	2,480	93,925	104,654	475	1,402	95,413	108,536
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For the year ended 30 June 2014

4. OTHER INCOME / EXPENSES AND ADJUSTMENTS

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
Loss before income tax has been determined after:		
Other revenue:		
Interest revenue	240	144
Interest revenue is included in 'revenue' in the statement of comprehensive income.		
Foreign exchange (loss) / gains:		
Foreign exchange (loss) / gain on translation of inter-company loans	(7,482)	26,248
Foreign exchange loss on translation of VAT receivable	(15,582)	(4,710)
Foreign exchange gain / (loss) on other translations	1,421	(1,258)
	(21,643)	20,280
Changes in inventories of finished goods and work in progress:		
Write up / (write down) of inventories due to increase / (decrease) in net realisable value	6,505	(21,218)
Write up / (write down) of inventories due to an increase / (decrease) in net realisable value is included in 'changes in inventories of finished goods and work in progress' in the statement of comprehensive income.		
Finance costs:		
Interest and finance charges	(1,588)	(3,089)
Other costs:		
Devaluation of gold put options	(180)	(47)
Loss on disposal of property, plant and equipment	(818)	(21)
Doubtful debts	(3,040)	-
Depreciation and amortisation:		
Amortisation of stripping asset	(15,702)	(7,626)
Other depreciation and amortisation	(25,260)	(20,243)
	(40,962)	(27,869)

5. INCOME TAX EXPENSE

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
(a) Income tax expense		
Current tax expense	538	5
Deferred tax (benefit) / expense	(5,255)	24,116
Adjustment for current tax of prior periods	-	(3,084)
Income tax (benefit) / expense	(4,717)	21,037
Income tax expense is attributable to:		
Profit from continuing operations	(4,717)	21,037
Profit from discontinued operations	-	-
Aggregate income tax (benefit) / expense	(4,717)	21,037
Deferred income tax expense included in tax comprises:		
(Increase) in deferred tax assets	(10,871)	(10,425)
Increase in deferred tax liabilities	5,616	34,541
Aggregate deferred tax (benefit) / expense	(5,255)	24,116
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
(Loss) / profit from continuing operations before income tax expense	(36,777)	62,919
Profit / (loss) from discontinuing operations before income tax expense	-	-
	(36,777)	62,919
Tax at the Australian tax rate of 30%	(11,033)	18,876
Effect of tax rates in foreign jurisdictions	(818)	2,752
Non-deductible expenses	706	558
Share of net loss of associates	415	411
Share based payments	32	128
Recognition of previously unrecognised deferred tax assets	-	(2,899)
Deferred tax asset not brought to account	6,191	-
	(4,507)	19,826
(Over) / under provision in prior years	(210)	1,211
Income tax (benefit) / expense	(4,717)	21,037
(c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity	6,788	(31,906)
Net deferred tax credited / (debited) directly to equity	6,788	(31,906)
(d) Tax losses		
Unused Australian revenue tax losses for which no deferred tax asset has been recognised	22,870	15,718
Unused Australian capital tax losses for which no deferred tax asset has been recognised	933	933
Potential tax benefit at 30%	23,803	16,651
Unused foreign tax losses for which no deferred tax has been recognised	7,141	4,995
	-	-
	7,141	4,995

Notes to the financial statements

For the year ended 30 June 2014

6. CASH AND CASH EQUIVALENTS

		CONSOLIDATED	
		2014 \$'000	2013 \$'000
Cash assets	(i)	1,685	18,959
Short term deposits	(ii)	35,252	16,521
		36,937	35,480

(i) Cash at bank earns interest at floating rates based on daily bank deposit rates.

(ii) Short-term deposits are made for varying periods, 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.

7. RECEIVABLES

Current

Trade debtors	(i)	12,061	7,975
Sundry debtors	(i)	3,267	228
Other receivable	(ii)	20,615	-
Allowance for doubtful debts	(iii)	(2,958)	-
		32,985	8,203

Non-current

Other receivable	(ii)	7,245	42,783
Security deposits	(iv)	9,998	10,318
		17,243	53,101

Movement in the allowance for doubtful debts:

Balance at beginning of the year	-	-
Impairment losses recognised on receivables	3,040	-
Foreign exchange translation gains and losses	(82)	-
Balance at the end of the year	2,958	-

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 Revenue Authority ("GRA"). During the financial year, \$20.6 million of this receivable has been reclassified from non-current to current as it is expected to be recovered within the next twelve months. On 8 July 2014 GHS17.6 million (\$6.1 million) of the current VAT receivable was received from the GRA, as detailed in note 25.

(iii) Allowance for doubtful debts are recognised against sundry debtors for estimated irrecoverable amounts determined by reference to an analysis of the counterparty's current financial position.

(iv) At 30 June 2014, the group has US\$9.5 million (approximately A\$10.0 million) held in bank deposits which are subject to a lien and are collateral for a bank guarantee that has been issued to the Ghana Environmental Protection Agency in relation to environmental rehabilitation provisions concerning the EGM.

Past due but not impaired

With the exception of \$3.0 million disclosed above which is fully provided for and the VAT receivable below, all of the remaining trade and other receivables are current.

Fair value and foreign exchange and credit risk

Due to the short term nature of the current receivables, their carrying amount is assumed to approximate their fair value. Long term receivables are evaluated by the group based on parameters such as individual creditworthiness of the customer and specific country risk factors. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivable mentioned above.

7. RECEIVABLES – continued

The other receivable relating to a VAT refund from the GRA is immediately repayable on demand in Ghanaian Cedis (“GHS”), is unsecured and bears no interest. Since the authorisation of treasury credit notes by the GRA, payments of employment taxes, withholding taxes and royalties have been offset against the VAT receivable. In June 2014, the group received two partial payments of the outstanding VAT debt from the GRA, totalling GHS30.0 million (US\$10.0 million). A further GHS17.6 million (US\$5.8 million) was received subsequent to the end of the financial year, on 8 July 2014, as detailed in note 25. The fair value of the non-current receivable, determined using a 10% discount rate and assuming it takes a year to recover the receivable in full, is approximately \$6.6 million (30 June 2013: \$38.9 million). Further information about the group’s exposure to these risks is provided in note 17.

8. INVENTORIES

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
Current		
Ore stockpiles – at cost	7,817	10,730
Ore stockpiles – at net realisable value	4,303	-
Gold in circuit	2,311	844
Bullion on hand	-	4,844
Materials and supplies	22,680	14,640
	37,111	31,058
Non-current		
Ore stockpiles – at net realisable value	2,025	-

Inventory expense

The inventory expense during the year ended 30 June 2014 was \$238.4 million (30 June 2013: \$204.0 million). The write up of inventories due to an increase in net realisable value recognised during the year ended 30 June 2014 amounted to \$6.5 million (30 June 2013 write down: \$21.2 million) and is included in ‘changes in inventories of finished goods and work in progress’ in the statement of comprehensive income.

9. OTHER ASSETS

Current

Prepayments	5,943	10,345
	5,943	10,345

Non-current

Prepayments	212	871
Available for sale financial assets	1,841	3,310
	2,053	4,181

Reconciliation of movements in available for sale financial assets:

Balance at beginning of the year	3,310	39
Additions	51	3,961
Impairment of available for sale financial asset	(2,225)	-
Revaluation / (devaluation) on mark to market	705	(698)
Foreign exchange gain on mark to market	-	8
Balance at end of the year	1,841	3,310
Current financial assets	-	-
Non-current financial assets	1,841	3,310
	1,841	3,310

Notes to the financial statements

For the year ended 30 June 2014

9. OTHER ASSETS – continued

- (i) The group's investment in Manas Resources Limited (\$1.8 million) is recognised as an available for sale financial asset. During the financial year, indicators for impairment of the investment in Manas were considered. The prolonged decline in the fair value of Manas's shares was considered an indicator of impairment and as such, an impairment of \$2.2 million was made and is shown at 'impairment of available for sale financial assets' in the statement of comprehensive income. The investment in Manas is recognised at fair value at 30 June 2014.

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.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of associated entity:	Principal activity	Country of incorporation	Ownership interest		Published fair value	
			2014 %	2013 %	2014 \$'000	2013 \$'000
Burey Gold Limited	Gold Exploration	Australia	20.0	23.0	1,548	652

Burey Gold Limited ("Burey")

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
Investment in associated entity - Burey Gold Limited	1,548	652
Reconciliation of movements in investments accounted for using the equity method:		
Balance at 1 July	652	3,590
Share of loss for the year	(1,383)	(644)
Share of foreign currency translation reserve movement	24	382
Impairment of investment in associate	-	(2,676)
Impairment reversal (i)	2,255	-
Balance at 30 June	1,548	652
Summarised financial information of associate:		
Financial position		
Total assets	9,521	16,377
Total liabilities	(109)	(256)
Net assets	9,412	16,121
Financial performance		
Total revenue	25	187
Total loss for the year	(6,915)	(2,802)
Group's share of associate's loss	(1,383)	(645)

- (i) The group has assessed that the significant decline in the fair value of Burey shares that lead to the impairment in the prior year of this asset has been reversed, and this reversal has been sustained, in the current financial year. As such, impairment indicators resulting in the previously recognised impairment, no longer exist. The investment has been recognised at its published fair value at 30 June 2014, resulting in an impairment reversal of \$2.3 million. This reversal is shown at 'impairment reversal of investment in associate' in the statement of comprehensive income.
- (ii) The difference between the group's share of net assets and the carrying value of the investment represents mainly impairment losses.

11. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
Plant and equipment - at cost	139,142	136,372
Accumulated depreciation	(28,675)	(16,384)
	110,467	119,987
<i>Reconciliation of plant and equipment:</i>		
Balance at the beginning of the year	119,987	113,547
Additions	634	920
Transferred from assets under construction	7,652	2,402
Depreciation	(13,121)	(9,262)
Disposals	(1,220)	
Translation difference movement	(3,465)	12,380
Carrying amount at the end of the year	110,467	119,987
Assets under construction – at cost	74,054	91,356
<i>Reconciliation of assets under construction:</i>		
Balance at the beginning of the year	91,356	48,497
Additions	16,952	37,733
Write-off / disposal	(1,933)	-
Transferred to property, plant and equipment	(7,652)	(2,402)
Transferred to mine properties	(24,877)	(3,288)
Translation difference movement	208	10,817
Carrying amount at the end of the year	74,054	91,356
Total property, plant and equipment net book value	184,521	211,343

Notes to the financial statements

For the year ended 30 June 2014

12. MINE PROPERTIES

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
Mine properties - at cost	248,264	189,553
Accumulated depreciation	(59,259)	(33,142)
	189,005	156,411
Reconciliation of mine properties:		
Balance at the beginning of the year	156,411	125,732
Additions	22,183	30,915
Transferred from assets under construction	24,877	3,288
Transferred from mineral interest acquisition and exploration expenditure	19,059	-
Amortisation	(27,841)	(18,607)
Translation difference movement	(5,684)	15,083
Carrying amount at the end of the year	189,005	156,411

13. MINERAL INTEREST ACQUISITION AND EXPLORATION EXPENDITURE

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
Mineral interest acquisition and exploration – at cost	33,565	47,311
Reconciliation:		
Balance at the beginning of the year	47,311	29,125
Additions	6,173	14,032
Transferred from receivables	-	1,608
Transferred to mine properties	(19,059)	-
Impairment of exploration	-	(2,194)
Translation difference movement	(860)	4,740
Carrying amount at the end of the year	33,565	47,311

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

14. DERIVATIVE FINANCIAL INSTRUMENTS

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
Current assets		
Cash flow hedge asset	9,557	2,548
Current liabilities		
Financial liabilities at fair value – gold forward contracts	115	-
Non-current assets		
Cash flow hedge asset	9,529	29,747

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 precious metal prices on its anticipated sales of gold. At 30 June 2014 there were cash flow designated hedge contracts in place for 108,000 ounces of gold with settlements scheduled between September 2014 and December 2015 with a weighted average price of US\$1,491/oz. 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 the statement of comprehensive income.

The amount reclassified during the year to profit or loss was \$3,294,154 (30 June 2013 loss: \$22,829,232).

Financial liabilities at fair value – gold forward contracts

Financial liabilities at fair value through profit or loss include the change in value of gold forward contracts put in place during the year ending 30 June 2014. The group uses USD forward metal contracts to hedge movements in USD precious metal prices on its anticipated sales of gold. The risk management policies related to these contracts are provided in note 17. Movements in fair value between inception and close-out of the contract are taken to the statement of comprehensive income.

At 30 June 2014 the group held forward metal contracts for 17,000 ounces of gold on a spot deferred basis with a weighted average price of US\$1,321/oz. When necessary, these contracts may be rolled over into new contracts at maturity, subject to counterparty credit approval.

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.

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For the year ended 30 June 2014

15. PAYABLES AND PROVISIONS

		CONSOLIDATED	
		2014 \$'000	2013 \$'000
Current			
Trade creditors and accruals	(i)	51,576	51,440
Employee benefits		1,501	1,645
		53,077	53,085

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	7,543	7,864
Balance at the beginning of the year	7,864	6,730
Arising during the year	361	725
Amounts used during the year	(468)	(394)
Unwinding of discount	28	14
Translation difference movement	(242)	789
Balance at the end of the year	7,543	7,864
Employee benefits	126	119
Total non-current provisions	7,669	7,983

The provision for rehabilitation work relates to the EGM in Ghana. The timing of settlement of this obligation cannot be established with any certainty. The group has commenced 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 2013.

16. DEFERRED TAX

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
Deferred tax asset	23,837	12,966
Set off of deferred tax liabilities of entity pursuant to set off provisions	(23,837)	(12,966)
Net deferred tax asset	-	-
Deferred tax liability	58,389	60,434
Set off of deferred tax assets of entity pursuant to set off provisions	(23,837)	(12,966)
Net deferred tax liability	34,552	47,468

(a) The deferred tax asset balance comprising of temporary differences attributable to:

Employee benefits	160	-
Derivatives held for trading	40	-
Other	5,732	2,166
Tax losses	17,905	10,800
Net deferred tax asset	23,837	12,966

(b) Movement in the deferred tax asset:

Opening balance at 1 July	12,966	26,035
Credited to the income statement	10,871	10,424
Credited to the equity – hedging reserve	-	(23,493)
Closing balance at 30 June	23,837	12,966

(c) The deferred tax liability comprises temporary differences attributable to:

Property, plant and equipment	24,982	25,133
Mine properties in use	26,727	23,998
Cash flow hedges	6,680	11,303
Net deferred tax liability	58,389	60,434

(d) Movement in the deferred tax liability:

Opening balance at 1 July	60,434	13,945
Charged to the income statement	5,616	34,541
Charged to the equity – hedging reserve	(6,788)	8,413
Foreign exchange	(873)	3,535
Closing balance at 30 June	58,389	60,434

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For the year ended 30 June 2014

17. FINANCIAL RISK MANAGEMENT

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the group as at 30 June 2014:

	2014			
	Loans and receivables	Available- for-sale	Fair value through profit and loss	Fair value through other comprehensive income
	\$'000	\$'000	\$'000	\$'000
Financial assets:				
Receivables	32,985	-	-	-
Derivative financial instruments	-	-	-	9,557
Total current	32,985	-	-	9,557
Receivables	17,243	-	-	-
Available for sale investments	-	1,841	-	-
Derivative financial instruments	-	-	-	9,529
Total non-current	17,243	1,841	-	9,529
Total	50,228	1,841	-	19,086
Financial liabilities:				
Payables	51,576	-	-	-
Gold forward contracts	-	-	115	-
Total current	51,576	-	115	-
Total	51,576	-	115	-

	2013			
	Loans and receivables	Available- for-sale	Fair value through profit and loss	Fair value through other comprehensive income
	\$'000	\$'000	\$'000	\$'000
Financial assets:				
Receivables	8,203	-	-	-
Derivative financial instruments	-	-	-	2,548
Total current	8,203	-	-	2,548
Receivables	53,101	-	-	-
Available for sale investments	-	3,310	-	-
Derivative financial instruments	-	-	-	29,747
Total non-current	53,101	3,310	-	29,747
Total	61,304	3,310	-	32,295
Financial liabilities:				
Payables	51,440	-	-	-
Total current	51,440	-	-	-
Total	51,440	-	-	-

17. FINANCIAL RISK MANAGEMENT – continued

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, liquidity risk and equity price 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.

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 and Ghanaian cedi. Foreign exchange risk arises from 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. In addition, the parent entity has an intercompany receivable from its subsidiary denominated in US Dollars which is eliminated on consolidation. The gains or losses on re-measurement of this intercompany receivable from US Dollars to Australian Dollars are not eliminated on consolidation as the loan is not considered to be part of the net investment in the subsidiary.

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

	USD \$'000	GHS \$'000	2014 EUR \$'000	AUD \$'000	ZAR \$'000
Financial Assets					
Cash and cash equivalents	333	140	196	-	-
Receivables	8,630	27,850	-	-	-
Total assets	8,963	27,990	196	-	-
Financial Liabilities					
Payables	70	5,077	34	27	117
Total liabilities	70	5,077	34	27	117

	USD \$'000	GHS \$'000	2013 EUR \$'000	AUD \$'000	ZAR \$'000
Financial Assets					
Cash and cash equivalents	475	413	279	-	-
Receivables	8,907	42,783	-	-	-
Total assets	9,382	43,196	279	-	-
Financial Liabilities					
Payables	462	4,727	467	947	449
Total liabilities	462	4,727	467	947	449

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For the year ended 30 June 2014

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 and the AUD to the GHS with all other variables held constant, including the impact of the foreign exchange movement on the inter-company loan of \$243.8 million (2013: \$252.0 million). The sensitivity is based on management's estimate of reasonably possible changes over a financial year.

	Change in USD rate	Impact on profit or loss before tax \$'000
2014	+10%	(22,974)
	-10%	28,073
2013	+10%	(23,755)
	-10%	28,951

	Change in GHS rate	Impact on profit or loss before tax \$'000
2014	+30%	(5,288)
	-30%	9,820
2013	+10%	(3,497)
	-10%	4,274

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.

The group's policy is to hedge no more than 40% of anticipated gold sales in the subsequent 12 months and no more than 30% of anticipated gold sales in the 6 months subsequent to that first 12 months.

At the end of the reporting period the group has 92,000 ounces of forward metal contracts in place over approximately 40% of anticipated monthly gold production through to 30 June 2015 and 33,000 ounces of forward metal contracts in place over approximately 30% of anticipated monthly gold production through to 31 December 2015. 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 derivatives are provided at note 14.

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.

	Increase / decrease in gold prices	Impact on profit or loss before tax \$'000	Impact on equity before tax \$'000
2014	+10%	(2,246)	(15,124)
	-10%	2,246	15,124
2013	+10%	(23)	(24,884)
	-10%	84	24,884

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates is diminished as the group has no interest bearing debt obligations.

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 2014	Weighted average effective interest rate	Fixed interest rate	Floating interest rate	Non-interest bearing	Total
		\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents	1.57%	15,102	20,887	948	36,937
Security deposit	0.28%	6,474	2,120	1,404	9,998
Net exposure to cash flow interest rate risk		21,576	23,007	2,352	46,935
Financial liabilities:					
Interest-bearing liabilities	-	-	-	-	-
Net exposure to cash flow interest rate risk		-	-	-	-
30 June 2013					
Financial assets:					
Cash and cash equivalents	0.13%	202	15,735	19,543	35,480
Security deposit	0.25%	6,681	2,178	1,449	10,308
Net exposure to cash flow interest rate risk		6,883	17,913	20,992	45,788
Financial liabilities:					
Interest-bearing liabilities	4.00%	-	-	-	-
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 \$445,722 (30 June 2013: \$247,736), a 1 % decrease would be a movement of \$228,971 (30 June 2013: \$73,658).

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.

The group restricts the exposure to credit losses on derivative instruments it holds by entering into master netting arrangements with major counterparties with whom a significant volume of transactions are undertaken.

Notes to the financial statements

For the year ended 30 June 2014

17. FINANCIAL RISK MANAGEMENT – continued

Credit risk – continued

Such an arrangement provides for a single net settlement of all financial instruments covered by the agreement in the event of default on any one contract. Master-netting arrangements do not result in an offset of balance-sheet assets and liabilities unless certain conditions for offsetting under AASB 132 apply.

Although master-netting arrangements may significantly reduce credit risk, it should be noted that:

- (i) Credit risk is eliminated only to the extent that amounts due to the same counterparty will be settled after the assets are realised; and
- (ii) The extent to which overall credit risk is reduced may change substantially within a short period because the exposure is affected by each transaction subject to the arrangement.

At 30 June 2014, master netting arrangements reduced the credit risk on favourable contracts that have a fair value of \$19.1 million (2013: \$32.3 million).

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.

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 \$'000	6 months – 1 year \$'000	1 – 2 years \$'000	2 – 5 years \$'000	Greater than 5 years \$'000	Total contractual cash flows \$'000
30 June 2014						
Non-derivatives						
Payables	51,576	-	-	-	-	51,576
	51,576	-	-	-	-	51,576
Derivatives						
Gold forward contracts	115	-	-	-	-	115
	115	-	-	-	-	115
30 June 2013						
Non-derivatives						
Payables	51,440	-	-	-	-	51,440
	51,440	-	-	-	-	51,440
Derivatives						
Gold forward contracts	-	-	-	-	-	-
Cash flow hedge liability	-	-	-	-	-	-
	-	-	-	-	-	-

17. FINANCIAL RISK MANAGEMENT – continued

Fair values

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 30 June 2014:

	CONSOLIDATED			
	2014		2013	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets:				
Receivables	32,985	32,985	8,203	8,203
Derivative financial instruments	9,557	9,557	2,548	2,548
Total current	42,542	42,542	10,751	10,751
Receivables	17,243	16,636	53,101	49,063
Available for sale instruments	1,841	1,841	3,310	3,310
Derivative financial instruments	9,529	9,529	29,747	29,747
Total non-current	28,613	28,006	86,158	82,120
Total	71,155	70,548	96,909	92,871
Financial liabilities:				
Payables	51,576	51,576	51,440	51,440
Gold forward contracts	115	115	-	-
Total current	51,691	51,691	51,440	51,440
Total	51,691	51,691	51,440	51,440

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities
- Level 2 Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)
- Level 3 Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

For financial instruments that are recognised at fair value on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no transfers between categories during the period.

Notes to the financial statements

For the year ended 30 June 2014

17. FINANCIAL RISK MANAGEMENT – continued

The following table presents the group's financial instruments measured and recognised at fair value at 30 June 2014 and 30 June 2013.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2014				
Financial assets:				
Available for sale instruments	1,841	-	-	1,841
Derivative financial instruments	-	19,086	-	19,086
Total	1,841	19,086	-	20,927
Financial liabilities:				
Gold forward contracts	-	115	-	115
Total	-	115	-	115
30 June 2013				
Financial assets:				
Available for sale instruments	3,310	-	-	3,310
Derivative financial instruments	-	32,295	-	32,295
Total	3,310	32,295	-	35,605
Financial liabilities:				
Gold forward contracts	-	-	-	-
Total	-	-	-	-

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets for which fair values are disclosed:				
30 June 2014				
Investment in associated entity	1,548	-	-	1,548
Receivables	-	16,636	-	16,636
Total	1,548	16,636	-	18,184
30 June 2013				
Investment in associated entity	652	-	-	652
Receivables	-	49,063	-	49,063
Total	652	49,063	-	49,715

Valuation techniques

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.

17. FINANCIAL RISK MANAGEMENT – continued

Valuation techniques - continued

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period.
- 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. Information about the fair value of the other receivable of VAT is provided in note 7.

Equity price risk

The group's investment in Manas Resources Limited, which is classified as an available for sale financial asset, is susceptible to market price risk arising from uncertainties about future values of the investment securities. At the reporting date, the exposure to listed equity securities at fair value was \$1.791 million (30 June 2013: \$3.310 million). A decrease of 10% on the share price of Manas Resources Limited could have an impact of approximately (\$0.179 million) on the income or equity attributable to the group, depending on whether the decline is prolonged. An increase of 10% in the value of the listed securities would only impact equity by \$0.179 million and would not have an effect on the profit or loss.

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

10. ISSUED CAPITAL AND RESERVES

		CONSOLIDATED		
		2014 \$'000	2013 \$'000	
(a) Issued and paid-up share capital				
526,656,401 (2013: 457,962,088) ordinary shares, fully paid		476,429	445,404	
		<hr/>		
		CONSOLIDATED		
	2014		2013	
	\$'000	Number	\$'000	Number
Balance at the beginning of the year	445,404	457,962,088	445,450	457,962,088
Share placement at issue price of \$0.47 on 21 February 2014	32,286	68,694,313	-	-
Transaction costs arising from issue of securities for cash	(1,261)	-	(46)	-
Balance at the end of the year	476,429	526,656,401	445,404	457,962,088

Notes to the financial statements

For the year ended 30 June 2014

18. ISSUED CAPITAL AND RESERVES – continued

(b) Share options and performance rights

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

Exercise Period	Exercise Price	Opening Balance 1 July 2013	Options Issued	Options Exercised/ Cancelled/ Expired	Closing Balance 30 June 2014
		Number	Number	Number	Number
On or before 6 October 2013	\$3.00	250,000	-	(250,000)	-
On or before 3 November 2013	\$3.20	200,000	-	(200,000)	-
On or before 15 June 2014	\$3.00	1,540,000	-	(1,540,000)	-
		1,990,000	-	(1,990,000)	-

Performance rights have been granted as follows:

Grant Date	Exercise/ Vesting Date	Exercise Price	Opening Balance 1 July 2013	Performance Rights Issued	Performance Rights Exercised/ Cancelled/ Expired	Closing Balance 30 June 2014
			Number	Number	Number	Number
25-Nov-12	31-Dec-15	nil	600,000	-	(300,000)	300,000
1-Jan-13	31-Dec-15	nil	2,435,629	-	(1,076,718)	1,358,911
1-Jan-14	30-Jun-15	nil	-	2,625,000	(25,000)	2,600,000
1-Jan-14	31-Dec-16	nil	-	2,625,000	(25,000)	2,600,000
4-Jun-14	30-Jun-15	nil	-	562,500	-	562,500
4-Jun-14	31-Dec-16	nil	-	562,500	-	562,500
			3,035,629	6,375,000	(1,426,718)	7,983,911

(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 and performance rights 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 along with Perseus's share of the movement in its associate's foreign currency translation reserve.

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.

Asset revaluation reserve

The asset revaluation reserve is used to record the revaluation of the investment in Manas Resources Limited to market value as the investment is designated as an available for sale financial asset.

19. (ACCUMULATED LOSSES) / RETAINED EARNINGS

Movements in (accumulated losses) / retained earnings were as follows:

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
Balance at beginning of financial year	15,669	(23,102)
(Loss) / profit attributable to the owners of the parent	(30,949)	38,771
Balance at end of financial year	(15,280)	15,669

20. RELATED PARTY DISCLOSURES

(a) Identity of related parties

The consolidated entity has a related party relationship with its subsidiaries (see note 24), associates (see note 10) and with its key management personnel (refer below).

(b) Transactions with other related parties

The consolidated entity had no transactions with any other related party during the period ended 30 June 2014.

(c) Key management personnel compensation

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

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
Short-term employee benefits	3,084	4,154
Post-employment benefits	152	136
Termination / resignation payments	208	-
Share-based payments	109	294
	3,553	4,584

Details of remuneration disclosures are provided in the remuneration report on pages 18 to 30.

21. REMUNERATION OF AUDITORS

	CONSOLIDATED	
	2014 \$	2013 \$
Amounts received or due and receivable by Ernst & Young for:		
Audit or review of the financial report of the entity and any other entity in the group	190,000	166,000
Non-statutory audit services in relation to the entity and any other entity in the group	27,000	88,000
	217,000	254,000

22. CONTINGENCIES

Consistent with industry practice in Ghana, Perseus Mining (Ghana) Limited ("PMGL") is currently undergoing a tax audit in connection with its 30 June 2010, 2011 and 2012 income tax returns. Various matters are currently being discussed as part of the audit process and to date the GRA has not issued PMGL with a formal report on its findings. Based on management's understanding of the matters currently under discussion they do not believe that the group will ultimately have any material exposure as a result of the current tax audit.

There were no other known contingent liabilities identified at 30 June 2014.

Notes to the financial statements

For the year ended 30 June 2014

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	
	2014 \$'000	2013 \$'000
Within one year	1,050	950
One year or later and not later than five years	2,150	1,750
Later than five years	1,200	1,000
	4,400	3,700

(b) Capital commitments

The group is responsible for all rehabilitation of the EGM mining leases, which are currently estimated to cost approximately US\$6.9 million and a provision has been recorded for this at balance date.

(c) Operating lease commitments

The company leases office premises under normal commercial arrangements. The lease is for a period of 5 years beginning 1 April 2012. The company is under no legal obligation to renew the lease once the lease term has expired.

Future minimum lease payments payable under non-cancellable operating leases at 30 June 2014 are as follows:

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
Within one year	411	379
One year or later and not later than five years	758	1,119
Later than five years	-	-
	1,169	1,498

Total operating lease expenditure was \$0.4 million for the year ended 30 June 2014 (30 June 2013: \$0.4 million).

24. SUBSIDIARIES

Name of subsidiary	Notes	Place of incorporation	Consolidated entity interest 2014 (%)	Consolidated entity interest 2013 (%)
Parent entity				
Perseus Mining Limited	(a)	Australia		
Subsidiaries				
Occidental Gold Pty Ltd (i)	(a)	Australia	100	100
Centash Holdings Pty Limited (ii)	(a)	Australia	100	100
Sun Gold Resources Ltd	(b)	Ghana	100	100
Kojina Resources Ltd (iii)	(b)	Ghana	100	100
Perseus Mining Services Ltd	(a)	Canada	100	100
Perseus Burkina Holdings Pty Ltd	(a)	Australia	100	-
(i) Subsidiaries of Occidental Gold Pty Ltd				
Occidental Gold Sarl	(c)	Côte d'Ivoire	100	100
Perseus Mining Côte d'Ivoire SA	(c)	Côte d'Ivoire	100	100
(ii) Subsidiaries of Centash Holdings Pty Ltd				
Perex SARL	(c)	Côte d'Ivoire	100	100
Perseus Services SARL	(c)	Côte d'Ivoire	100	100
(iii) Subsidiary of Kojina Resources Ltd				
Perseus Mining (Ghana) Limited	(c) (d)	Ghana	90	90

Notes:

(a) Audited by Ernst & Young Australia.

(b) Audited by Ernst & Young Ghana.

(c) Audited by Ernst & Young Côte d'Ivoire.

(d) For key financial information of PMGL which has a non-controlling interest, refer to note 3. The entity accounts for the majority of the Ghana reporting segment.

25. EVENTS OCCURRING 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:

- On 8 July 2014, the company received partial payment of the outstanding VAT debt from the Government of Ghana of GHS17.6 million (\$6.1 million). The company is continuing to work with the Government to agree a repayment schedule for the balance of the outstanding debt and also to avoid the current situation where a large VAT receivable has accumulated and remained unpaid for an extended period.

Notes to the financial statements

For the year ended 30 June 2014

26. RECONCILIATION OF (LOSS) / PROFIT AFTER INCOME TAX TO NET CASHFLOW FROM OPERATING ACTIVITIES

	CONSOLIDATED	
	2014	2013
	\$'000	\$'000
Reconciliation of the (loss) / profit from ordinary activities to net cash provided in operating activities		
(Loss) / profit from ordinary activities after income tax	(32,060)	41,882
Add back non-cash items:		
Depreciation and amortisation	40,962	27,869
Foreign currency loss / (gain)	21,643	(20,280)
Loss on derivative financial instruments	115	-
Loss on disposal of property, plant and equipment	1,220	-
Share based payments	173	471
Impairment of investment in associate	(2,255)	2,676
Impairment of available-for-sale financial asset	2,225	-
Impairment of exploration	-	2,194
Share of associates' net loss	1,383	1,368
Borrowing costs	1,290	(210)
Loss on discontinuation of equity accounting	-	3,979
Cash flow hedges gains / (losses)	(5,326)	(11,410)
Change in operating assets and liabilities:		
(Increase) / decrease in net tax balances	(5,255)	21,032
(Increase) / decrease in inventories	(8,079)	6,277
Increase in receivables	(4,898)	(21,421)
Decrease in other assets	2,135	1,558
Increase in payables	5,922	18,643
(Decrease) / increase in provision	(109)	557
Net cash provided by operating activities	19,086	75,185

27. EARNINGS PER SHARE

(a) Earnings used in calculating earnings per share

(Loss) / profit attributable to ordinary shareholders of the parent	(30,949)	38,771
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(b) Weighted average number of shares

	No. of shares	No. of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	481,675,741	457,962,088
Weighted average number of ordinary shares used in calculating diluted earnings per share	481,675,741	457,962,088

Performance rights, first issued in November 2012 (see note 28) and granted to employees under the terms of the company's Performance Rights Plan approved by shareholders in November 2012, are considered to be potential ordinary shares but, as they are anti-dilutive for the year ended 30 June 2014, they have been excluded from the calculation of diluted earnings per share.

28. 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 generally 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 is 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 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
2014								
07/10/2010	06/10/2013	\$3.00	250,000	-	-	(250,000)	-	-
04/11/2010	03/11/2013	\$3.20	200,000	-	-	(200,000)	-	-
15/06/2012	15/06/2014	\$3.00	1,540,000	-	-	(1,540,000)	-	-
Total			1,990,000	-	-	(1,990,000)	-	-
Weighted average exercise price			\$3.02	-	-	\$3.02	-	-
2013								
17/06/2010	16/06/2013	\$2.13	820,000	-	-	(820,000)	-	-
30/07/2010	29/07/2012	\$2.45	400,000	-	-	(400,000)	-	-
15/10/2010	14/10/2012	\$3.00	160,000	-	-	(160,000)	-	-
15/10/2010	14/10/2012	\$3.45	280,000	-	-	(280,000)	-	-
07/10/2010	06/10/2013	\$3.00	450,000	-	-	(200,000)	250,000	250,000
04/11/2010	03/11/2013	\$3.20	270,000	-	-	(70,000)	200,000	200,000
15/06/2012	15/06/2014	\$3.00	2,090,000	-	-	(550,000)	1,540,000	1,540,000
Total			4,470,000	-	-	(2,480,000)	1,990,000	1,990,000
Weighted average exercise price			\$2.83	-	-	\$2.68	\$3.02	\$3.02

During the year, there were no employee share option plan share-based payments or any other share-based payments not under any plans.

Notes to the financial statements

For the year ended 30 June 2014

28. SHARE BASED PAYMENTS – continued

Performance Rights Plan

Performance rights were issued to directors and employees of the company under the terms of the company's Performance Rights Plan approved by shareholders in November 2012 as disclosed in the remuneration report under the heading "LTI". These performance rights were issued at nil consideration and each performance right will convert to an ordinary share upon satisfaction of vesting criteria.

The following table illustrates the number and movements in performance rights during the year under the Plan:

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at the end of the year	Vested and exercisable at end of the year
			Number	Number	Number	Number	Number	Number
2014								
25/11/2012	31/12/2015	nil	600,000	-	-	300,000	300,000	-
01/01/2013	31/12/2015	nil	2,435,629	-	-	1,076,718	1,358,911	-
01/01/2014	30/06/2015	nil	-	2,625,000	-	25,000	2,600,000	-
01/01/2014	31/12/2016	nil	-	2,625,000	-	25,000	2,600,000	-
04/06/2014	30/06/2015	nil	-	562,500	-	-	562,500	-
04/06/2014	31/12/2016	nil	-	562,500	-	-	562,500	-
Total			3,035,629	6,375,000	-	1,426,718	7,983,911	-
2013								
25/11/2012	31/12/2015	nil	-	600,000	-	-	600,000	-
01/01/2013	31/12/2015	nil	-	2,922,093	-	(486,464)	2,435,629	-
Total			-	3,522,093	-	(486,464)	3,035,629	-

The weighted average exercise price of all performance rights granted was nil.

The fair value of the equity-settled performance rights granted under the Performance Rights Plan is estimated as at the date of grant using a Monte Carlo model taking into account the terms and conditions upon which the performance rights were granted.

The following table lists the inputs to the model used for the performance rights granted during the year ended 30 June 2014.

Grant date	Exercise price	Expected life of performance rights (years)	Price of underlying shares at grant date	Volatility (%) – Perseus share price	Volatility (%) – per group range	Dividends expected on shares	Risk-free interest rate (%) - range	Performance period
25/11/2012	nil	2.6	\$2.45	43.2%	32.3% - 133.1%	nil	2.74%	01/07/2012 - 30/06/2015
01/01/2013	nil	2.5	\$2.10	43.4%	35.7% - 133.1%	nil	2.67%	01/07/2012 - 30/06/2015
01/01/2014	nil	1.5	\$0.25	137.5%	47.5% - 137.5%	nil	2.68%	01/01/2014 - 30/06/2015
01/01/2014	nil	3.0	\$0.25	84.7%	45.1% - 91.7%	nil	2.91%	01/01/2014 - 31/12/2016
04/06/2014	nil	1.1	\$0.31	103.1%	57.8% - 118%	nil	2.69%	01/01/2014 - 30/06/2015
04/06/2014	nil	2.6	\$0.31	83.2%	50.7% - 85.1%	nil	2.87%	01/01/2014 - 31/12/2016

The expected life of the performance rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumptions that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. Refer to table 4 of the remuneration report for the fair value of the performance rights at the grant date.

29. PARENT ENTITY DISCLOSURES

	PARENT	
Statement of financial position	2014 \$'000	2013 \$'000
Assets		
Current assets	18,714	2,177
Non-current assets	411,225	415,675
Total assets	429,939	417,852
Liabilities		
Current liabilities	839	2,319
Non-current liabilities	125	119
Total liabilities	964	2,438
Equity		
Issued capital	476,429	445,404
Accumulated losses	(66,504)	(48,141)
Asset revaluation reserve	54	(651)
Share-based payments reserve	18,996	18,802
Total equity	428,975	415,414
(Loss) / profit for the year	(18,363)	24,572
Other comprehensive income	-	-
Total comprehensive (loss) / income	(18,363)	24,572

Contingent liabilities of the parent entity:

There were no contingent liabilities of the parent entity at 30 June 2014.

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

Plant and equipment

Within one year	-	-
One year or later and not later than five years	-	-
Later than five years	-	-

Commitments for operating lease by the parent entity:

Operating lease

Within one year	411	379
One year or later and not later than five years	758	1,119
Later than five years	-	-

Directors' declaration

30 June 2014

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 2014 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 2014.

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



J A Quartermaine
Managing director

Dated at Perth, 26 August 2014



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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, which comprises the consolidated statement of financial position as at 30 June 2013 and 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for each of the years then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial years.

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.



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 2013 and 30 June 2014 and of its performance for each of the years ended on those dates; 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 2014. 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.

Opinion

In our opinion, the Remuneration Report of Perseus Mining Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Gavin Buckingham
Partner
Perth
26 August 2014

Additional shareholder information

As at 10 September 2014

MINERAL CONCESSION INTERESTS AT 10 SEPTEMBER 2014

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 - Nanankaw mining lease	Perseus Mining (Ghana) Ltd ("PMGL")	ML6/15	90%	90%	2,3
Dadieso Prospecting Licence	Perseus Mining (Ghana) Ltd	PL6/15	90%	90%	2,3
Nsuaem Prospecting Licence	Perseus Mining (Ghana) Ltd	PL3/26	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%	
Nkotumso Prospecting Licence	W.D. Mining Limited	PL 3/29	0%	90%	6
Agyakusu Reconnaissance Licence	Adio-Mabas Ghana Ltd	RL2/177	0%	90%	7
Location - Côte d'Ivoire					
Sissingué Exploitation Permit	Perseus Mining Côte d'Ivoire S.A.	PE39	85%	85%	4,8,9
Tengréla South Exploration Permit	Société Minière de Côte d'Ivoire	PR291	85%	85%	4,8
Mahalé Exploration Permit	Occidental Gold s.a.r.l.	PR 259	90%	90%	
M'Bengué East Exploration Permit	Occidental Gold s.a.r.l.	PR 272	90%	90%	
Napié Exploration Permit	Occidental Gold s.a.r.l.	PR 281	80%	80%	
Location - Burkina Faso					
Barga Exploration Permit	Caracal Gold Burkina s.a.r.l.	2013/0919	0%	72%	10
Koutakou Exploration Permit	Mr SAWADOGO Sayouba	2011/109	0%	72%	10
Tangayé Exploration Permit	Caracal Gold Burkina s.a.r.l.	2013/0919	0%	72%	10
Touya Exploration Permit	Caracal Gold Burkina s.a.r.l.	2013/0919	0%	72%	10

Notes -

- The Governments of Ghana, Côte d'Ivoire and Burkina Faso 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%), Côte d'Ivoire (3-6% depending on the gold price) and Burkina Faso (3-5% depending on the gold price).
- A royalty of 0.25% of gold produced from the Edikan Gold Mine ("EGM") Licences and the Dadieso, Nsuaem and Dunkwa Licences is payable pursuant to the contract to purchase PMGL.
- Under the terms of the contract to purchase the EGM Licences and the Dadieso Licence, PMGL is required to pay a 1.5% royalty on gold production.
- A royalty of 0.5% of the value of minerals recovered from the licence is payable to the vendors of the exploration licence.
- 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.
- 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.
- The Company has an option exercisable on or before 26 June 2016 to purchase the Agyakusu licence for US\$80,000 plus a royalty of 5% of gold production provided it has incurred at least US\$1,000,000 on exploring the licence by that date.
- The joint venture partner is free carried to production with costs subsequently recoverable by Perseus from production.
- A royalty of US\$0.80 per ounce of gold produced from the licence is payable. The exploitation permit is valid for 6 years from August 2012 and may be extended.
- The Company has the right to earn up to a 72% interest in stages in the Barga, Koutakou, Tangayé and Touya Exploration Permits by incurring a minimum of US\$ 250,000 (by 13 January 2015) to at least US\$ 4,000,000 of exploration expenditure by 13 January 2020. If the Company has earned a 72% interest, the joint venture partner will be free carried to production. Costs (including exploration expenditure) are recoverable by Perseus from production. A 1% net smelter return royalty (convertible to a US\$1 million one off payment) is payable to Sawadogo in respect of production from the Koutakou Exploration Permit.

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

As at 10 September 2014

The shareholder information set out below was applicable as at 10 September 2014.

SUBSTANTIAL SHAREHOLDERS

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

Name of holder	Number of ordinary shares
Baker Steel Capital Managers LLP	26,994,500
Paradice Investment Management Pty Ltd	27,361,485
Van Eck Associates Corporation	59,424,587

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

Size of holding	Number of holders
1 to 1,000	1,120
1,001 to 5,000	1,942
5,001 to 10,000	972
10,001 to 100,000	1,636
100,001 and over	197
	<u>5,867</u>

The number of shareholdings comprising less than a marketable parcel was 1,369.

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	166,822,264	31.68
HSBC Custody Nominees (Australia) Limited	87,928,784	16.70
JP Morgan Nominees Australia Limited	58,824,702	11.17
National Nominees Limited	44,292,015	8.41
Citicorp Nominees Pty Limited	24,235,743	4.60
UBS Nominees Pty Ltd	8,986,065	1.71
BNP Paribas Noms Pty Ltd	6,705,723	1.27
Bond Street Custodians Limited	4,581,795	0.87
Tsou Enterprise Pty Ltd	3,264,230	0.62
UBS Wealth Management Australia Nominees Pty Ltd	2,758,365	0.52
Focus Asset Management Pty Ltd	1,686,447	0.32
ABN Amro Clearing Sydney Nominees Pty Ltd	1,640,517	0.31
Mandel Pty Ltd	1,450,000	0.28
Mark Andrew Calderwood	1,375,000	0.26
Timothy Bryce Kleemann	1,339,500	0.25
Milford Park Superannuation Pty Ltd	1,130,000	0.22
CS Fourth Nominees Pty Ltd	1,126,672	0.21
Amalgamation Sale and Takeover Consultants Pty Ltd	1,100,000	0.21
SFB Investments Pty Limited	1,000,000	0.19
Garry Charles Pershouse & Janine Maree Pershouse	1,000,000	0.19
	<u>421,247,822</u>	<u>79.99</u>

Corporate directory 2014

Directors	Reginald Norman Gillard Jeffrey Allan Quartermaine Michael Andrew Bohm Colin John Carson Terence Sean Harvey	Non-executive chairman Managing director Non-executive director Executive director Non-executive director
Company secretary	Martijn Paul Bosboom	
Registered and corporate office	Second Floor 437 Roberts Road Subiaco, Western Australia 6008 PO Box 1578 Subiaco, Western Australia 6904 Telephone: (61 8) 6144 1700 Facsimile: (61 8) 6144 1799 Email address: info@perseusmining.com Website: www.perseusmining.com	
Ghana office	4 Chancery Court 147A Giffard Road, East Cantonments Accra - Ghana PO Box CT2576 Cantonments Accra - Ghana Telephone: (233) 302 760 530 Facsimile: (233) 302 760 528	
Côte d'Ivoire office	Cocody II Plateaux Vallons, Quartier Lemanian Lot 1846 ilot 169 derrière Pako Gourmand 28 BP 571 Abidjan 28, Côte d'Ivoire Telephone: (225) 22 41 9126 Facsimile: (225) 22 41 0925	
Share registry	Advanced Share Registry Limited 110 Stirling Highway Nedlands, Western Australia 6009 Australia Telephone: (61 8) 9389 8033 Facsimile: (61 8) 9389 7871 www.advancedshare.com.au	TMX Equity Transfer Services Inc. 200 University Avenue, Suite 300 Toronto, Ontario M5H4H1 Canada Telephone : (1 866) 393 4891 Facsimile: (1 416) 361 0930 www.tmxequitytransferservices.com
Auditors	Ernst & Young 11 Mounts Bay Road Perth, Western Australia 6000	
Stock exchange listings	Australian Securities Exchange Toronto Stock Exchange Frankfurt Stock Exchange	(ASX – PRU) (TSX – PRU) (WKN: AOB7MN)



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