



PERSEUS MINING LIMITED

ABN 27 106 808 986
And its controlled entities

Financial Report

For the year ended
30 June 2010

Perseus Mining Limited
Corporate Directory

Directors	Reginald Norman Gillard Mark Andrew Calderwood Colin John Carson Rhett Boudewyn Brans Neil Christian Fearis Terence Sean Harvey Michael Andrew Bohm	Non-Executive Chairman Managing Director Executive Director Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
Company Secretary	Susmit Mohanlal Shah	
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Auditors	HLB Mann Judd Level 4, 130 Stirling Street Perth Western Australia 6000	
Stock Exchange Listings	Australian Securities Exchange Toronto Stock Exchange German Stock Exchange	(Code – PRU) (Code – PRU)

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OVERVIEW

During the year ended 30 June 2010, the transition of Perseus Mining Limited (“Perseus”) from a junior gold explorer to a company able to successfully explore, evaluate and develop mineral properties, continued at pace.

Within 12 months of completing a definitive feasibility study (“DFS”) of the Central Ashanti Gold Project (“CAGP”) in Ghana in July 2009, the Company has successfully:

- Applied for and been granted two mining licences covering the CAGP in Ghana;
- Obtained all environmental approvals and been issued with the environmental permit needed for the development of the CAGP;
- Substantially progressed the compensation of local residents for disturbance to crops and land;
- Assembled an experienced project management team who are capable of successfully delivering the CAGP;
- Completed the design of the CAGP process plant;
- Placed orders for long lead items of plant and equipment, and awarded fixed price lump sum contracts for the design, supply, construction and provision of services related to the development of the CAGP; and
- Commenced mine construction in June 2010.

In Côte d’Ivoire, Perseus has also made strong progress, and during the last twelve months it has:

- Through successful exploration that generated some very high grade intercepts including 6 metres at 429 g/t gold, 8 metres at 325 g/t gold, 22 metres at 72.1 g/t gold, 20 metres at 65.5 g/t gold and 8 metres at 67.7 g/t gold, upgraded the Measured and Indicated Mineral Resource on which the Tengrela Gold Project (“TGP”) is based to 0.931M ounces of gold plus a further 257,000 ounces of Inferred Mineral Resource at a 0.5 g/t gold cut-off grade.
- Substantially advanced preparation of a DFS for the TGP and maintained the schedule for completion of the study by November 2010;
- Established a corporate presence in Côte d’Ivoire, and started assembling a management team capable of managing the government approvals process for the development of the TGP.

At a corporate level, with the aim of supporting its West African activities, the Company has:

- Listed its shares for trading on the Toronto Stock Exchange (“TSX”) to complement its existing listing on the Australian Securities Exchange. Through the TSX listing, Perseus has gained access to the extensive North American capital markets for resources companies;
- Raised over \$200 million in new equity through a number of equity placements and offerings;
- Negotiated a US\$85 million debt finance facility with Macquarie Bank Limited and Credit Suisse AG.
- Strengthened its corporate management team with the recruitment of several key executives.

Perseus Mining Limited

Review of Operations

The year ahead promises further corporate growth for the Perseus Group through the achievement of several more major milestones including the completion of construction of the CAGP, completion of a major upgrade of Mineral Reserves at the CAGP and completion of the Definitive Feasibility Study for the TGP.

CENTRAL ASHANTI GOLD PROJECT, GHANA

The Central Ashanti Gold Project is located on the Ayanfuri and Nanankaw mining leases which together with adjoining license areas of Grumesa, Kwatechi, Dunkwa, Nsuaem and Nkotumso, cover a total area of about 650sq km in the highly prospective West African nation of Ghana.

Statutory Approvals

Two 15 year mining leases (renewable under the terms of the Ghanaian *Minerals and Mining Act, 2006*) covering a total area of 93.13sq km were granted to Perseus' subsidiary Central Ashanti Gold Limited in December 2009 and in June 2010, Ghana's Environmental Protection Agency issued the environmental permit enabling construction and mining to commence at the CAGP.

Development Activities

An exhaustive eight-week tender process for the 'Lump Sum' design, supply and construction of the 5.5mtpa CAGP process facility ended in September 2009. Four conforming tenders were received, three of which were competitively priced and within the DFS estimates.

In October 2009, Perseus signed heads of agreements with a joint venture comprising DRA Mineral Projects (Pty) Ltd and Group Five Projects (Pty) Ltd, agents for Group Five Construction (Pty) Ltd on a Lump Sum Turn Key basis and immediately commenced funding initial design, procurement of long lead items and site construction establishment.

A review of the capital cost estimate for the CAGP has resulted in an estimated increase in the cost over that estimated in the CAGP DFS. The increase in cost from US\$148M to US\$160M is mainly the result of a decision to significantly increase the capacity of the comminution circuit (crushing and milling), recognition of additional Ghanaian import duties, fees and charges; a 13% increase in the A\$/US\$ exchange rate from \$0.81 in July 2009 to \$0.92 at the time of the review and an increase in contingency allowances from US\$11.4M to US\$13.6M.

By 30 June 2010, orders for more than 90% of all process plant equipment had been placed and the overall design and procurement was well advanced.

Compensation for disturbances to crops in the treatment plant site area has been paid to local farmers following issue of the environmental permit and site works commenced on June 21, 2010. Excellent progress has been made and the project remains on schedule for processing of ore to commence in the third quarter of 2011.

Project Financing

The CAGP will be financed through a mixture of debt and equity capital with current funding coming from the Company's significant cash reserves.

A credit committee approved letter of offer to provide US\$85 million of debt finance from Macquarie Bank Ltd and Credit Suisse AG was accepted in June 2010, and work is continuing on finalising long form loan documentation. This documentation is expected to be signed early in the fourth quarter of 2010.

As a pre-requisite for drawing funds under the facility, contracts for the forward sales of 170,000 ounces of gold in the period from March 2012 to December 2014 were entered at an average price of US\$1,240.70 per ounce. This amount of gold price hedging is sufficient to enable the Company to draw US\$65M of the US\$85M available under the project loan facility. This amount equates to approximately 8% of the gold contained in current Mineral Reserves at the CAGP and about 23% of forecast gold production in the period from March 2012 to December 2014.

In addition, options to sell 100,000 ounces of gold at US\$850 per ounce in the period from January 2012 to December 2013 and a further 20,000 ounces of gold at US\$1,100 per ounce from July to December 2011 were purchased as part of the Company's financial risk management strategy.

Management Additions

The Company has recruited an experienced team of professionals to manage the development and subsequently operation of its Ghanaian mining operations. This team includes a balanced mix of professionals with international mining experience plus individuals with extensive experience in the mining industry in Ghana. The Company is also well advanced in the recruitment of junior management staff, all of whom are Ghanaian nationals.

Exploration

A total of 79,804 metres of drilling was completed during the financial year, which is expected to result in the announcement of Mineral Resource and Ore Reserve upgrades during the fourth quarter of 2010.

Exploration highlights for the period to 30 June 2010, included:

- Delineation of significant extensions to the Fobinso mineral deposit;
- Delineation of extensions to and better definition of the Abnabna and AF-GAP mineral deposits;
- Discovery of relatively high grade gold below the shallow South Bokitso Extension pit; and
- Continued drilling on the Esuajah South, Fetish, Chirawewa and Dadieso deposits.

Outlook for 2010-2011

During the next 12 months the Company intends to:

- Complete the construction of the CAGP process plant and infrastructure;
- Commence mining and ore stockpiling;
- Announce multiple updates of Mineral Resources and Reserves;
- Apply for a mining licence for the Grumesa deposit; and
- Continue aggressive exploration of the Company's Ghanaian land holdings.

TENGRELA GOLD PROJECT, CÔTE D'IVOIRE

The 885sq km Tengrela Gold Project area is located in the north of Côte d'Ivoire, immediately south of Resolute Mining Limited's 6.8Moz Syama and Finkalo projects in Mali, along the same structural/stratigraphic corridor within the Syama-Boundiali greenstone belt. The project also lies approximately 150km south-southeast of the Morila gold mine (7Moz) in Mali and 65km west northwest of Randgold's Tongon deposit (4.3Moz) in Côte d'Ivoire.

Perseus Mining Limited

Review of Operations

Definitive Feasibility Study (DFS)

The DFS of the TGP is based on the Sissingué mineral deposit. Started in October 2009, the study is progressing well and is on schedule for completion during the fourth quarter of 2010. First pass pit optimisation studies contemplate the mining of material with significantly higher gold grades in the early years of the project relative to the 2009 scoping study, with a resultant improvement in project economics.

Sissingué Mineral Resource Estimate

Independent consultant, Runge Limited, completed an upgrade of the Sissingué Mineral Resources as part of their contribution to the DFS in July 2010. Tables 1 to 3 below contain a breakdown of the Mineral Resource estimate.

The estimated Measured and Indicated Mineral Resources totalled 15.5Mt at 1.9g/t gold, for 931,000 ounces of contained gold (at 0.5g/t gold cut-off), represents a 43% increase in contained ounces of gold from the October 2009 Indicated Mineral Resource estimate. At a 1g/t gold cut-off grade, the July 2010 Measured and Indicated Mineral Resource represents an increase of 37%, while Inferred Mineral Resource decreased from 5.5Mt at 1.7g/t gold to 3.3Mt at 1.6g/t gold, reflecting conversion of a portion of the Inferred Mineral Resource following infill drilling.

Measured and Indicated Resources in the top 100 metres total 6.9Mt at 2.7g/t gold, containing 600,000oz of gold based on a 1g/t gold cut-off. The highest grade portion of this is sufficiently large to enable it to be targeted for production in the initial two years of operation.

Table 1: July 2010 Mineral Resource Estimate¹ – Sissingué Deposit at 1.0g/t gold cut-off grade

Type	Measured		Indicated		Measured & Indicated			Inferred		
	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t	Gold Ounces	Tonnes	Grade g/t	Gold Ounces
Oxide	10,000	1.9	2,028,000	2.2	2,038,000	2.2	144,000	599,000	2.1	40,000
Transitional	83,000	3.0	1,134,000	2.8	1,218,000	2.8	111,000	232,000	1.6	12,000
Primary	794,000	3.2	5,929,000	2.4	6,723,000	2.5	542,000	2,473,000	1.5	119,000
Total	888,000	3.2	9,091,000	2.4	9,979,000	2.5	796,000	3,304,000	1.6	171,000

Table 2: July 2010 Mineral Resource Estimate¹ – Sissingué Deposit above 0.5g/t and below 1.0g/t gold cut-off grade

Type	Measured		Indicated		Measured & Indicated			Inferred		
	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t	Gold Ounces	Tonnes	Grade g/t	Gold Ounces
Oxide	0	0.0	1,702,000	0.8	1,702,000	0.8	41,000	612,000	0.7	15,000
Transitional	1,000	0.8	706,000	0.8	707,000	0.8	18,000	495,000	0.7	12,000
Primary	43,000	0.8	3,101,000	0.8	3,144,000	0.8	76,000	2,530,000	0.7	60,000
Total	44,000	0.8	5,509,000	0.8	5,553,000	0.8	135,000	3,637,000	0.7	86,000

Table 3: Mineral Resource Estimate¹ – Sissingué Deposit at 0.5 g/t gold cut-off grade

Type	Measured		Indicated		Measured & Indicated			Inferred		
	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t	Gold Ounces	Tonnes	Grade g/t	Gold Ounces
Total	931,000	3.1	14,600,000	1.8	15,532,000	1.9	931,000	6,941,000	1.2	257,000

¹Note: rounding applied

Metallurgy

Metallurgical test work has been largely completed and Process Design Criteria have been developed. The final metallurgy report is currently being prepared, and based on test work, the gold recovery and physical parameters are:

		<i>Oxide Ore</i>	<i>Fresh Ore</i>
<i>Recovery Parameters</i>			
Total Gold recovery	%	92.0	90.0
Gravity Recovery Component (Average)	%	20.0	23.0
Gravity Recovery Component (Range)	%	10 - 54	7 - 49
<i>Physical Parameters</i>			
Unconfined Compressive Strength	Mpa	-	132.5
Crushing Work Index	kWh/t	-	7.7
Bond Rod Mill Work Index	kWh/t	3.7	19.1
Bond Ball Mill Work Index	kWh/t	5.4	16.3

Geotechnical Engineering

Pit and tailings dam geotechnical drilling and logging has been completed and reports are being prepared. The requisite mine design parameters have been incorporated into the mining engineering models and schedules. The geotechnical and mine design studies are being undertaken by Coffey Mining Services.

Process Plant Design

The manager of the DFS, Mintrex, has completed the initial plant design and layout and is well advanced in the capital costing development. Process flow diagrams have been developed and signed off. The electrical power supply to the project, under design by BEC Engineering, is in the final stages of evaluation with two options under discussion.

Environmental

A local Ivorian environmental consultant, CECAF, has completed both phases of fieldwork needed for the baseline environmental survey. The second phase of reporting remains to be completed and is the only outstanding on the baseline work required for the DFS. The Company is working closely with the Ivorian Environmental Protection Agency and Ministry of Mines and Energy to map the approvals and permitting process.

Exploration

A total of 83,262 metres of Reverse Circulation (RC) and diamond drilling (DD) and 36,098 metres of Rotary Air Blast (RAB) drilling was completed on the Tengrela Gold Project in the period from July 2009 to June 2010.

Exploration highlights for the period included:

- Significant increase in grade of the Sissingue deposit due to successful infill drilling;
- Further significant drill intercepts at the Sissingue deposit following the cut-off for drilling results incorporated into the July 2010 Minerals Resource;
- Commencement of RC drilling of prospects outside of Sissingue; and
- A recent new gold discovery at Kanakono deposit.

Management Additions

In anticipation of completion of the DFS in the fourth quarter of 2010, Perseus' Ivorian subsidiary, Occidental Gold Sarl, has commenced the process of building a locally based management team that is capable of working with government agencies including the Ministry of Mining and Petroleum and the Environmental Protection Agency, to agree terms for permits and licences required to develop and operate the TGP.

Outlook for 2010-2011

During the next 12 months the Company anticipates:

- Completing the TGP DFS;
- Board review of the TGP DFS and if approved, proposed pre-construction activities at Sissingué;
- Commence Environmental and Mining Licence approval process;
- Continue further extensional and infill drilling at Sissingué; and
- Continued exploration on a number of prospects.

MAHALE & MBENGUE EXPLORATION PERMITS, CÔTE D'IVOIRE

The Group has been granted two additional prospecting permits (Permis de Recherche) in the Tengrela - Tongon region of Côte d'Ivoire. These are the Mahale permit that covers about 849sq km and the Mbengue permit that covers about 913sq km. The Group has undertaken broad spaced geochemical sampling on both permits and has identified one large, gold in soil anomaly covering 5.6km by 2.2km located approximately 11km from Rangold's Tongon gold mine. A follow-up drill program will be implemented on this anomaly as soon as possible.

MINERAL RESERVES AND RESOURCES

Table 4: Mineral Reserves

Deposit	Proven			Probable			Total		
	Quantity (Mt)	Gold Grade (g/t)	Contained Gold (ozs)	Quantity (Mt)	Gold Grade (g/t)	Contained Gold (ozs)	Quantity (Mt)	Gold Grade (g/t)	Contained Gold (ozs)
CAGP >0.5g/t ⁽¹⁾	18.4	1.4	828,000	37.0	1.1	1,313,000	55.4	1.2	2,141,000

Table 5: Mineral Resources (excluding Mineral Reserves)

Deposit	Measured & Indicated			Inferred		
	Tonnes (million)	Gold Grade (g/t)	Contained Gold (ozs)	Tonnes (million)	Gold Grade (g/t)	Contained Gold (ozs)
CAGP >0.8g/t ⁽¹⁾	15.8	1.5	764,000	29.9	1.5	1,423,000
CAGP 0.4g/t -0.8g/t ⁽¹⁾	14.1	0.6	267,000	31.9	0.7	691,000
TGP ⁽²⁾ >1.0g/t	9.9	2.5	796,000	3.3	1.6	171,000
TGP ⁽²⁾ 0.5g/t -1.0g/t	5.5	0.8	135,000	3.6	0.7	86,000
Grumesa South >0.4 / 0.6g/t ⁽³⁾	7.1	0.9	195,000	1.9	0.8	46,000
Grumesa North >0.4g/t ⁽⁴⁾	-	-	-	21.4	0.8	573,000
Total ⁽⁶⁾	25.7	1.9	1,560,000	33.2	1.5	1,594,000
Total ⁽⁷⁾	52.4	1.3	2,157,000	92.0	1.0	2,990,000

Notes

- 1) Last updated on 30 July 2009
- 2) July 2010 estimate
- 3) Last updated on 30 April 2007
- 4) Last updated on 29 September 2006
- 5) The Group owns 90% of CAGP, and assumes ownership of 90% of Grumesa and 80% of Tengrela after allowing for 10% of equity to be transferred to the government of the host country at the time of permitting
- 6) CAGP cut-off > 0.8g/t ; TGP cut-off >1.0g/t
- 7) CAGP cut-off >0.4g/t ; TGP cut-off >0.5g/t

Competent Person Statement

The information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Mark Calderwood, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Calderwood is a Director and full-time employee of the Company. Mr Calderwood has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'') and to qualify as a "Qualified Person" under National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). Mr Calderwood consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. For a description of Perseus' 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 November 30, 2009 and the technical report entitled "Technical Report – Tengrela Gold Project, Ivory Coast" dated September 02, 2010 in relation to the Central Ashanti Gold Project and the Tengrela Gold Project respectively.

Perseus Mining Limited

Directors' Report

Your Directors present their report together with the annual financial report of Perseus Mining Limited (the “Company” or “Perseus”) and its controlled entities (collectively referred to as the “consolidated entity” or the “Group”) for the year ended 30 June 2010. In accordance with the provisions of the Corporations Act, the Directors report as follows:

DIRECTORS

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

Reginald Norman Gillard BA FCPA FAICD JP - Non-Executive Chairman (Appointed 24/10/2003)

After practising as an accountant for over 30 years, during which time he formed and developed a number of service related businesses, Mr. Reg Gillard now focuses on corporate management, corporate governance and the evaluation and acquisition of resource projects. Mr. Gillard also serves on the audit and the remuneration committees of the Company. During the past three years he has also served as a non-executive director of the following listed companies:

Other Current Directorships:

Aspen Group Limited	appointed 24 December 2001
Eneabba Gas Limited	appointed 2 August 2005
Tiger Resources Limited	appointed 9 December 2005
Platina Resources Limited	appointed 1 July 2009

Former Directorships in the last 3 years

Caspian Oil & Gas Limited	appointed 6 July 1994 and resigned 31 August 2010
Lindian Resources Limited	appointed 30 October 2006 and resigned 20 August 2010
Lafayette Mining Limited	appointed 15 November 1996 and resigned 20 June 2008
Pioneer Nickel Limited	appointed 17 March 2005 and resigned 13 June 2008
Elemental Minerals Limited	appointed 6 June 2006 and resigned 30 June 2008

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

The Managing Director and Chief Executive officer, Mr. Mark Calderwood, is a member of the Australasian Institute of Mining and Metallurgy and has extensive experience exploring for and mining gold. He has over 11 years of experience in West Africa and has a wide network of contacts throughout the region. During the past three years he has also served as a non-executive director of the following listed company:

Other Current Directorships

Manas Resources Limited	appointed 17 October 2007
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Colin John Carson CPA FCIS MAICD - Executive Director (Appointed 24/10/2003)

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

Other Current Directorships

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

Perseus Mining Limited

Directors' Report

DIRECTORS - continued

Rhett Boudewyn Brans MIEAUST CPENG - Executive Director (Appointed 26/05/2004)

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

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

Other Current Directorships

Tiger Resources Limited	appointed 11 July 2008
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Neil Christian Fearis LL.B. (Hons) MAICD F FIN - Non-Executive Director (Appointed 26/05/2004)

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

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

Other Current Directorships

Carnarvon Petroleum Limited	appointed 30 November 1999
Magma Metals Limited	appointed 8 October 2009

Former Directorships in the last 3 years

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

Terence Sean Harvey – BA MA LL.B MBA - Non-Executive Director (Appointed 02/09/2009)

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

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

Other Current Directorships

Allied Gold Limited	appointed 11 March 2010
Andina Minerals Inc.	appointed 29 December 2004
Victoria Gold Corporation	appointed 31 July 2007

Former Directorships in the last 3 years

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

DIRECTORS - continued

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

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

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

Other Current Directorships

Herencia Resources plc. appointed 14 June 2006

COMPANY SECRETARY

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

Mr. Susmit Shah is a chartered accountant with over 25 years of experience. Over the last 16 years, Mr. Shah has been involved with a diverse range of Australian public listed companies in company secretarial and financial roles.

CORPORATE INFORMATION

Corporate Structure

Perseus Mining Limited is a limited liability company that is incorporated and domiciled in Australia. It has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are shown in the illustration of the Group's corporate structure as at 30 June 2010 which follows in Figure 1.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year were gold exploration, evaluation and development in the West African countries of Ghana and Côte d'Ivoire.

RESULTS AND DIVIDENDS

The consolidated loss after tax for the year ended 30 June 2010 was \$9,781,000¹ (2009: \$4,789,201). No dividends were paid during the year and the Directors do not recommend payment of a dividend.

¹Unless noted otherwise, all amounts stated are expressed in Australian dollars and cents.

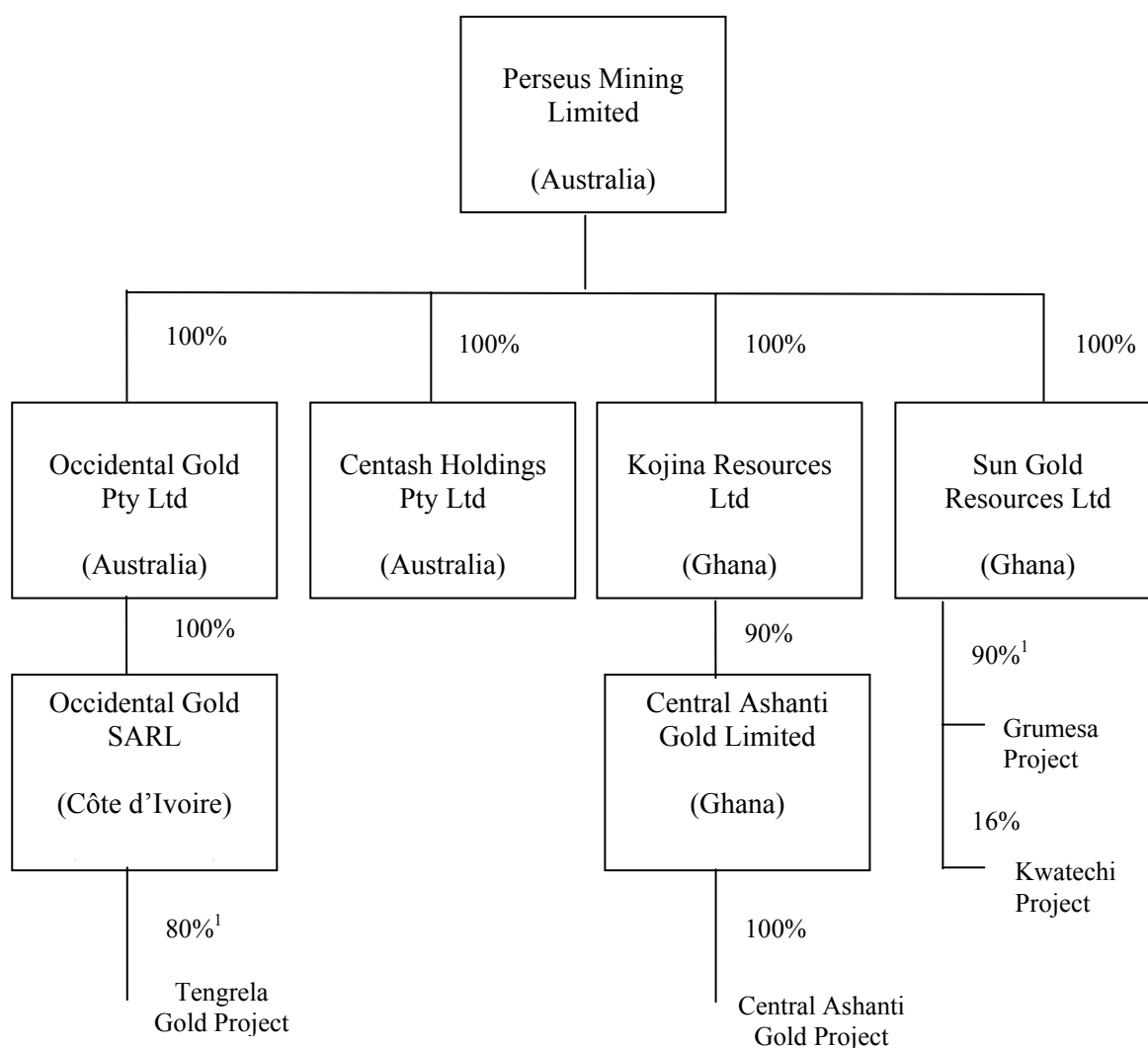
EARNINGS PER SHARE

Basic loss per share for the year was 2.94 cents (2009: 2.53 cents).

REVIEW OF OPERATIONS

A review of the Group's operations during the year ended 30 June 2010 is provided in the section of this report headed "Review of Operations" which immediately precedes this Directors' Report.

Figure 1 - PERSEUS MINING LIMITED – GROUP STRUCTURE 30 JUNE 2010



¹After allowing for 10% interest to be transferred to the host Government on granting of a mining lease.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

1. Following the completion of a positive definitive feasibility study in July 2009, Perseus committed to the development of its Central Ashanti Gold Project ("CAGP") in Ghana and commenced construction of the CAGP processing facilities in the latter stages of the financial year, confirming a transition of the Company from a gold explorer into an integrated company involved in gold exploration, evaluation, development and operations.
2. The Company has raised approximately \$205 million of new equity capital and has accepted a committed letter of offer for US\$85 million of debt capital which will be used to fund the Company's exploration and development activities.

MATTERS SUBSEQUENT TO BALANCE DATE

Subsequent to year end, the Company announced a significant upgrade of the Sissingué Mineral Resource which forms part of the Tengrela Gold Project in Côte d'Ivoire. At a 1.0g/t gold cut-off grade, the upgraded Measured and Indicated Mineral Resource amounts to 9.9Mt at 2.5g/t of gold for 796,000 ounces and the Inferred Mineral Resource amounts to 3.3Mt at 1.6g/t of gold for 171,000 ounces. The grade of the Measured and Indicated Mineral Resource is 37% higher than in the previously announced resource estimate.

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

LIKELY DEVELOPMENTS

The Company's focus during the next financial year will be on development of the Central Ashanti Gold Project in Ghana and completion of the feasibility study and development approvals process for the Tengrela Gold Project in Côte d'Ivoire. The Company will also continue exploration of the tenements associated with these projects as well as other tenements held by the Group in West Africa. Further commentary on planned activities in these projects over the forthcoming year is provided in the section of this report headed "Review of Operations" which immediately precedes this Directors' Report. Perseus will also assess new opportunities where it is considered that these have synergies with existing projects or that the Company can add value through the use of its exploration and development expertise.

ENVIRONMENTAL REGULATIONS

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

DIRECTORS' MEETINGS

The number of meetings of the Directors and the number of meetings attended by each Director during the year ended 30 June 2010 were:

	Full Meetings of Directors		Audit Committee Meetings		Remuneration Committee	
	<i>Meetings Eligible to Attend</i>	<i>Meetings Attended</i>	<i>Meetings Eligible to Attend</i>	<i>Meetings Attended</i>	<i>Meetings Eligible to Attend</i>	<i>Meetings Attended</i>
R N Gillard	14	14	2	2	2	2
M A Calderwood	14	12	-	-	-	-
C J Carson	14	14	-	-	-	-
R B Brans	14	13	-	-	-	-
N C Fearis	14	14	2	2	2	2
TS Harvey ¹	12	11	1	1	-	-
M A Bohm ²	9	9	-	-	1	1

1. Mr. Sean Harvey was appointed as a director on 2 September 2009; and

2. Mr. Michael Bohm was appointed as a director on 15 October 2009

Perseus Mining Limited
Directors' Report

DIRECTORS' INTERESTS

At the date of this report, the interests of Directors in the shares and options of the Company, held directly and beneficially, are as follows:

	Fully Paid Ordinary Shares	Options to acquire Ordinary Shares
R N Gillard	955,732	-
M A Calderwood	4,600,000	-
C J Carson	503,200	-
R B Brans	850,000	600,000
N C Fearis	477,732	-
T S Harvey	100,000	600,000
M A Bohm	20,000	400,000

During or since the end of the financial year, the following ordinary shares in the Company were issued to the following Directors and two of the five most highly remunerated officers of the Company¹ upon their exercising their options to acquire ordinary shares:

Name	Number of options exercised	Exercise price	Exercise date	Number of shares issued
R N Gillard	600,000	\$1.50	28 June 2010	600,000
M A Calderwood	1,200,000	\$1.50	5 July 2010	1,200,000
C J Carson	540,000	\$1.50	23 July 2010	540,000
R B Brans	400,000	\$1.50	21 July 2010	400,000
N C Fearis	400,000	\$1.50	28 July 2010	400,000
K P Thompson }	50,000	\$0.50	3 December 2009	50,000
}	475,000	\$0.50	17 March 2010	475,000
A Scott	300,000	\$0.65	9 February 2010	300,000

¹ The remaining two Directors and three of the five most highly remunerated officers of the Company did not exercise any options and therefore were not issued with shares during or since the end of the financial year.

The following share options of the Company were issued to Directors and to three of the five most highly remunerated officers of the Company¹ during or since the end of the financial year as part of their remuneration:

Name	Position Held	Number of Options	Exercise Price	Expiry Date
T S Harvey	Director	600,000	\$1.30	31 March 2012
M A Bohm	Director	400,000	\$1.80	31 March 2012
K P Thompson	Regional Exploration Manager (West Africa)	300,000	\$2.13	16 June 2013
J A Quartermaine	Chief Financial Officer	400,000	\$2.45	29 July 2012
G S Pierce	General Manager Operations	750,000	\$2.13	14 January 2012

¹ The remaining five Directors and two of the five most highly remunerated officers of the Company were not issued with options during or since the end of the financial year.

Perseus Mining Limited
Directors' Report

SHARE OPTIONS

As at the date of this report, the total number of unissued ordinary shares in the Company under option was 9,125,000 as follows:

Type of Security	Number	Exercise Price	Issue Date	Expiry Date
Unlisted Options	1,000,000	\$1.00	20 March 2009	31 December 2010
Unlisted Options	600,000	\$1.00	19 December 2008	30 June 2011
Unlisted Options	1,800,000	\$0.60	13 August 2009	13 August 2011
Unlisted Options	1,800,000	\$2.13	15 January 2010	14 January 2012
Unlisted Options	1,195,000	\$0.65	23 January 2009	23 January 2012
Unlisted Options	400,000	\$1.80	15 October 2009	31 March 2012
Unlisted Options	600,000	\$1.30	27 November 2009	31 March 2012
Unlisted Options	400,000	\$2.45	29 July 2010	29 July 2012
Unlisted Options	1,330,000	\$2.13	27 June 2010	16 June 2013

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

Shares issued on exercise of options

During or since the end of the financial year, the Company issued 9,250,000 ordinary shares as a result of the exercise of options as follows:

Number of shares issued	Issue price of each share
2,250,000	\$0.40
200,000	\$0.60
525,000	\$0.50
3,800,000	\$1.50
1,325,000	\$0.65
1,000,000	\$0.80
150,000	\$1.30

No amounts were unpaid on these shares.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

The Company's Constitution requires it to indemnify Directors and Officers of any entity within the consolidated Group against liabilities incurred to third parties and against costs and expenses incurred in defending civil or criminal proceedings, except in certain circumstances. An indemnity is also provided to the Company's auditors under the terms of their engagement. The Directors and Officers of the Group have been insured against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The insurance premium, paid during the year ended 30 June 2010, amounted to \$18,600, and relates to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever the outcome.
- 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.

REMUNERATION REPORT (Audited)

This report outlines the remuneration arrangements in place for the Group's key management personnel ("KMP") including the five most highly remunerated executives, for the financial year ended 30 June 2010. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

KMPs are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company 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 the Company (refer to pages 8 to 10 for details) plus the following executives who report directly to the Managing Director.

Mr. Susmit Shah	Company Secretary
Mr. Kevin Thomson	Regional Exploration Manager (West Africa)
Mr. Jeffrey Quartermaine	Chief Financial Officer
Mr. Grant Pierce	General Manager Operations

There have been no changes of the KMP after reporting date and before the date the financial report was authorised for issue.

Remuneration philosophy

The broad remuneration philosophy of the Company is to ensure that remuneration packages paid to directors and executives are commensurate with their duties and responsibilities and the level of performance that they are required to deliver, while at the same time being competitive to ensure that the Company can attract, motivate and retain people of the highest calibre. Independent advice on the appropriateness of remuneration packages is obtained where necessary.

Remuneration committee

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

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

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

Remuneration structure

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

REMUNERATION REPORT - continued

Non-executive Directors' remuneration

Objective

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

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by the shareholders in general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The last determination was at a general meeting of shareholders held on 27 November 2009, when shareholders approved aggregate remuneration (excluding the value of share based payments) of \$400,000 per year.

The Remuneration Committee reviews the remuneration packages payable to the non-executive directors on an annual basis and reports to the Board. The Committee considers fees paid to non-executive directors of comparable companies when undertaking the annual review process.

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

The remuneration of the non-executive directors for the year ending 30 June 2010 is detailed in Table 1 of this report.

Executive Directors' and other senior executives' remuneration

Objective

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

- align the interests of executive directors and senior managers and with those of shareholders;
- link executive's reward to the strategic goals and performance of the Company; and
- ensure total remuneration is competitive relative to that paid to executive directors and senior managers of peer group companies.

Structure

Remuneration consists of the following key elements:

- Fixed remuneration; and
- Variable remuneration.

Fixed remuneration

The base level of fixed remuneration for executive directors and other senior executives is set so as to provide a level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Remuneration Committee. The process involves a review of the performance of the Group, business units and individuals as well as relevant comparative remuneration data. As appropriate, independent external advice on remuneration policies and practices is obtained on relevant benchmarks.

The fixed component of the remuneration of the executive directors and senior managers for the year ending 30 June 2010 is detailed in Table 1 of this report.

REMUNERATION REPORT - continued

Variable remuneration – Long Term Incentives

Objective

The objective of providing long term incentives is to reward executive directors and senior managers for the creation of shareholder wealth. As such, grants of long term incentives are made to executives who have a direct impact on the Company's performance and who are able to influence the generation of shareholder wealth.

Structure

Long term incentives take the form of options to purchase ordinary shares in the Company. The issue of options as part of the remuneration packages of executive and non-executive directors and senior management is an established practice of many public listed companies and, in the case of the Company, has the benefit of conserving cash whilst appropriately rewarding each of the recipients. As previously noted, equity components of remuneration for directors, including the issue of options, are generally required to be approved by shareholders prior to award.

The remuneration of executive directors and senior managers for the year ending 30 June 2010 is detailed in Table 1 of this report.

Employment agreements

Mark Calderwood has entered into an agreement with the Company to be employed as its Managing Director. Mr Calderwood's contract commenced on 1 January 2004 and does not contain a specific termination date. Either party can terminate the agreement by giving six months' written notice. During the year, Mr Calderwood received remuneration at a rate of \$320,000 per annum, increasing to \$380,000 per annum with effect from 1 September 2009. Superannuation contributions by the Company were capped based on the statutory maximum earnings. With effect from 1 July 2010, Mr Calderwood's total fixed remuneration (including basic salary, superannuation contributions, allowances and benefits) ("TFR") has been increased to \$600,000. The Board has also approved a short term incentive of 25% of the TFR, payable in cash subject to successful achievement of performance targets which are yet to be determined at the date of this report.

Colin Carson has entered into an agreement with the Company to be employed as an Executive Director. The contract commenced on 22 September 2004, which was the listing date of the Company on the ASX, and there is no specific termination date. During the year, Mr Carson received remuneration at a rate of \$140,000 per annum, increasing to \$180,000 per annum from 1 September 2009. On 1 October 2009, Mr Carson's annual remuneration was reduced to \$165,000 by mutual agreement. With effect from 1 July 2010, Mr Carson's TFR has been increased to \$300,000. The Board has also approved a short term incentive of 25% of the TFR, payable in cash subject to successful achievement of performance targets which are yet to be determined at the date of this report.

Commencing in early July 2008, Rhett Brans' services as an Executive Director have been provided to the Company at a fixed monthly rate, invoiced through his related entity, Proman Consulting Engineers Pty Ltd. During the year Proman was paid the monthly equivalent of \$145,000 per annum increasing to \$175,000 per annum with effect from 1 September 2009. With effect from 1 July 2010, Mr Brans' TFR has been increased to \$350,000 and, effective 1 September 2010, his TFR has been increased to \$437,500 as he has taken on a full time employment role with the Company. The Board has also approved a short term incentive of 25% of the TFR, payable in cash subject to successful achievement of performance targets which are yet to be determined at the date of this report.

REMUNERATION REPORT - continued

Company secretarial services provided by Mr. Shah are charged to the Company by Corporate Consultants Pty Ltd (CCPL), a company in which Mr. Shah has a beneficial interest. Payments for accounting, company secretarial and administrative services provided by CCPL throughout the year are included in Note 25.

Jeffrey Quartermaine commenced in the role of Chief Financial Officer on 3 May 2010. His employment contract provides for annual remuneration of \$360,000 including superannuation and a living away from home allowance of \$40,000 per annum. Cash bonuses may be paid to Mr Quartermaine on the achievement of certain levels of performance. Mr Quartermaine's employment contract may be terminated by either the Company or Mr Quartermaine by providing the other party with two months of notice in writing. Subject to certain events occurring within six months of a substantial change of ownership of the Company, Mr Quartermaine will be paid compensation of between six and twelve months of salary dependent on the time served with the Company at the time of the change of ownership. Subsequent to year end, Mr Quartermaine was granted 400,000 options under the Company's Employee Option Plan, exercisable at \$2.45 each on or before 29 July 2012.

Grant Pierce commenced in the role of General Manager Operations on 1 January 2010. His employment contract provides for remuneration of US\$300,000 per annum. Mr Pierce's employment contract may be terminated by either Mr Pierce or the Company providing the other party with three months of notice. Subject to certain events occurring within six months of a substantial change of ownership of the Company, Mr Pierce will be paid compensation of twelve months of salary. If Mr Pierce's role is made redundant or his job content is materially reduced as a result of an act or omission by the Company, Mr Pierce will be paid an amount equal to six months of salary on his termination.

Kevin Thomson was appointed Exploration Manager in April 2007. His employment contract currently provides for remuneration of CDN\$280,000 per annum net of taxes, furnished accommodation in Accra, Ghana, use of a company vehicle, certain miscellaneous expatriate allowances. Either party can terminate the agreement by giving the other party two months of written notice.

Perseus Mining Limited
Directors' Report

REMUNERATION REPORT - continued

Table 1 Directors' and Senior Managers' remuneration for the year ended 30 June 2010

	Primary		Post	Equity		
	Salary /	Other	Employment	Value of	Total	Performance
	Fees		Superannuation	Options		Related
	\$	\$	\$	\$	\$	%
Directors						
Reginald Gillard						
2010	70,000	-	6,300	-	76,300	-
2009	56,667	3,258	5,100	-	65,025	-
Mark Calderwood						
2010	370,000	-	25,000	-	395,000	-
2009	293,333	3,258	18,763	-	315,354	-
Colin Carson						
2010	162,083	-	14,588	-	176,671	-
2009	113,333	3,258	10,200	-	126,791	-
Rhett Brans						
2010	216,833	-	-	-	216,833	-
2009	148,875	3,258	-	88,323	240,456	-
Neil Fearis						
2010	55,000	-	-	-	55,000	-
2009	51,250	3,258	-	-	54,508	-
Sean Harvey						
2010	41,666	-	-	738,346	780,012	-
2009	-	-	-	-	-	-
Michael Bohm						
2010	35,416	-	3,188	457,404	496,008	-
2009	-	-	-	-	-	-
Directors Total						
2010	950,998	-	49,076	1,195,750	2,195,824	-
2009	663,458	16,290	34,063	88,323	802,134	-
Senior Managers						
Susmit Shah ⁽ⁱ⁾						
2010	-	-	-	12,849	12,849	-
2009	-	-	-	149,578	149,578	-
Kevin Thomson ⁽ⁱⁱ⁾						
2010	284,878	43,982	-	37,524	366,384	-
2009	251,047	33,873	-	186,386	471,306	-
Jeffrey Quartermaine ⁽ⁱⁱⁱ⁾						
2010	50,000	6,667	4,167	-	60,834	-
2009	-	-	-	-	-	-
Grant Pierce ^(iv)						
2010	167,748	3,500	-	883,025	1,054,273	-
2009	-	-	-	-	-	-
Alexander Scott ^(v)						
2010	167,500	-	14,461	7,556	189,517	-
2009	155,000	-	13,745	37,778	206,523	-
Senior Managers Total						
2010	670,126	54,149	18,628	940,954	1,683,857	-
2009	406,047	33,873	13,745	373,742	827,407	-

Perseus Mining Limited
Directors' Report

REMUNERATION REPORT - continued

Notes:

- (i) Company Secretarial services provided by Mr. Shah are charged to the Company by CCPL, a company in which Mr. Gillard and Mr. Shah have a beneficial interest. Remuneration for accounting, company secretarial and administrative services provided by CCPL throughout the year is included in Note 25.
- (ii) Includes the value of non-cash benefits such as allowances for travel, school fees, and accommodation. Also in-country taxes paid on behalf of employee.
- (iii) Commenced on 3 May 2010.
- (iv) Commenced on 1 January 2010.
- (v) Resigned with effect from 27 July 2010.

Table 2 - Options granted as part of remuneration for the year ended 30 June 2010

	Value of options granted as remuneration	Value of options exercised at exercise date	Value of options lapsed at time of lapse	Total value of options granted, exercised and lapsed	Remuneration represented by options for the year
	\$	\$	\$	\$	%
<i>Directors</i>					
Reginald Gillard					
2010	-	564,000	-	564,000	-
2009	-	-	-	-	-
Mark Calderwood					
2010	-	-	-	-	-
2009	-	-	-	-	-
Colin Carson					
2010	-	-	-	-	-
2009	-	-	-	-	-
Rhett Brans					
2010	-	-	-	-	-
2009	88,323	176,000	-	264,323	36.7
Neil Fearis					
2010	-	-	-	-	-
2009	-	142,500	-	142,500	-
Sean Harvey					
2010	738,346	-	-	738,346	94.6
2009	-	-	-	-	-
Michael Bohm					
2010	457,404	-	-	457,404	92.2
2009	-	-	-	-	-
Total, all Directors					
2010	1,195,750	564,000	-	1,759,750	54.5
2009	88,323	318,500	-	406,823	11.0

REMUNERATION REPORT – continued

Table 2 - Options granted as part of remuneration for the year ended 30 June 2010 (Continued)

	Value of options granted as remuneration \$	Value of options exercised at exercise date \$	Value of options lapsed at time of lapse \$	Total value of options granted, exercised and lapsed \$	Remuneration represented by options for the year %
<i>Senior Managers</i>					
Susmit Shah					
2010	-	-	-	-	-
2009	162,427	4,000	-	166,427	-
Kevin Thomson					
2010	518,397	756,000	-	1,274,397	9.3
2009	114,365	-	-	114,365	24.3
Jeffrey Quartermaine					
2010	-	-	-	-	-
2009	-	-	-	-	-
Grant Pierce					
2010	883,025	-	-	883,025	83.8
2009	-	-	-	-	-
Alexander Scott					
2010	-	279,000	-	279,000	-
2009	37,778	-	-	37,778	18.3
Total, senior managers					
2010	1,401,422	1,035,000	-	2,436,422	57.8
2009	314,570	4,000	-	318,570	45.2

For details on the valuation of options, including models and assumptions used, refer to Note 18.

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

NON-AUDIT SERVICES

The Company's auditor, HLB Mann Judd, provided services in relation to the Company's various capital raisings in Canada during the financial year and also the process of listing on the Toronto Stock Exchange. Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 4 to the financial statements. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

AUDITORS' INDEPENDENCE DECLARATION

The auditor, HLB Mann Judd, has provided the Board of Directors with an independence declaration in accordance with section 307C of the Corporations Act 2001. The independence declaration is set out on the next page and forms part of this Directors' Report.

AUDITOR

HLB Mann Judd continues in office in accordance with section 327 of the Corporations Act 2001.

Signed in accordance with a resolution of Directors.

M A Calderwood



Managing Director

Perth, 28 September 2010



Accountants | Business and Financial Advisers

Auditor's Independence Declaration

As lead auditor for the audit of the financial report of Perseus Mining Limited for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Perseus Mining Limited.

A handwritten signature in blue ink, appearing to read 'M R W OHM'.

Perth, Western Australia
28 September 2010

M R W OHM
Partner, HLB Mann Judd

Perseus Mining Limited
Statement of Comprehensive Income
For the year ended 30 June 2010

	Notes	CONSOLIDATED 2010 \$	2009 \$
Revenue		-	-
Other income	2	5,750,412	2,237,032
Professional fees		(1,693,291)	(739,019)
Employee benefits expense		(1,860,300)	(919,701)
Share based payments		(3,594,491)	(817,184)
Insurance		(82,757)	(53,223)
Depreciation and amortisation expense		(294,601)	(31,487)
Impairment reversal / (impairment) of investments in associates		212,435	(3,330,819)
Write off of capitalised exploration expenditure		(844,972)	-
Devaluation of gold put options	12	(5,041,788)	-
Share of net losses of associate accounted for using the equity method		(326,647)	(327,682)
Other expenses		(2,005,000)	(807,118)
Loss before income tax expense	3	(9,781,000)	(4,789,201)
Income tax expense	5	-	-
Loss after tax expense		(9,781,000)	(4,789,201)
Other comprehensive income			
Exchange differences on translation of foreign operations		(1,423,771)	(5,556,116)
Income tax relating to components of other comprehensive income		-	-
Total comprehensive loss for the year		(11,204,771)	(10,345,317)
Loss attributable to:			
Owners of the parent		(9,675,702)	(4,789,201)
Non-controlling interests		(105,298)	-
		(9,781,000)	(4,789,201)
Total comprehensive loss attributable to:			
Owners of the parent		(11,103,723)	(10,345,317)
Non-controlling interests		(101,048)	-
		(11,204,771)	(10,345,317)
Basic loss per share (cents)	6	(2.94)	(2.53)
Basic loss per share from continuing operations (cents)	6	(2.94)	(2.53)

The accompanying notes form part of these financial statements

Perseus Mining Limited
Statement of Financial Position
As at 30 June 2010

	Notes	CONSOLIDATED 2010 \$	2009 \$
Current Assets			
Cash and cash equivalents	8	185,591,726	79,876,095
Receivables	9	161,200	679,780
Other	10	763,627	79,042
Total Current Assets		186,516,553	80,634,917
Non-Current Assets			
Receivables	9	7,804,727	2,696,149
Investments accounted for using the equity method	11	4,342,000	2,500,000
Other financial assets	12	7,657,558	-
Property, plant and equipment	13	114,602,591	1,903,816
Exploration and evaluation expenditure	14	25,869,131	58,167,962
Total Non-Current Assets		160,276,007	65,267,927
Total Assets		346,792,560	145,902,844
Current Liabilities			
Payables	15	23,226,856	10,231,779
Total Current Liabilities		23,226,856	10,231,779
Non-Current Liabilities			
Provision	15	2,635,619	2,874,196
Total Non-Current Liabilities		2,635,619	2,874,196
Total Liabilities		25,862,475	13,105,975
Net Assets		320,930,085	132,796,869
Equity			
Issued capital	16	346,615,812	152,220,729
Reserves	17	(3,355,884)	(7,087,776)
Accumulated losses	17	(22,011,786)	(12,336,084)
Parent entity interest		321,248,142	132,796,869
Non-controlling interests		(318,057)	-
Total Equity		320,930,085	132,796,869

The accompanying notes form part of these financial statements

Perseus Mining Limited
Statement of Changes in Equity
For the year ended 30 June 2010

CONSOLIDATED							
	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Foreign Currency Translation Reserve	Non-controlling Interest's Reserve	Non-controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2008	69,679,727	(7,546,883)	4,426,085	(7,587,629)	-	-	58,971,300
Loss for the year	-	(4,789,201)	-	-	-	-	(4,789,201)
Currency translation differences	-	-	-	(5,389,827)	-	-	(5,389,827)
Share of currency translation difference of associated entity	-	-	-	(166,289)	-	-	(166,289)
Total comprehensive income/(loss) for the year	-	(4,789,201)	-	(5,556,116)	-	-	(10,345,317)
Shares issued during the period	84,157,408	-	-	-	-	-	84,157,408
Share issue expenses	(4,487,440)	-	-	-	-	-	(4,487,440)
Exercise of options	2,871,034	-	-	-	-	-	2,871,034
Fair value of options issued	-	-	1,237,934	-	-	-	1,237,934
Share of share based payments reserve of associated entity	-	-	391,950	-	-	-	391,950
Balance at 30 June 2009	152,220,729	(12,336,084)	6,055,969	(13,143,745)	-	-	132,796,869
Balance at 1 July 2009	152,220,729	(12,336,084)	6,055,969	(13,143,745)	-	-	132,796,869
Loss for the year	-	(9,675,702)	-	-	-	(105,298)	(9,781,000)
Currency translation differences	-	-	-	(1,158,900)	-	4,250	(1,154,650)
Share of currency translation difference of associated entity	-	-	-	(269,121)	-	-	(269,121)
Total comprehensive income/(loss) for the year	-	(9,675,702)	-	(1,428,021)	-	(101,048)	(11,204,771)
Shares issued during the year	202,331,621	-	-	-	-	-	202,331,621
Share issue expenses	(11,926,538)	-	-	-	-	-	(11,926,538)
Exercise of options	3,990,000	-	-	-	-	-	3,990,000
Fair value of options issued	-	-	4,942,332	-	-	572	4,942,904
Acquisition of controlled entity by non-controlling interests	-	-	-	-	217,581	(217,581)	-
Balance at 30 June 2010	346,615,812	(22,011,786)	10,998,301	(14,571,766)	217,581	(318,057)	320,930,085

The accompanying notes form part of these financial statements

Perseus Mining Limited
Statement of Cash Flows
For the year ended 30 June 2010

	Notes	CONSOLIDATED 2010 \$	2009 \$
Cash Flows from Operating Activities			
Cash payments in the course of operations		(4,905,520)	(2,198,612)
Interest received		1,849,419	630,684
Other income		-	5,772
Net Cash used in Operating Activities	22 (a)	(3,056,101)	(1,562,156)
Cash Flows from Investing Activities			
Payments for exploration and evaluation expenditure		(26,289,177)	(22,127,389)
Payments for acquisition of mineral interest		-	(193,408)
Payments for acquisition of fixed assets		(1,418,660)	(982,373)
Payments for acquisition of assets under construction		(37,489,130)	-
Payments for investment in put options		(12,699,346)	-
Payments for investment in associates		(2,225,333)	-
Receipts from related parties		28,229	769,225
Advances to third parties		-	36,177
Security deposit for bank guarantee		(5,025,691)	(520,997)
Net Cash used in Investing Activities		(85,119,108)	(23,018,765)
Cash Flows from Financing Activities			
Proceeds from share issues		200,482,440	83,731,801
Proceeds from exercise of options		3,990,000	2,879,314
Share issue expenses		(14,353,642)	(2,060,335)
Net Cash provided by Financing Activities		190,118,798	84,550,780
Net Increase in Cash Held		101,943,589	59,969,859
Cash and cash equivalents at the beginning of the financial year		79,876,095	19,296,798
Cash within group disposed of during the year		-	(143,307)
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		3,772,042	752,745
Cash and cash equivalents at the end of the Financial Year	8	185,591,726	79,876,095

The accompanying notes form part of these financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the Corporations Act 2001 and other requirements of the law and Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report has been prepared on a historical cost basis, except for available-for-sale investments and certain financial instruments, which have been measured at fair value.

The financial report is presented in Australian dollars.

The Company is a listed public company, incorporated and domiciled in Australia that has operated during the year in Australia, Ghana and Côte d'Ivoire. The entity's principal activities are gold exploration, evaluation and development.

The Group has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

(b) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2010, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

During the year, certain accounting policies have changed as a result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009. The affected policies and standards are:

- (i) Principles of consolidation – revised AASB 127 Consolidated and Separate Financial Statements and changes made by AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity and Associate
- (ii) Business combinations – revised AASB 3 Business Combinations
- (iii) Segment reporting – new AASB 8 Operating Segments
- (iv) Financial Instruments – revised AASB 7 Financial Instruments: Disclosures
- (v) Borrowing Costs – revised AASB 123 Borrowing Costs

The Group has also reviewed all Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2010. As a result of this review, the Directors have determined that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and, therefore, no change necessary to Group accounting policies.

(c) Statement of compliance

The financial report was authorised for issue on September 28 2010. It complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(d) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Perseus Mining Limited and its controlled entities for the year ended 30 June 2010 (the “Group”).

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

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

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of the subsidiaries for the period from their acquisition.

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

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

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 Perseus.

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.

Changes in accounting policy

The Group has changed its accounting policy for transactions with non-controlling interests and the accounting for loss of control, joint control or significant influence from 1 July 2009 when a revised AASB 127 Consolidated and Separate Financial Statements became operative.

Previously transactions with non-controlling interests were treated as transactions with parties external to the Group. Disposals therefore resulted in gains and losses in profit and loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest of reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained earnings.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Previously when the Group ceased to have control, joint control or significant influence over an entity, the carrying amount of the investment at the date control, joint control or significant influence ceased became its cost for the purposes of subsequently accounting for the retained interests in associates, jointly controlled entity or financial assets

(e) Significant accounting judgements, estimates and assumptions

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

Exploration and evaluation expenditure

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

Assets under construction

The recoverability of mineral assets under construction has been reviewed by the Directors. In conducting the review the recoverable amount has been assessed by reference to the higher of "fair value less costs to sell" and "value in use". In determining value in use, future cash flows are based on:

- (i) Estimates of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- (ii) Estimated production and sales levels;
- (iii) Estimate future commodity prices;
- (iv) Future costs of production;
- (v) Future capital expenditure; and/or
- (vi) Future exchange rates.

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.

Share-based payment transactions:

The consolidated entity measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they were granted. The fair value of options granted is determined using a Black-Scholes model, using the assumptions detailed in Note 18.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(f) 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 Board of Directors of Perseus Mining Limited.

Change in accounting policy

The Group has adopted AASB 8 *Operating Segments* from 1 July 2009. AASB 8 replaces AASB 114 *Segment Reporting*. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in a change in the number of reportable segments presented by the Group as operating segments are reported in a manner that is consistent with internal reporting provided to the chief operating decision maker.

(g) Foreign currency transactions and balances

The functional and presentation currency of the Company is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences in the consolidated financial report are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of a net investment, at which time they are recognised in the income statement.

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

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

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

1. Communauté financière d'Afrique or Financial Community of Africa

During the year ended 30 June 2010, the functional currency of Kojina Resources Limited, Sun Gold Resources Limited and Central Ashanti Gold Limited was changed to United States dollars from Ghanaian Cedi with effect from 1 February 2010. This change was made principally to reflect changes in the primary economic environment in which the entities operate. In accordance with AASB 121, *The Effects of the Changes in Foreign Exchange Rates*, the change has been applied prospectively from the date of change.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

As at the balance date, the assets and liabilities of these overseas subsidiaries are translated into the reporting currency of the Company at the rate of exchange ruling at the balance date and the statement of comprehensive income is translated at the average exchange rates for the period. The exchange differences on the translation are taken directly to a separate component of equity where they are recognised in the foreign currency translation reserve.

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

(h) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the consolidated entity and the revenue is capable of being reliably measured. Interest income is recognised in the income statement as it accrues, using the effective interest method.

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

(i) Borrowing Costs

Borrowing costs are capitalised that are directly attributable to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

(j) Taxes

Income tax

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Goods and Services Tax (GST)

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

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

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

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

(k) Impairment testing of Assets

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

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

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

(l) Cash and cash equivalents

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

(m) Trade and other receivables

Trade receivables, which generally have 30 to 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when collection of the full amount is no longer probable. 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 income statement within other expenses.

(n) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as put options and gold forward sales contracts to hedge its risks associated with gold price fluctuations. Put options are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured to fair value. Put Options are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Except where hedge accounting is adopted, any gains or losses arising from changes in the fair value of derivatives are taken directly to net profit or loss for the year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

The fair value of gold forward sales contracts is calculated by reference to current forward sales prices for contracts with similar maturity profiles. Where forward contracts are entered into and continue to be held for the purpose of receipt or delivery of a physical commodity in accordance with expected purchase, sale or usage requirements, the contracts are outside of the scope of AASB 139 and are therefore off balance sheet. All of the Group's current forwards portfolio is within expected sales and recorded off balance sheet.

Where a forward contract is within the scope of AASB129 the Group will seek to achieve hedge accounting. For the purposes of hedge accounting, hedges are classified as:

- (i) fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability;
- (ii) cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction; or
- (iii) hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk that could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is remeasured to fair value and gains and losses from both are taken to profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised in profit or loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit or loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to profit or loss.

(o) Investments and other financial assets

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

During the year, the consolidated entity has held loans and receivables and financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- (i) has been acquired principally for the purpose of selling in the near future;
- (ii) is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- (iii) is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resulting gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as financial assets held for trading ("financial assets at fair value"), investments intended to be held to maturity or loans and receivables.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

Loans and receivables

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

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

(p) Investment in associated entities

The Group's investments in associated entities are accounted for using the equity method of accounting in the consolidated financial statements. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The consolidated income statement reflects the Group's share of the results of operations of the associate.

Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this in the Statement of Comprehensive Income.

The reporting dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(q) Joint Ventures

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

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

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

(r) Property, Plant and Equipment

Items of plant and equipment are carried at cost less accumulated depreciation and impairment losses (see (k) above).

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 this is 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 and is classified as 'assets under construction', which is disclosed as a component of property, plant and equipment. On completion of development, all assets included in 'assets under construction' are reclassified as either 'plant and equipment' or 'other mineral assets'.

Plant and equipment

Plant and equipment acquired is initially recorded at its cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

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

Item	Estimated Useful Life (years)	Straight Line Depreciation Rate per annum
Plant and Machinery	5	20.0%
Freehold Land and Buildings	20	5.0%
Field Equipment	5	20.0%
Furniture and Fittings	8	12.5%
Motor Vehicles	5	20.0%
Office Equipment	8	12.5%

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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

(s) Exploration and evaluation expenditure

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

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

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

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

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified as 'assets under construction', and is disclosed as a component of property, plant and equipment.

(t) Trade and other Payables

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(u) Interest-bearing loans and 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 balance sheet 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.

(v) Provisions

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

(w) Rehabilitation Provision

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

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

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

(x) Employee Benefits

Wages, salaries and annual leave:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(y) Share-based payment transactions

Equity settled transactions:

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

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

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, further details of which are given in Note 18.

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

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired; and
- (ii) the consolidated entity's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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

Share based payment transactions with parties other than employees and contractors are measured by reference to the fair value of the good or services rendered at the date of which the consolidated entity obtains the goods or the counterparty renders services.

Issued Capital

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

(z) Earnings per Share

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

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

Perseus Mining Limited
Notes to the Financial Statements
For the Year ended 30 June 2010

2. REVENUE

	Consolidated	
	2010	2009
	\$	\$
Finance revenue - interest income	1,876,020	700,633
Gain on disposal of investments	-	832,925
Other income	51,905	11,542
Foreign currency exchange gains	3,822,487	691,932
	5,750,412	2,237,032

3. LOSS FROM ORDINARY ACTIVITIES

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

Expenses

Depreciation of plant and equipment	294,601	31,487
(Impairment reversal) / impairment of investments in associates	(212,435)	3,330,819
Share based payments to directors and employees	3,594,491	817,184
Share based payments to consultants	-	24,000
Defined contribution superannuation expense	84,402	50,912

Other expenses include:

Bank Fees	90,069	39,718
Corporate promotion and advertising	190,289	36,261
Conferences and seminars	94,136	19,059
Legal expenses	297,212	11,372
Loss on disposal of property, plant and equipment	-	42,437
Printing and stationery	75,696	30,370
Travel and accommodation	672,893	107,161

4. AUDITORS' REMUNERATION

Amounts received or due and receivable by HLB Mann

Judd for:

An audit or review of the financial report of the entity and any other entity in the Group	46,200	39,800
Non-statutory audit services in relation to the entity and any other entity in the Group	48,500	-
	94,700	39,800

Amounts received or due and receivable by non HLB Mann Judd audit firms

An audit or review of the financial report of subsidiaries	156,198	70,559
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Perseus Mining Limited
Notes to the Financial Statements
For the Year ended 30 June 2010

5. INCOME TAX EXPENSE

	Consolidated	
	2010	2009
	\$	\$
(a) The prima facie tax benefit at 30% on loss from ordinary activities is reconciled to the income tax provided in the financial statements as follows:		
Loss/(profit) from ordinary activities	9,781,000	4,789,201
Prima facie income tax benefit @ 30%	2,934,300	1,436,760
Tax effect of permanent differences:		
Provision for non-recovery of loans and write- down in investments in associates	63,731	(999,246)
Foreign exchange gains / (losses) not deductible	-	(129,414)
Share based payments to consultants and employees	(1,078,348)	(252,355)
Capitalised exploration expenses	7,746,364	7,353,364
Share issue costs amortised	1,200,234	484,837
Other non-deductible items	(377,178)	(119,827)
Income tax benefit / (expense) adjusted for permanent differences	10,489,103	7,774,119
Deferred tax asset not brought to account	(10,489,103)	(7,774,119)
Income tax attributable to operating losses	-	-
(b) The potential deferred tax asset arising from tax losses and temporary differences have not been recognised as an asset because recovery of tax losses is not yet considered sufficiently probable.		
Australian tax losses	2,940,459	765,685

The tax benefits will only be obtained if the conditions in Note 1 (Income taxes) are satisfied and if:

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

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

Perseus Mining Limited
Notes to the Financial Statements
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6. EARNINGS PER SHARE

		Consolidated	
	2010	2010	2009
	\$	cents	\$
			cents
Basic loss per share from continuing operations	(9,781,000)	(2.94)	(4,789,201)
Basic loss per share	(9,781,000)	(2.94)	(4,789,201)
		2010	2009
		Number	Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share		332,557,987	189,542,834

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

7. SEGMENT INFORMATION

The 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 chief operating decision maker.

The Group operated principally in two geographical segments during the year, these being Australia and West Africa. The segment information is prepared in conformity with the accounting policies described in Note 1.

The Group comprises the following main segments:

Australia	Investing activities and corporate management.
West Africa	Minerals exploration, evaluation and development activities.

Perseus Mining Limited
Notes to the Financial Statements
For the Year ended 30 June 2010

7. SEGMENT INFORMATION – continued

	Note	Australia 2010 \$	Australia 2009 \$	West Africa 2010 \$	West Africa 2009 \$	Consolidated 2010 \$	Consolidated 2009 \$
Revenue							
Finance revenue		1,868,016	626,534	8,004	74,099	1,876,020	700,633
Other external revenue		4,469,153	2,015,296	(594,761)	(478,897)	3,874,392	1,536,399
Total segment revenue	2	6,337,169	2,641,830	(586,757)	(404,798)	5,750,412	2,237,032
Results							
Operating loss before income tax		(5,125,410)	(3,870,349)	(4,655,590)	(918,852)	(9,781,000)	(4,789,201)
Income tax expense		-	-	-	-	-	-
Net loss		(5,125,410)	(3,870,349)	(4,655,590)	(918,852)	(9,781,000)	(4,789,201)
Included within segment results:							
Share of net loss of associate accounted for using the equity method		(326,647)	(327,682)	-	-	(326,647)	(327,682)
Depreciation		(34,159)	(29,180)	(260,442)	(2,307)	(294,601)	(31,487)
Revaluation of put options		(5,020,810)	-	(20,978)	-	(5,041,788)	-
Impairment reversal / (impairment) of investment in associate		212,435	(3,330,819)	-	-	212,435	(3,330,819)
Share based payments		(2,099,337)	(819,584)	(1,495,154)	-	(3,594,491)	(817,184)
Other non-cash expenses		(75,420)	-	(33,994)	42,437	(109,414)	42,437
Write off of capitalised exploration expenditure		-	-	(844,972)	-	(844,972)	-
Assets							
Segment assets		137,267,129	84,930,783	209,525,431	60,972,061	346,792,560	145,902,844
Non-current assets acquired		2,086,731	2,547,786	89,530,203	22,454,641	86,566,934	25,002,427
Liabilities							
Segment liabilities		782,818	6,383,406	25,079,657	6,722,569	25,862,475	13,105,975

Perseus Mining Limited
Notes to the Financial Statements
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8. CASH AND CASH EQUIVALENTS

	Consolidated	
	2010	2009
	\$	\$
Cash assets	69,835,883	367,156
Short term deposits	115,755,843	79,508,939
	185,591,726	79,876,095

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

9. RECEIVABLES

Current

Sundry debtors (i)	161,200	679,780
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Non-current

Security deposit (ii) & (iii)	7,804,727	2,696,149
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- (i) Trade and sundry debtors are non-interest bearing and generally on 30 day terms.
- (ii) At 30 June 2010, the Company has US\$2.25 million (approximately A\$2.6million) held in bank deposits which are subject to a lien and is collateral for a bank guarantee that has been issued to the Ghana Environmental Protection Agency in relation to environmental rehabilitation provisions concerning the Central Ashanti Gold Project.
- (iii) At 30 June 2010, the Company has US\$4.41 million (approximately A\$5.15 million) held in bank deposits which are held as collateral against a international trade facility under which the Company can request the provision of Letters of Credit to contractors for the procurement of certain goods required in the construction of the Central Ashanti Gold Project.

10. OTHER

Prepayments	763,627	79,042
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11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of associated entity:	Principal activity	Country of incorporation	Ownership interest		Published fair value	
			2010	2009	2010	2009
			%	%	\$	\$
Manas Resources Limited	Gold Exploration	Australia	27.9	42.0	2,950,000	2,500,000
Burey Gold Limited	Gold Exploration	Australia	19.9	-	1,774,800	-

Manas Resources Limited ("Manas")

On 21 July 2008, the Company completed the Sale and Purchase of the shares held by Perseus in subsidiaries incorporated in Kyrgyz and the assignment of outstanding loans owed by those subsidiaries to Perseus, to Manas in exchange for the issue of 25,000,000 shares and 12,500,000 options in Manas. In July 2009, Perseus subscribed for a further 8,333,334 new shares in Manas and 4,166,667 attaching options to acquire shares under a pro-rata entitlement offer at a total cost of \$833,333. As a consequence of the issue of shares by Manas, Perseus' interest in the issued shares of the company decreased from 42.0% to 27.9%.

Perseus Mining Limited
Notes to the Financial Statements
For the Year ended 30 June 2010

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD - continued	Consolidated	
	2010	2009
	\$	\$
Investment in associated entity – Manas Resources Limited	2,950,000	2,500,000
Reconciliation of movements in investments accounted for using the equity method:		
Balance at 1 July	2,500,000	-
Investment in associate at cost	833,333	5,932,840
Share of loss for the year	(326,647)	(327,682)
Share of reserves of associate	(269,121)	225,661
Impairment reversal / (impairment) of investment	212,435	(3,330,819)
Balance at 30 June	2,950,000	2,500,000
Summarised financial information of associate:		
Financial Position		
Total assets	14,591,399	10,645,218
Total liabilities	191,464	151,719
Net assets	14,399,935	10,493,499
Group's share of associates' net assets	4,020,462	4,407,270
Financial Performance		
Total revenue	94,867	324,555
Total loss for the year	1,169,939	779,880
Group's share of associates' loss	326,647	327,682
Capital commitments and contingent liabilities of associate	-	-
Share of capital commitments incurred jointly with other investors	-	-
Share of contingent liabilities incurred jointly with other investors	-	-

Burey Gold Limited ("Burey")

On 3 March 2010, the Company announced that it had entered into an agreement to purchase a 19.9% stake in and enter into a strategic alliance with Burey an exploration company with a focus in Guinea, West Africa. Perseus completed an initial investment of \$418,700 by subscribing for 10,400,000 shares in Burey with 10,400,000 attaching options on 15 March 2010 and subsequently subscribed for a further 24,300,000 shares at a cost of \$973,300 with 24,300,000 attaching options on 29 June 2010. Perseus has also obtained first rights of refusal over the sale or farm-out of Burey's mineral properties in West Africa.

The attaching options to acquire shares in Burey have the following terms:

Number of options	Exercise Price	Maturity Date
39,800,000 ¹	\$0.05	30 June 2011

¹In the event that these options are exercised, additional "piggy-back" options will be granted as follows:

Number of options	Exercise Price	Maturity Date
39,800,000	\$0.08	31 December 2012

Perseus Mining Limited
Notes to the Financial Statements
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11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD - continued

Although Perseus owns less than 20% of the issued shares of Burey, it is considered that the Company is in a position to exert significant influence as it has:

- (a) first right of refusal in relation to any sale or farm-out of Burey's mineral properties in West Africa;
- (b) the right to provide technical input into exploration programs in relation to Burey's mineral properties in West Africa; and
- (c) considered the existence and effect of potential voting rights that are currently exercisable when assessing the matter of significant influence. As a result of the share subscriptions, Perseus has received 34,800,000 attaching options and in the event that these options are exercised, an additional 'piggy-back' option will be issued for each option that is exercised. The options received are exercisable immediately and any "piggy-back" options that will be received are also exercisable immediately.

The Company has assessed all facts and circumstances that affect potential rights except the intention of management and the financial ability to exercise or convert. As a result of this assessment, it has been concluded that its potential voting rights lead to the existence of significant influence and therefore is required to use the equity method in accounting for its investment in Burey

Since the second tranche of Burey shares was acquired on 29 June 2010, the period for which Perseus was entitled to equity account for its investment in Burey would not have given rise to any material change to the value of the asset.

	Consolidated	
	2010	2009
	\$	\$
Investment in associated entity - Burey Gold Limited	1,392,000	-
Reconciliation of movements in investments accounted for using the equity method:		
Balance at 1 July	-	-
Investment in associate at cost	1,392,000	-
Share of loss for the year	-	-
Share of reserves of associate	-	-
Impairment reversal / (impairment) of investment	-	-
Balance at 30 June	1,392,000	-
Summarised financial information of associate:		
Financial Position		
Total assets	7,362,018	-
Total liabilities	157,110	-
Net assets	7,204,908	-
Group's share of associates' net assets	1,430,895	-
Financial Performance		
Total Revenue	39,371	-
Total loss for the year	(495,910)	-
Group's share of associates' loss	-	-
Capital commitments and contingent liabilities of associate	-	-
Share of capital commitments incurred jointly with other investors	-	-
Share of contingent liabilities incurred jointly with other investors	-	-

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Notes to the Financial Statements
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12. OTHER FINANCIAL ASSETS

	Consolidated	
	2010	2009
<i>Derivatives that are designated and effective as hedging instruments carried at fair value:</i>	\$	\$
Financial assets at fair value through profit or loss	(i) 7,657,558	-

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

On 26 August 2009, Perseus purchased a strip of Bullion Options pursuant to which the Company has the right but not the obligation to sell a total of 100,000 ounces of gold to counterparties at a fixed price of US\$850 per ounce in twelve equal monthly amounts commencing on 27 January 2012 and ending on 27 December 2012. The put options were purchased for a consideration of US\$9,140,000 (A\$10,888,730) against which a devaluation of A\$5,020,810 and a foreign exchange loss of A\$88,814 have been recorded.

On 13 May 2010, Central Ashanti Gold Limited purchased a strip of Bullion Options pursuant to which the Company has the right but not the obligation to sell a total of 20,000 ounces of gold to counterparties at a fixed price of US\$1,100 per ounce in six equal monthly amounts commencing on 28 July 2011 and ending on 28 December 2011. The put options were purchased for a consideration of US\$1,661,832 (A\$1,820,521) against which a devaluation of A\$20,978 has been recorded and a foreign currency translation movement of A\$78,909 has been recorded.

13. PROPERTY, PLANT AND EQUIPMENT

Plant and equipment - at cost ⁽ⁱ⁾	3,664,096	2,468,577
Accumulated depreciation	(764,181)	(564,761)
	2,899,915	1,903,816
Assets under construction (Central Ashanti Gold Project) - at cost ⁽ⁱⁱ⁾		
Acquisition	4,770,961	
Exploration	42,084,800	-
Evaluation	5,375,397	-
Construction	59,471,518	-
	111,702,676	-
Total property, plant and equipment net book value	114,602,591	1,903,816

Reconciliation of Plant and Equipment:

Balance at the beginning of the year	1,903,816	1,259,827
Additions	1,418,660	1,305,337
Depreciation	(294,601)	(31,487)
Depreciation capitalised	(58,673)	(264,461)
Assets written off	-	(42,437)
Translation difference movement	(69,287)	(322,963)
Carrying amount at the end of the year	2,899,915	1,903,816

Reconciliation of Assets under construction:

Balance at the beginning of the year	-	-
Additions	57,904,841	-
Reclassification from exploration and evaluation	53,355,156	-
Translation difference movement	442,679	-
Carrying amount at the end of the year	111,702,676	-

Perseus Mining Limited
Notes to the Financial Statements
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13. PROPERTY, PLANT AND EQUIPMENT - continued

Note that during the year:

- (i) recoverable amount was estimated for certain items of property, plant and equipment. No impairment loss was recognised to reduce the carrying amount of certain of those assets to recoverable amount.
- (ii) in accordance with Note 1(s), the following balances were reclassified from Exploration and Evaluation Expenditure to Property Plant and Equipment.

14. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2010	2009
	\$	\$
Mineral interest acquisition, exploration and evaluation		
Purchase of mineral interests	-	3,442,619
Exploration	24,171,818	50,707,394
Evaluation	1,697,313	4,017,949
Carrying amount at the end of the year	25,869,131	58,167,962

Reconciliation:		
Balance at the beginning of the year	58,167,962	36,971,268
Purchase price for mineral interests	-	3,442,619
Expenditure incurred during the period	25,018,152	24,511,214
Costs written-off	(844,972)	-
Transferred to Property, Plant and Equipment	(53,355,156)	-
Translation difference movement	(3,116,855)	(6,757,139)
Carried forward	25,869,131	58,167,962

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

An assessment of the recoverable amount for capitalised exploration has resulted in a write off being recognised of \$844,972 which relates to expenditure incurred on specific exploration properties located in Ghana. The write off of \$844,972 has been recognised in profit and loss. The recoverable amount was based on an assessment of the prospects of recoupment of this expenditure through the successful development and commercial exploitation of the respective properties and was determined at the cash-generating unit level. The cash-generating units were the Company's Ghanaian subsidiaries, Sun Gold Resources Limited and Central Ashanti Gold Limited.

15. PAYABLES AND PROVISIONS

Current

Trade creditors and accruals (i)	23,053,160	7,027,498
Amount due for acquisition of subsidiary entity (ii)	-	3,140,000
Provision for employee benefits	173,696	64,281
	23,226,856	10,231,779

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.

15. PAYABLES AND PROVISIONS – continued

(ii) The Company announced the Central Ashanti Gold Project had exceeded 500,000 ounces of Proven and Probable Reserves on 30 July 2009 requiring the issue of 2,000,000 shares and 2,000,000 options exercisable at 60 cents each on or before 13 August 2011 as further purchase consideration payable for the (2007) acquisition of wholly owned subsidiary, CAGL, the holder of the Central Ashanti Gold Project. As the announcement of the reserves provided evidence of conditions which existed at the reporting date, the amount was recorded as a liability at the balance date of 30 June 2009. Purchase consideration of \$3,140,000 is based on the shares valued at market price and the options valued using the Black-Scholes valuation methodology.

	Consolidated	
	2010	2009
	\$	\$
Non-Current		
Provision for rehabilitation work	2,635,619	2,874,196
Balance at the beginning of the year	2,874,196	2,340,094
Arising during the year	-	-
Translation difference movement	(238,577)	534,102
Balance at the end of the year	2,635,619	2,874,196

The provision for rehabilitation work relates to the Central Ashanti Gold Project area in Ghana and forms part of the liabilities of CAGL at the time of its acquisition by the consolidated entity. The obligation arises as a result of gold mining previously conducted on the project area by the former owner, AngloGold Ashanti (Ghana) Ltd ("AGC"). The timing of settlement of this provision cannot be established with any certainty at this time. During the course of operating the Central Ashanti Gold Mine many of the old pits identified for rehabilitation work will be subject to new mining requiring new rehabilitation plans to be drawn up for the disturbed area, with the work carried out over the life of the mine.

16. ISSUED CAPITAL

(a) Issued and paid-up share capital

418,032,088 (2009: 298,457,088) ordinary shares, fully paid	346,615,812	152,220,729
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Perseus Mining Limited
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16 ISSUED CAPITAL - continued

	Consolidated			
	2010		2009	
	\$	Number	\$	Number
Balance at the beginning of the year	152,220,729	298,457,088	69,679,727	174,354,267
Share placements at issue price of \$0.50 on 28 January 2009	-	-	8,500,000	17,000,000
Share placements at issue price of \$0.82 on 22 June 2009	-	-	58,302,000	71,100,000
Rights issue at issue price of \$0.82 each on 22 June 2009	-	-	16,929,801	20,646,099
Shares issued pursuant to exercise of options	-	-	2,871,034	13,895,168
Shares issued to Vendor on 27 February 2009 as part consideration for purchase of the Company's interest in the Central Ashanti Gold Project, net of loan settlement.	-	-	425,606	1,461,554
Shares issued pursuant to exercise of options	3,990,000	5,975,000	-	-
Shares issued to Vendor on 13 August 2009 as part consideration for purchase of the Company's interest in the Central Ashanti Gold Project.	1,850,000	2,000,000	-	-
Share placements at issue price of \$1.50 on 4 November 2009	23,400,000	15,600,000	-	-
Shares issued following exercise of Subscription Receipts	36,402,770	23,400,000	-	-
Share placements at issue price of \$1.94 on 4 May 2010	97,998,877	50,600,000	-	-
Share placements at issue price of \$1.94 on 31 May 2010	3,728,000	1,921,663	-	-
Share placements at issue price of \$1.94 on 3 June 2010	29,100,000	15,000,000	-	-
Shares issued pursuant to Share Purchase Plan at issue price of \$1.94 on 11 June 2010	9,851,974	5,078,337	-	-
Transaction costs arising from issue of securities for cash	(11,926,538)	-	(4,487,439)	
Balance at the end of the year	346,615,812	418,032,088	152,220,729	298,457,088

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16 ISSUED CAPITAL - continued

(b) Share Options

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

Exercise Period	Note	Exercise Price	Opening Balance 1 July 2009	Options Issued	Options Exercised/ Cancelled/ Expired	Closing Balance 30 June 2010
			Number	Number	Number	Number
On or before 30 November 2009		\$0.40	2,250,000	-	(2,250,000)	-
On or before 31 December 2009		\$0.80	1,000,000	-	(1,000,000)	-
On or before 1 April 2010		\$0.50	525,000	-	(525,000)	-
On or before 31 July 2010		\$1.50	3,800,000	-	(600,000)	3,200,000
On or before 31 December 2010		\$1.00	1,000,000	-	-	1,000,000
On or before 30 June 2011		\$1.00	600,000	-	-	600,000
On or before 23 January 2012		\$0.65	2,520,000	-	(1,250,000)	1,270,000
On or before 13 August 2011	(i)	\$0.60	-	2,000,000	(200,000)	1,800,000
On or before 29 September 2012	(ii)	\$1.30	-	150,000	(150,000)	-
On or before 31 March 2012	(iii)	\$1.80	-	400,000	-	400,000
On or before 31 March 2012	(iv)	\$1.30	-	600,000	-	600,000
On or before 14 January 2012	(v)	\$2.13	-	1,800,000	-	1,800,000
On or before 16 June 2013	(vi)	\$2.13	-	1,330,000	-	1,330,000
			11,695,000	6,280,000	(5,975,000)	12,000,000

Notes:

- (i) 2,000,000 options were issued as further consideration for the acquisition of the shares in CAGL.
- (ii) 150,000 options were issued under the terms of the Perseus Mining Limited Employee Option Plan.
- (iii) 400,000 options were issued on 15 October 2009 to a newly appointed director as a condition of his engagement.
- (iv) 600,000 options were issued to a director in accordance with shareholder approval granted at the Annual General Meeting held on 27 November 2009.
- (v) 1,800,000 options were issued under the terms of the Perseus Mining Limited Employee Option Plan.
- (vi) 1,330,000 options were issued under the terms of the Perseus Mining Limited Employee Option Plan.

(c) Terms and conditions of issued capital

Ordinary Shares

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

17. ACCUMULATED LOSSES AND RESERVES

Accumulated losses

Movements in accumulated losses were as follows:

	Consolidated	
	2010 \$	2009 \$
Balance at beginning of financial year	(12,336,084)	(7,546,883)
Loss attributable to the owners of the Parent	(9,675,702)	(4,789,201)
Balance at end of financial year	(22,011,786)	(12,336,084)

17. ACCUMULATED LOSSES AND RESERVES - continued

Nature and purpose of reserves

Share Based Payments Reserve

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

Foreign Currency Translation Reserve

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

Non-controlling Interest's Reserve

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

18. SHARE-BASED PAYMENT PLANS

Employee Share Option Plan

In November 2005, the Company adopted the Perseus Mining Limited Employee Option Plan ("Plan"). The Plan is designed to provide incentives, assist in the recruitment, reward, retention of employees and provide opportunities for employees (both present and future) to participate directly in the equity of the Company. The contractual life of each option granted is three years. There are no cash settlement alternatives. The Plan does not allow for the issue of options to Directors of the Company.

Non Plan based payments

The Company also makes share-based payments to consultants and/or service providers from time to time, not under any specific plan. The expense recognised in the income statement in relation to share-based payments is disclosed in Note 3.

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

	2010 Number of options	2010 Weighted average exercise price	2009 Number of options	2009 Weighted average exercise price
Outstanding at the beginning of the year	3,195,000	\$0.63	3,515,000	\$0.85
Granted during the year	3,130,000	\$2.13	2,820,000	\$0.70
Forfeited during the year	-		(2,440,000)	\$1.13
Exercised during the year	(1,925,000)	\$0.61	(700,000)	\$0.26
Expired during the year	-		-	
Outstanding at the end of the year	4,400,000	\$1.70	3,195,000	\$0.63
Exercisable at the end of the year	3,070,000		525,000	

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18 SHARE-BASED PAYMENT PLANS – continued

The outstanding balance as at 30 June 2010 is represented by:

Number	Exercise period	Exercise price
1,270,000	23/07/2009 to 23/01/2012	\$0.65
1,800,000	15/01/2010 to 14/01/2012	\$2.13
1,330,000	17/06/2011 to 16/06/2013	\$2.13
<u>4,400,000</u>		

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

	2010 Number	2010 \$	2009 Number	2009 \$
Options to directors as part of their remuneration arrangements	1,000,000	1,195,750	600,000	88,323
Options issued as initial consideration for the purchase of the Central Ashanti Gold asset	-	-	2,500,000	396,750
Options to consultants (valued at the fair value of services received)	-	-	2,000,000	24,000

The weighted average fair value of options granted during the year was \$1.50 (2009: \$0.23).

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

The following table lists the inputs to the model used for the years ended 30 June 2010 and 30 June 2009 respectively:

	2010	2009
Volatility (%) - range	118% - 139%	68% - 138%
Risk-free interest rate (%) - range	3% - 5.3%	3% - 7.25%
Expected life of option (years)	2- 3 years	³ / ₄ to 3 years
Exercise price (cents)	\$0.60 - \$2.13	\$0.60 to \$1.50
Weighted average share price at grant date (cents)	\$1.54	\$0.73

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

19. FINANCIAL INSTRUMENTS

Overview

The Group has exposure to the following risks from the use of financial instruments:

- credit risk
- liquidity risk
- market risk

19. FINANCIAL INSTRUMENTS – continued

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

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

		Consolidated	
	Notes	2010	2009
		\$	\$
Financial Assets			
Cash and cash equivalents	8	185,591,726	79,876,095
Receivables	9	7,965,927	3,375,929
Derivative financial assets	12	7,657,558	-
Total Assets		201,215,211	83,252,024
Financial Liabilities			
Payables	15	23,053,160	10,167,498

Credit Risk

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

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

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 reserves by continuously monitoring forecast and actual cash flows.

The Group has accepted a Committed Letter of Offer to provide a borrowing facility of US\$85 million for use in paying for development activities associated with the Central Ashanti Gold Project. At balance date, facility documentation was being prepared and no funds had been drawn under the facility.

Due to the nature of the Group's activities and the present lack of operating revenue, the Company has to raise additional capital from time to time in order to fund its exploration, evaluation and development activities. The decision on how and when the Company will raise future capital will depend on market conditions existing at that time and the level of forecast activity and expenditure. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of between twelve and eighteen months, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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

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19. FINANCIAL INSTRUMENTS – continued

Consolidated	Less than 3 months	3 months – 1 year	1 – 5 years
	\$	\$	\$
30 June 2010			
Non-interest bearing	23,053,160	-	-
	23,053,160	-	-
30 June 2009			
Non-interest bearing	10,167,498	-	-
	10,167,498	-	-

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

	Less than 3 months	3 month – 6 months	6 months +
	\$	\$	\$
30 June 2010			
Non-interest bearing	10,407,104	-	301,084
Variable interest rate instruments	117,027,500	-	-
Fixed interest rate instruments	65,821,965	-	-
	193,256,569	-	301,084
30 June 2009			
Non-interest bearing	- 651,751	-	28,229
Variable interest rate instruments	- 29,092,920	-	-
Fixed interest rate instruments	- 34,266,400	19,212,724	-
	- 64,011,071	19,212,724	28,229

Market Risk

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

(i) Currency risk

The Group undertakes certain transaction denominated in foreign currencies, and hence is exposed to fluctuations in exchange rates. The currency in which these transactions are primarily denominated is United States of America dollars (US\$).

The Group is also exposed to foreign exchange risk arising from the translation of its foreign operations.

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

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

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19. FINANCIAL INSTRUMENTS – continued

(ii) Exposure to currency risk

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

	30 June 2010		30 June 2009	
	Assets	Liabilities	Assets	Liabilities
	\$	\$	\$	\$
United States Dollar (USD)	129,917,121	21,032,710	9,838,762	-
Ghanaian New Cedi (GHS)	-	-	432,500	3,545,098
CFA francs (XOF)	332,781	1,362,756	290,256	303,275
	130,249,902	22,395,466	10,561,518	3,848,373

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2010	2009	2010	2009
	\$	\$	\$	\$
United States Dollar	0.88	0.74	0.86	0.80
CFA francs	408.16	362.83	451.88	382.77
Ghanaian New Cedi	-	1.08	-	0.84

(iii) Sensitivity analysis

A 10 percent strengthening of the Australian dollar against the above currencies at 30 June would have increased (decreased) equity and results by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Consolidated (i)	
	2010	2009
	\$	\$
Loss	5,331,088	721,450
Equity	(8,566,080)	(1,967,782)

(i) this is mainly related to the translation of foreign denominated financial assets and liabilities at balance date.

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

(iv) Interest rate risk

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

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

Fixed rate Instruments

Financial assets	65,821,965	53,479,124
Financial liabilities	-	-
	65,821,965	53,479,124

Variable rate Instruments at call

Financial assets	117,027,500	29,092,920
Financial liabilities	-	-
	117,027,500	29,092,920

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19. FINANCIAL INSTRUMENTS – continued

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and results for the year by the amounts shown below, where interest is applicable. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2009.

	Profit or (Loss)		Equity	
	100bp increase \$	100bp decrease \$	100bp increase \$	100bp decrease \$
Consolidated				
30 June 2010				
Variable rate instruments	1,170,275	(1,170,275)	1,170,275	(1,170,275)
Cash flow sensitivity (net)	1,170,275	(1,170,275)	1,170,275	(1,170,275)
30 June 2009				
Variable rate instruments	290,929	(290,929)	290,929	(290,929)
Cash flow sensitivity (net)	290,929	(290,929)	290,929	(290,929)

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

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

30 June 2010	Weighted average effective interest rate	Fixed interest rate	Floating interest rate	Non-interest bearing	Total
		\$	\$	\$	\$
Financial Assets:					
Current:					
Cash at bank	1.9%	63,466,214	111,879,608	10,245,904	185,591,726
Receivables	-	-	-	161,200	161,200
Derivative financial assets	-	-	-	7,657,558	7,657,558
Non current:					
Security deposit	0.3%	2,355,751	5,147,892	301,084	7,804,727
Net exposure to cash flow interest rate risk		65,821,965	117,027,500	18,365,746	201,215,211
30 June 2009	Weighted average effective interest rate	Fixed interest rate	Floating interest rate	Non-interest Bearing	Total
		\$	\$	\$	\$
Financial Assets:					
Current:					
Cash at bank	3.2%	50,782,975	29,092,920	200	79,876,095
Receivables	-	-	-	679,780	679,780
Non current:					
Security deposit	1.4%	2,696,149	-	-	2,696,149
Net exposure to cash flow interest rate risk		53,479,124	29,092,920	679,980	83,252,024

19. FINANCIAL INSTRUMENTS – continued

Net fair values

For assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The Company has no financial assets where carrying amount exceeds net fair values at balance date. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial statements.

As of 1 July 2009, the Company has adopted the amendments to AASB 7 *Financial Instruments: Disclosures* which require disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The following table present the Group's assets and liabilities measured and recognised at fair value at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Derivatives used for hedging	-	7,657,558	-	7,657,558
	-	7,657,558	-	7,657,558

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. These instruments are included in level 2 and comprise debt investments and derivative financial instruments. In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3.

Derivatives

Foreign currency and gold bullion forward contracts are measured using quoted forward exchange rates and gold prices and yield curves derived from quoted interest rates matching maturities of the contracts.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Assumptions used in determining fair value of financial assets and liabilities

Valuation Date	30 June 2010
Spot Date	2 July 2010
Spot Basis	US\$1,242/oz

19. FINANCIAL INSTRUMENTS – continued

Capital Management

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

There are no externally imposed capital requirements.

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

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

20. 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	
	2010	2009
	\$	\$
Within one year	1,050,000	1,070,000
One year or later and not later than five years	5,360,000	7,730,000
Later than five years	1,510,000	2,080,000
	7,920,000	10,880,000

(b) Capital commitments

- (i) In March 2007, the Company's subsidiary, Kojina Resources Limited ("Kojina"), exercised an option to purchase all of the issued capital of Central Ashanti Gold Ltd ("CAGL") (formerly Stratsys Investments Ltd), a Ghanaian company which is the holder of the Central Ashanti Gold Project. CAGL itself had acquired the Central Ashanti Gold Project from the former owner, AngloGold Ashanti Limited (AGC). All consideration payable under the contract to purchase the Central Ashanti Gold Project, has been paid other than a royalty on gold produced from the leases of 2% if the gold price is below US\$350/oz, 2.5% if the gold price is over US\$350 but below US\$500/oz and 3% if the gold price exceeds US\$500/oz on resources existing on the Central Ashanti Mining Licences when CAGL entered in the contract with AGC, or a royalty at half of those rates on new resources identified by CAGL on those licences.

CAGL has also assumed responsibility for all rehabilitation of Central Ashanti Gold Project Mining leases, which are currently estimated to cost approximately US\$2.25 million and a provision has been recorded for this at balance date (refer to Note 9).

As at 30 June 2010, CAGL had placed orders totalling US\$95,417,262 for goods and services required for the construction of the Central Ashanti Gold Project, against which expenditure totalling US\$49,856,711 was incurred by balance date. The remainder of these orders are due to be filled by 30 June 2011.

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20. COMMITMENTS - continued

(c) Physical gold delivery commitments

	Gold for physical delivery (Ounces)	Contracted gold sale price (US\$ per ounce)	Value of committed sales (US\$)
Within one year	-	-	-
One year or later and not later than five years	170,000	1,241	210,920,450
Later than five years	-	-	-
	170,000	1,241	210,920,450

The counterparties to the physical gold delivery contracts are Macquarie Bank Limited (“MBL”) and Credit Suisse AG (“CS”). The contracts are settled on a quarterly basis by physical delivery of gold as instructed by MBL and CS. The contracts are accounted for as sales contracts with revenue recognised once the gold has been delivered to MBL and CS or their agents. The Financial Risk Management Committee is responsible for monitoring gold production to assess if physical delivery commitments will be met in any given quarter and to report on same to the Board. The physical gold delivery contracts are considered contracts to sell a non-financial item and are therefore outside of the scope of AASB 139. As a result the forward sales contracts have not been recognised on balance sheet.

(d) Remuneration commitments

A number of KMP have entered into service agreements with the Company whereby either party can terminate the agreement by giving a period of written notice, or in the case of the Company by paying a cash sum in lieu of written notice.

	Consolidated	
	2010	2009
	\$	\$
Within one year	1,257,000	140,000
One year or later and not later than five years	-	-
Later than five years	-	-
	1,257,000	140,000

21. CONTINGENT LIABILITIES

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

The Group had received a small number of claims from contractors that at 30 June 2010 were under review. One of these is a claim for US\$7.8 million relating to costs claimed to have arisen due to delayed access to the Central Ashanti Gold Project site pending environmental approval which was subsequently obtained on 10 June 2010. The Directors do not believe that there is any substance to this claim and do not believe that it is possible to quantify the amount, if any, of any liability which may exist in relation to the claim prior to its substantiation by the contractor.

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22. STATEMENTS OF CASH FLOWS

	Consolidated	
	2010	2009
	\$	\$
(a) Reconciliation of the loss from ordinary activities to net cash used in operating activities		
(Loss)/profit from ordinary activities after income tax	(9,781,000)	(4,789,201)
Add back non-cash items:		
Depreciation	294,601	31,487
Provision for non-recovery of investments in associates	(212,435)	3,330,819
Employee benefits provision	109,414	-
Foreign currency loss/(gain)	(3,822,487)	(691,932)
Employee options	3,594,491	817,184
Consultants fees satisfied by the issue of shares and options	-	24,000
Sundry income and expenses on-charged to related entity offset by issue of the shares and options	-	(78,434)
Gain on sale of investments	-	(832,925)
Share of associates net loss	326,647	327,682
Devaluation of Put Options	5,041,788	-
Property, plant and equipment written off	-	42,437
Exploration Costs written-off	844,972	-
Change in assets and liabilities:		
(Increase) in receivables	490,354	(96,576)
(Increase) in other assets	(684,583)	(17,580)
Increase / (decrease) in payables	742,137	370,883
Net cash used in operating activities	(3,056,101)	(1,562,156)

(b) Non-Cash Financing and Investing Activities

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

23. PARENT ENTITY DISCLOSURES

	Parent	
Financial Position	2010	2009
	\$	\$
Assets		
Current assets	114,491,348	79,912,161
Non-current assets	227,004,969	73,986,351
Total assets	341,496,317	153,898,512
Liabilities		
Current liabilities	782,818	6,383,406
Non-current liabilities	-	-
Total liabilities	782,818	6,383,406

Perseus Mining Limited
Notes to the Financial Statements
For the Year ended 30 June 2010

23. PARENT ENTITY DISCLOSURES - continued

Equity	Parent	
	2010	2009
	\$	\$
Issued capital	346,615,812	152,220,729
Retained earnings	(16,509,236)	(10,369,642)
Reserves		
Share-based payments	10,606,923	5,664,019
Total equity	340,713,499	147,515,106
Financial performance		
Loss for the year	(6,139,594)	(4,789,201)
Other comprehensive income	-	-
Total comprehensive income	(6,139,594)	(4,789,201)

Contingent liabilities of the parent entity:

There were no contingent liabilities of the parent entity at 30 June 2010.

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

Plant and equipment

Not longer than 1 year	-	-
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-

24. SUBSIDIARIES

Name of subsidiary	Notes	Place of Incorporation	Consolidated Entity Interest 2010 (%)	Consolidated Entity Interest 2009 (%)
Parent Entity				
Perseus Mining Limited	(a)	Australia		
Subsidiaries				
Occidental Gold Pty Ltd (i)	(a)	Australia	100	100
Centash Holdings Pty Limited	(a)	Australia	100	-
Sun Gold Resources Ltd	(b)	Ghana	100	100
Kojina Resources Ltd (ii)	(b)	Ghana	100	100
(i) Subsidiaries of Occidental Gold Pty Ltd				
Occidental Gold Sarl	(c)	Côte d'Ivoire	100	100
(ii) Subsidiaries of Kojina Resources Ltd				
Central Ashanti Gold Limited	(b)	Ghana	90	100

Notes:

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

25. DIRECTOR AND EXECUTIVE DISCLOSURES

Key management personnel

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

Non Executive Directors

Mr. Reginald Gillard
Mr. Neil Fearis
Mr. Sean Harvey
Mr. Michael Bohm

Executive Directors

Mr. Mark Calderwood
Mr. Colin Carson
Mr. Rhett Brans

Other Key Management Personnel

Other key management personnel of the Group during the reporting period, other than the Directors listed above were:

Mr. Susmit Shah	Company Secretary
Mr. Kevin Thomson	Regional Exploration Manager (West Africa)
Mr. Jeffrey Quartermaine	Chief Financial Officer (commenced on 3 May 2010)
Mr. Grant Pierce	General Manager Operations (commenced on 1 January 2010)
Mr. Alexander Scott	Commercial Manager

There have been no changes of the key management personnel after reporting date and prior to the date on which the financial report was authorised for issue other than Alexander Scott, who resigned with effect from 17 July 2010.

Key management personnel compensation

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

	Consolidated	
	2010	2009
	\$	\$
Short-term employee benefits	1,675,273	1,119,668
Post-employment benefits	67,704	47,808
Share-based payments	2,136,704	462,065
	3,879,681	1,629,541

Individual directors and other key management personnel compensation disclosures.

Individual directors and executives compensation disclosures

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as permitted by Schedule 5B to the Corporations Regulations 2001 is provided in the Remuneration Report section of the Directors' Report. Apart from the details disclosed in this note, no Director has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end.

Loans to key management personnel and their related parties

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

Perseus Mining Limited
Notes to the Financial Statements
For the Year ended 30 June 2010

25 DIRECTOR AND EXECUTIVE DISCLOSURES - continued

Other key management personnel transactions

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

	Consolidated	
	2010	2009
	\$	\$
(a) Rent, accounting, secretarial and corporate service fees paid or payable to Corporate Consultants Pty Ltd, a company in which Mr. Gillard and the company secretary, Mr. Susmit Shah, are directors and have beneficial interests.	427,266	273,552
(b) Taxation services paid or payable to Icon Financial Management Pty Ltd, an entity in which Mr. Gillard is a director and has a beneficial interest.	8,969	5,346
<i>Balances due to Directors and Director-Related Entities at year end</i> - included in trade creditors and accruals	66,524	25,662

Shareholdings

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

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

Perseus Mining Limited
Notes to the Financial Statements
For the Year ended 30 June 2010

25. DIRECTOR AND EXECUTIVE DISCLOSURES - continued

	Balance at 30 June 2008	Received as Remuneration	Options Exercised	Other Movements	Balance at 30 June 2009
<i>Directors</i>					
Reginald Gillard	675,000	-	5,000	68,000	748,000
Mark Calderwood	2,470,237	-	2,070,000	(540,237)	4,000,000
Colin Carson	751,423	-	239,000	(317,223)	673,200
Rhett Brans	50,000	-	425,000	-	475,000
Neil Fearis	100,000	-	300,000	(70,000)	330,000
<i>Other Key Management Personnel</i>					
Susmit Shah	30,000	-	315,000	(75,500)	269,500
Kevin Thomson	-	-	-	-	-
Alexander Scott	-	-	-	-	-

Option holdings

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

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

Perseus Mining Limited
Notes to the Financial Statements
For the Year ended 30 June 2010

25. DIRECTOR AND EXECUTIVE DISCLOSURES - continued

	Balance at 30 June 2008	Received as Remuneration	Options Exercised	Other Movements	Balance at 30 June 2009	Vested and exercisable at year end
<i>Directors</i>						
Reginald Gillard	605,000	-	(5,000)	-	600,000	600,000
Mark Calderwood	3,270,000	-	(2,070,000)	-	1,200,000	1,200,000
Colin Carson	1,450,000	-	(239,000)	(11,000)	1,200,000	1,200,000
Rhett Brans	825,000	600,000	(425,000)	-	1,000,000	400,000
Neil Fearis	700,000	-	(300,000)	-	400,000	400,000
<i>Other Key Management Personnel</i>						
Susmit Shah	415,000	500,000	(315,000)	(250,000)	350,000	-
Kevin Thomson	1,125,000	600,000	-	(600,000)	1,125,000	525,000
Alexander Scott	-	600,000	-	(300,000)	300,000	-

Other transactions with Directors

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

(a) Transactions with Related Parties - Subsidiaries

Wholly-Owned Consolidated Entity

The Company incurs exploration and evaluation expenditure on behalf of the subsidiaries. Investments are disclosed in Note 24. Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

(b) Transactions with Other Related Parties

The Company had no transactions with any other related party during the period ended 30 June 2010.

26. EVENTS OCCURRING AFTER THE REPORTING DATE

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

- a) The Company announced a significant upgrade of the Sissingué Mineral Resource which forms part of the Tengrela Gold Project in Côte d'Ivoire. At a 1.0 g/t gold cut-off grade, the upgraded Measured and Indicated Mineral Resource amounts to 9.9MT at 2.5 g/t of gold for 796,000 ounces and the Inferred Mineral Resource amounts to 3.3MT at 1.6 g/t of gold for 171,000 ounces. The grade of the Measured and Indicated Mineral Resource is 37% higher than that previously announced.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Perseus Mining Limited (the 'Company'):
 - a. the accompanying financial statements, notes and the additional disclosures 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 2010 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - 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 2010.

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



M A Calderwood
Managing Director

Dated at Perth, 28 September 2010

INDEPENDENT AUDITOR'S REPORT**To the members of
PERSEUS MINING LIMITED****Report on the Financial Report**

We have audited the accompanying financial report of Perseus Mining Limited ("the company"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 year as set out on pages 24 to 69.

Directors' Responsibility for the Financial Report

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

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated 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 Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

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

Independence

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

Auditor's Opinion

In our opinion:

- (a) the financial report of Perseus Mining Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1(c).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 21 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Perseus Mining Limited for the year ended 30 June 2010 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants



Perth, Western Australia
28 September 2010

M R W OHM
Partner