

PERSEUS MINING LIMITED

ABN 27 106 808 986

Consolidated Interim Financial Statements For the period ended 31 March 2011 (unaudited)

The accompanying unaudited consolidated interim financial statements for the period ended 31 March 2011 have been prepared by management and approved by the Audit Committee on behalf of the Board of Directors of the Company.

The Company's auditors have not reviewed these financial statements. Readers are cautioned that these financial statements contain forward-looking information as described in the associated Management's Discussion & Analysis.

All amounts are stated in Australian dollars, except as otherwise stated.

	Notes	Consolidated			
		Three months ended		Nine months ended	
		31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
		\$	\$	\$	\$
Revenue					
Other income	2	581,684	294,327	2,217,754	1,397,847
Professional fees		(441,359)	(173,051)	(1,173,158)	(720,301)
Employee benefits expense		(1,102,171)	(461,501)	(2,991,052)	(1,174,987)
Share based payments		(746,567)	(1,594,850)	(4,591,326)	(2,413,760)
Foreign exchange losses		(419,228)	(1,907,141)	(9,213,167)	(4,043,629)
Depreciation and amortisation expense		(62,470)	(55,615)	(179,607)	(75,802)
Impairment reversal of investment in associate	8	-	-	3,118,384	-
Share of net losses of associate	8	-	-	(243,164)	(220,283)
Loss on disposal of investment	8	-	-	(932,840)	-
Loss on derivative financial instruments	13	470,097	-	(23,185,268)	-
Devaluation of gold put options	7	(1,165,283)	(2,363,772)	(6,653,564)	(4,350,300)
Other expenses	3	(768,001)	(186,362)	(2,252,018)	(1,365,738)
Loss before income tax expense		(3,653,298)	(6,447,965)	(46,079,026)	(12,966,953)
Income tax (expense)/benefit		-	-	-	-
Net loss after tax		(3,653,298)	(6,447,965)	(46,079,026)	(12,966,953)
Other comprehensive loss					
Exchange differences on translation of foreign operations		(1,928,192)	(4,595,182)	(29,787,500)	(7,716,128)
Net changes in fair value of cash flow hedges		(2,057,139)	-	(27,388,098)	-
Income tax relating to components of other comprehensive loss		-	-	-	-
Total comprehensive loss for the period		(7,638,629)	(11,043,147)	(103,254,624)	(20,683,081)
Loss attributable to:					
Owners of the parent		(3,586,215)	(6,447,965)	(43,314,696)	(12,966,953)
Non-controlling interests		(67,083)	-	(2,764,330)	-
		(3,653,298)	(6,447,965)	(46,079,026)	(12,966,953)
Total comprehensive loss attributable to:					
Owners of the parent		(7,360,044)	(11,043,147)	(98,004,271)	(20,683,081)
Non-controlling interests		(278,585)	-	(5,250,353)	-
		(7,638,629)	(11,043,147)	(103,254,624)	(20,683,081)
Basic loss per share		(0.73) cents	(2.04) cents	(10.73) cents	(4.10) cents

The accompanying notes form part of these financial statements.

Perseus Mining Limited and its controlled entities
Unaudited Consolidated Statement of Financial Position
(Expressed in Australian dollars)

		Consolidated	
	Notes	31 Mar 2011	30 June 2010
		\$	\$
Current Assets			
Cash and cash equivalents	5	68,037,716	185,591,726
Receivables	6	761,603	161,200
Other	7	7,393,387	763,627
Total Current Assets		76,192,706	186,516,553
Non-Current Assets			
Receivables	6	3,754,216	7,804,727
Other financial assets	7	674,730	7,657,558
Investments accounted for using the equity method	8	8,810,684	4,342,000
Property, plant and equipment	10	191,825,367	114,602,591
Mineral interest acquisition and exploration expenditure	11	31,174,948	25,869,131
Total Non-Current Assets		236,239,945	160,276,007
Total Assets		312,432,651	346,792,560
Current Liabilities			
Payables	12	30,053,834	23,226,856
Derivative financial instruments	13	4,416,383	-
Total Current Liabilities		34,470,217	23,226,856
Non-Current Liabilities			
Provisions	12	3,338,316	2,635,619
Derivative financial instruments	13	44,672,910	-
Total Non-Current Liabilities		48,011,226	2,635,619
Total Liabilities		82,481,443	25,862,475
Net Assets		229,951,208	320,930,085
Equity			
Issued Capital	14	354,346,201	346,615,812
Reserves	14	(53,632,014)	(3,355,884)
Accumulated losses		(65,326,482)	(22,011,786)
Parent entity interest		235,387,705	321,248,142
Non-controlling interest		(5,436,497)	(318,057)
Total Equity		229,951,208	320,930,085

The accompanying notes form part of these financial statements.

Perseus Mining Limited and its controlled entities
Unaudited Consolidated Statement of Changes in Equity
(Expressed in Australian dollars)

CONSOLIDATED								
	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Foreign Currency Translation Reserve	Hedging Reserve	Non-controlling Interest's Reserve	Non-controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$
9 months to 31 March 2011								
Balance at 1 July 2010	346,615,812	(22,011,786)	10,998,301	(14,571,766)	-	217,581	(318,057)	320,930,085
Loss for the period	-	(43,314,696)	-	-	-	-	(2,764,330)	(46,079,026)
Currency translation differences	-	-	-	(29,576,590)	-	-	252,787	(29,323,803)
Share of currency translation difference of associated entity	-	-	-	(463,697)	-	-	-	(463,697)
Net change in fair value of cash flow hedges	-	-	-	-	(24,649,288)	-	(2,738,810)	(27,388,098)
Total comprehensive income/(loss) for the period	-	(43,314,696)	-	(30,040,287)	(24,649,288)	-	(5,250,353)	(103,254,624)
Share issue expenses	(86,861)	-	-	-	-	-	-	(86,861)
Exercise of options	7,817,250	-	-	-	-	-	-	7,817,250
Fair value of options issued	-	-	4,413,445	-	-	-	131,913	4,545,358
Balance at 31 March 2011	354,346,201	(65,326,482)	15,411,746	(44,612,053)	(24,649,288)	217,581	(5,436,497)	229,951,208
12 months to 30 June 2010								
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 period	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
Share of share based payments reserve of associated entity	-	-	-	-	-	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 and its controlled entities
Unaudited Consolidated Statement of Cash Flows
(Expressed in Australian dollars)

Notes	Consolidated			
	Three months ended		Nine months ended	
	31 Mar 2011 \$	31 Mar 2010 \$	31 Mar 2011 \$	31 Mar 2010 \$
Cash Flows from Operating Activities				
Payments to suppliers and employees	(2,458,896)	(641,849)	(6,278,340)	(3,130,183)
Interest received	481,954	411,425	2,073,725	1,452,986
Other income	-	(1,240)	-	-
Net Cash used in Operating Activities	(1,976,942)	(231,664)	(4,204,615)	(1,677,197)
Cash Flows from Investing Activities				
Payments for exploration expenditure	(1,000,467)	(9,260,059)	(8,886,493)	(18,905,381)
Payments for acquisition of mineral interests	-	-	-	(54,758)
Payments for acquisition of fixed assets	(18,454,130)	(7,094,243)	(96,369,714)	(16,956,333)
Payments for borrowing costs	(471,256)	(4,832)	(2,868,128)	(34,940)
Investment in associate	(1,800,000)	(418,700)	(2,990,000)	(1,252,033)
(Advances to)/Receipts from third parties	-	-	(739,053)	28,229
Funds received/(Payments for) security deposits and bank guarantees	2,617,883	-	3,134,764	-
Payments for the acquisition of put options	-	-	-	(10,888,730)
Net Cash used in Investing Activities	(19,107,970)	(16,777,834)	(108,718,624)	(48,063,946)
Cash Flows from Financing Activities				
Proceeds from share issues	-	36,402,770	-	59,803,590
Proceeds from exercise of options	819,000	578,750	7,752,250	2,765,000
Share issue expenses	(29,751)	(2,518,581)	(163,322)	(6,730,014)
Net Cash provided by Financing Activities	789,249	34,462,939	7,588,928	55,838,576
Net Decrease in Cash Held	(20,295,662)	17,453,441	(105,334,311)	(6,097,433)
Cash and cash equivalents at the beginning of the financial period	88,795,944	67,166,487	185,591,726	79,876,095
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	(462,565)	(1,915,253)	(12,219,699)	(3,268,853)
Cash and cash equivalents at the end of the Financial Period	68,037,716	82,704,675	68,037,716	82,704,675

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The accompanying notes form part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Basis of preparation and Statement of compliance

Perseus Mining Limited ("Perseus" or the "Company") is a public company, incorporated and domiciled in Australia and listed on the Australian Securities Exchange ("ASX") and the Toronto Stock Exchange ("TSX"). During the period ended 31 March 2011, Perseus conducted operations in Australia, Ghana and the Côte d'Ivoire.

These consolidated interim financial statements of the Company and its controlled entities ("Group" or "consolidated entity") for the period ended 31 March 2011 are general purpose financial statements prepared in accordance with the requirements of the Australian *Corporations Act 2001 (Cth)*, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB') and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

These consolidated interim financial statements do not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended that these interim consolidated financial statements be read in conjunction with the annual financial report for the year ended 30 June 2010, the interim financial report for the half-year ended 31 December 2010 and any public announcements made by the Company during the period ended 31 March 2011 in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX and TSX Listing Rules.

These consolidated interim financial statements have also been prepared on a historical cost basis, except for available-for-sale financial assets and derivative financial instruments which have been measured at fair value.

All amounts are presented in Australian dollars.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Adoption of new and revised Accounting Standards

In the period ended 31 March 2011, 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 annual reporting periods beginning on or after 1 July 2010. As a result of this review the Directors have determined that there is no change necessary to Group accounting policies.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Significant accounting judgments, estimates and assumptions

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

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 Board's 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 is determined using a Black-Scholes model, using relevant input assumptions including the price of an underlying share, valuation date, life of the option, expected volatility of the share price, risk-free rate of interest, dividends expected and vesting conditions.

Derivative financial instruments

The Consolidated Entity makes judgements on the effectiveness of all derivative financial instruments entered into, including forward metal sales, forward metal option and forward currency option contracts in accordance with the Consolidated Entities accounting policies. Management's assessment is that, unless otherwise disclosed the derivatives have been highly effective in offsetting changes in the fair value of the future cash flows against which they have been designated and as such are compliant with the hedge effectiveness requirements of AASB 139.

Perseus Mining Limited and its controlled entities
Notes to the unaudited Interim Consolidated Financial Statements

Notes	Consolidated			
	Three months ended		Nine months ended	
	31 Mar 2011	31 Mar 2010	31 Mar 2011	31 Mar 2010
	\$	\$	\$	\$
2. OTHER INCOME				
Interest income	507,204	294,327	2,133,259	1,343,913
Other	74,480	-	84,496	53,934
	<u>581,684</u>	<u>294,327</u>	<u>2,217,754</u>	<u>1,397,847</u>

3. LOSS FROM ORDINARY ACTIVITIES

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

Expenses

Other expenses include:

Bank fees	(10,612)	(4,832)	(168,973)	(34,940)
Insurance	(68,243)	(125)	(168,660)	(57,506)
Public relations	(105,956)	(57,346)	(276,081)	(156,176)
Stock exchange listing and compliance fees	(133,722)	(14,045)	(250,595)	(111,439)
Travel	(208,522)	(122,685)	(661,343)	(387,442)

4. SEGMENT INFORMATION

The consolidated entity primarily reports on a geographical basis as its risks and rates of return are affected predominantly by differences in the geographical areas in which it operates and this is the format of the information provided to the chief operating decision maker.

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

The consolidated entity comprises the following main segments:

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

Perseus Mining Limited and its controlled entities
Notes to the unaudited Consolidated Financial Statements

5. SEGMENT INFORMATION – continued

	Australia 31 Mar 2011 \$	Australia 31 Mar 2010 \$	Ghana 31 Mar 2011 \$	Ghana 31 Mar 2010 \$	Côte d'Ivoire 31 Mar 2011 \$	Côte d'Ivoire 31 Mar 2010 \$	Consolidated 31 Mar 2011 \$	Consolidated 31 Mar 2010 \$
Total segment revenue	-	-	-	-	-	-	-	-
Other revenue	2,160,060	1,396,226	57,694	1,621	-	-	2,217,754	1,397,847
Reconciliation to total revenue (note 2)	2,160,060	1,396,226	57,694	1,621	-	-	2,217,754	1,397,847
Results								
Operating profit / (loss) before income tax	(16,438,527)	(13,464,094)	(28,659,373)	21,570	(981,126)	475,570	(46,079,026)	(12,966,954)
Income tax expense							-	-
Net profit / (loss)							(46,079,026)	(12,966,954)
Included within segment results:								
Share of net loss of associate accounted for using the equity method	(243,164)	(220,283)	-	-	-	-	(243,164)	(220,283)
Depreciation	(43,132)	(14,642)	(127,330)	(61,160)	(9,145)	-	(179,607)	(75,802)
Loss on derivative financial instruments	-	-	(23,185,268)	-	-	-	(23,185,268)	-
Devaluation of gold put options	(5,034,350)	(4,350,300)	(1,619,214)	-	-	-	(6,653,564)	(4,350,300)
Options issued to employees, Directors and consultants	(1,443,855)	(2,413,760)	(2,401,310)	-	(746,161)	-	(4,591,326)	(2,413,760)
Foreign exchange gain/ (losses)	(9,109,762)	(4,276,845)	(132,306)	261,510	28,901	(28,295)	(9,213,167)	(4,043,629)
	Nine Months ended 31 Mar 2011 \$	Twelve Months ended 30 June 2010 \$	Nine Months ended 31 Mar 2011 \$	Twelve Months ended 30 June 2010 \$	Nine Months ended 31 Mar 2011 \$	Twelve Months ended 30 June 2010 \$	Nine Months ended 31 Mar 2011 \$	Twelve Months ended 30 June 2010 \$
Assets								
Segment assets	86,506,529	137,267,129	201,275,842	188,336,203	24,650,280	21,189,228	312,432,651	346,792,560
Liabilities								
Segment liabilities	901,514	782,818	80,608,249	23,699,532	971,680	1,380,125	82,481,443	25,862,475

Perseus Mining Limited and its controlled entities
Notes to the unaudited Consolidated Financial Statements

		Consolidated	
	Notes	31 Mar 2011	30 June 2010
		\$	\$
5. CASH AND CASH EQUIVALENTS			
Cash assets	(i)	450,625	69,835,883
Short term deposits	(ii)	67,587,091	115,755,843
		<u>68,037,716</u>	<u>185,591,726</u>

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

6. RECEIVABLES

Current

Sundry debtors	(i)	761,603	161,200
		<u>761,603</u>	<u>161,200</u>

Non-current

Loan	(ii)	721,631	-
Security deposits	(iii) (iv)	3,032,585	7,804,727
		<u>3,754,216</u>	<u>7,804,727</u>

Terms and conditions relating to the above financial instruments:

Trade and sundry debtors are non-interest bearing and generally on 30 day terms. No debtors are considered past due but not impaired and accordingly, no ageing has been provided.

- (i) Trade and sundry debtors are non-interest bearing and generally on 30 day terms.
(ii) The loan relates to advances made to SOMICI SARL for exploration on the Tengrela South tenement where the Company has agreed to fund exploration to feasibility stage. This advance is repayable by SOMICI SARL to the Company.
(iii) At 31 March 2011, the Company has US\$2.160 million (approximately A\$2.095 million) held in bank deposits which are subject to a lien and are collateral for a bank guarantee that has been issued to Ghana Environmental Protection Agency in relation to environmental rehabilitation provisions concerning the Central Ashanti Gold Project.
(iv) At 31 March 2011, the Company has US\$0.655 million (approximately A\$0.645 million) and A\$0.292 million held in bank deposits which are held as collateral against an international trade facility under which the Company can request the issue of Letters of Credit to contractors for the procurement of certain goods required in the construction of the Central Ashanti Gold Project.

Perseus Mining Limited and its controlled entities
Notes to the unaudited Consolidated Financial Statements

	Notes	Consolidated	
		31 Mar 2011	30 June 2010
		\$	\$
7. OTHER ASSETS			
Current			
Prepayments		7,344,360	763,627
Financial assets at fair value through profit or loss		49,027	-
		<u>7,393,387</u>	<u>763,627</u>
Non-current			
Financial assets at fair value through profit or loss	(i)	<u>674,730</u>	<u>7,657,558</u>
Reconciliation of movements in financial assets at fair value:			
Balance at beginning of the period		7,657,558	-
Additions		-	12,709,251
Devaluation on mark to market		(6,653,564)	(5,041,788)
Foreign exchange loss on mark to market		(66,162)	(88,814)
Foreign currency translation movement		<u>(214,075)</u>	<u>78,909</u>
Balance at end of the period		<u>723,757</u>	<u>7,657,558</u>
Current financial assets at fair value through profit or loss		49,027	-
Non-current financial assets at fair value through profit or loss		<u>674,730</u>	<u>7,657,558</u>
		<u>723,757</u>	<u>7,657,558</u>

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

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

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

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of associated entity:	Principal activity	Country of incorporation	Ownership interest		Published fair value	
			Mar 2011 %	June 2010 %	Mar 2011 \$	June 2010 \$
Manas Resources Limited	Gold Exploration	Australia	23.9	27.9	12,891,667	2,950,000
Burey Gold Limited	Gold Exploration	Australia	18.4	19.9	24,340,000	1,774,800

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD - continued

Manas Resources Limited (“Manas”)

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

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

Burey Gold Limited (“Burey”)

On 3 March 2010, the Perseus announced that it had entered into an agreement to purchase a 19.9% stake in and enter into a strategic alliance with Burey, an exploration company with a focus in Guinea, West Africa. Perseus completed an initial investment of \$418,700 by subscribing for 10,467,500 shares in Burey with 10,467,500 attaching options on 15 March 2010, and subsequently subscribed for a further 24,332,500 shares at a cost of \$973,300 with 24,332,500 attaching options on 29 June 2010. Perseus has also obtained first rights of refusal over the sale or farm-out of Burey’s mineral properties in West Africa. On 28 September 2010 Burey announced a capital raising and allotted 60 million shares at 10c per share. Perseus subscribed and was allotted 11,900,000 shares for consideration of A\$1,190,000 during the period and its interest in Burey has reduced from 19.9% to 18.4%, due largely to the exercise of options by Burey option holders.

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

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

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:

- (i) first right of refusal in relation to any sale or farm-out of Burey’s mineral properties in West Africa;
- (ii) the right to provide technical input into exploration programs in relation to Burey’s mineral properties in West Africa; and
- (iii) considered the existence and effect of potential voting rights that are currently exercisable when assessing the matter of significant influence. Perseus holds 34,800,000 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.

Perseus 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.

The most recent available financial statements for both Manas and Burey are those of 31 December 2010. These statements have been used to equity account for Perseus’s investment in these companies.

Perseus Mining Limited and its controlled entities
Notes to the unaudited Consolidated Financial Statements

9. SUBSIDIARIES

The consolidated financial statements incorporate the assets and liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1:

Name of subsidiary	Notes	Place of Incorporation	Consolidated Entity Interest 31 Mar 2011 %	Consolidated Entity Interest 30 June 2010 %
Parent Entity				
Perseus Mining Limited	(i)	Australia		
Subsidiaries				
Occidental Gold Pty Ltd (a)	(i)	Australia	100	100
Centash Holdings Pty Ltd	(i)	Australia	100	100
Sun Gold Resources Ltd	(ii)	Ghana	100	100
Kojina Resources Ltd (b)	(ii)	Ghana	100	100
<i>(a) Subsidiaries of Occidental Gold Pty Ltd</i>				
Occidental Gold SARL	(iii)	Côte d'Ivoire	100	100
<i>(b) Subsidiaries of Kojina Resources Ltd</i>				
Central Ashanti Gold Limited	(ii) (iv)	Ghana	90	90

Notes:

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

Perseus Mining Limited and its controlled entities
Notes to the unaudited Consolidated Financial Statements

	Consolidated	
	31 Mar 2011	30 June 2010
	\$	\$
10. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment - at cost ⁽ⁱ⁾	5,116,200	3,664,096
Accumulated depreciation	(1,019,364)	(764,181)
	4,096,836	2,899,915
Assets under construction (Central Ashanti Gold Project) - at cost		
Acquisition	4,770,961	4,770,961
Exploration	53,299,588	42,084,800
Evaluation	5,326,006	5,375,397
Construction	124,331,976	59,471,518
	187,728,531	111,702,676
Total property, plant and equipment net book value	191,825,367	114,602,591
<i>Reconciliation of Plant and Equipment:</i>		
Balance at the beginning of the period	2,899,915	1,903,816
Additions	2,219,407	1,418,660
Depreciation	(396,654)	(294,601)
Depreciation capitalised	-	(58,673)
Assets written off	(39,878)	-
Translation difference movement	(585,954)	(69,287)
Carrying amount at the end of the period	4,096,836	2,899,915
<i>Reconciliation of Assets under construction:</i>		
Balance at the beginning of the period	111,702,676	-
Additions	99,520,391	57,904,841
Reclassification from exploration and evaluation	-	53,355,156
Translation difference movement	(23,494,536)	442,679
Carrying amount at the end of the period	187,728,531	111,702,676
Note that during the period:		

- (i) recoverable amount was estimated for certain items of property, plant and equipment. No impairment loss was recognised to reduce the carrying amount of those assets.

Perseus Mining Limited and its controlled entities
Notes to the unaudited Consolidated Financial Statements

11. EXPLORATION AND EVALUATION EXPENDITURE

	Notes	Consolidated	
		31 Mar 2011 \$	30 June 2010 \$
Mineral interest exploration and evaluation			
Exploration		27,158,299	24,171,818
Evaluation		4,016,649	1,697,313
Carrying amount at the end of the period		<u>31,174,948</u>	<u>25,869,131</u>
<i>Exploration and evaluation phase:</i>			
Balance at the beginning of the period		25,869,131	58,167,962
Expenditure incurred during the period		7,688,127	25,018,152
Costs written-off		-	(844,972)
Transferred to Property, Plant and Equipment		-	(53,355,156)
Translation difference movement		<u>(2,382,310)</u>	<u>(3,116,855)</u>
Carrying amount at the end of the period		<u>31,174,948</u>	<u>25,869,131</u>

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

12. PAYABLES AND PROVISIONS

Current

Trade creditors and accruals	(i)	29,530,528	23,053,160
Employee benefits		523,306	173,696
		<u>30,053,834</u>	<u>23,226,856</u>

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

- Trade and other creditors are non-interest bearing and are normally settled on 30 day terms.

Non-Current

Provision for rehabilitation work	3,287,754	2,635,619
Employee benefits	50,562	-
	<u>3,338,316</u>	<u>2,635,619</u>
Balance at the beginning of the period	2,635,619	2,874,196
Arising during the period	1,197,588	-
Translation difference movement	<u>(545,453)</u>	<u>(238,577)</u>
Balance at the end of the period	<u>3,287,754</u>	<u>2,635,619</u>

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

Perseus Mining Limited and its controlled entities
Notes to the unaudited Consolidated Financial Statements

13. DERIVATIVE FINANCIAL INSTRUMENT

	Consolidated	
	31 Mar 2011	30 June 2010
	\$	\$
Current		
Cash flow hedge liability	4,416,383	-
Non-Current		
Cash flow hedge liability	44,672,910	-

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

Forward metal contracts – cash flow hedges:

The Group uses cash flow designated USD forward metal contracts to hedge movements in USD base metal prices on its anticipated sales of gold. At 31 March 2011 there were cash flow designated hedge contracts in place for 230,000 ounces of gold with settlements scheduled between March 2012 and December 2014. These hedge contracts were designated as effective cash flow hedges beginning 1 October 2010.

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

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

Perseus Mining Limited and its controlled entities
Notes to the unaudited Consolidated Financial Statements

14. ISSUED CAPITAL AND RESERVES

(a) Issued and paid-up share capital

	Consolidated			
	31 Mar 2011		30 June 2010	
	Number	\$	Number	\$
Ordinary shares, fully paid	423,917,088	354,346,201	418,032,088	346,615,812
<i>Movements in Ordinary Shares:</i>				
Balance at the beginning of the period	418,032,088	346,615,812	298,457,088	152,220,729
Shares issued pursuant to exercise of options	5,885,000	7,817,250	5,975,000	3,990,000
Shares issued to Vendor on 13 August 2009 as part consideration for purchase of the Company's interest in the Central Ashanti Gold Project.	-	-	2,000,000	1,850,000
Share placements at issue price of \$1.50 on 4 November 2009.	-	-	15,600,000	23,400,000
Shares issued following exercise of Subscription Receipts	-	-	23,400,000	36,402,770
Share placements at issue price of \$1.94 on 4 May 2010	-	-	50,600,000	97,998,877
Share placements at issue price of \$1.94 on 31 May 2010	-	-	1,921,663	3,728,000
Share placements at issue price of \$1.94 on 3 June 2010	-	-	15,000,000	29,100,000
Shares issued pursuant to Share Purchase Plan at issue price of \$1.94 on 11 June 2010	-	-	5,078,337	9,851,974
Transaction costs arising from issue of securities for cash	-	(86,861)	-	(11,926,538)
Balance at the end of the period	423,917,088	354,346,201	418,032,088	346,615,812

(b) Share Options

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

Exercise Period	Note	Exercise Price	Opening Balance 1 July 2010	Options Issued	Options Exercised/ Cancelled/ Expired	Closing Balance 31 Mar 2011
			Number	Number	Number	Number
On or before 31 July 2010		\$1.50	3,200,000	-	(3,200,000)	-
On or before 31 December 2010		\$1.00	1,000,000	-	(1,000,000)	-
On or before 30 June 2011		\$1.00	600,000	-	-	600,000
On or before 23 January 2012		\$0.65	1,270,000	-	(235,000)	1,035,000
On or before 13 August 2011		\$0.60	1,800,000	-	(800,000)	1,000,000
On or before 31 March 2012		\$1.80	400,000	-	-	400,000
On or before 31 March 2012		\$1.30	600,000	-	-	600,000
On or before 14 January 2012		\$2.13	1,800,000	-	(650,000)	1,150,000
On or before 16 June 2013		\$2.13	1,330,000	-	-	1,330,000
On or before 29 July 2012	(i)	\$2.45	-	400,000	-	400,000
On or before 6 October 2013	(i)	\$3.00	-	450,000	-	450,000
On or before 14 October 2012	(i)	\$3.00	-	160,000	-	160,000
On or before 14 October 2012	(i)	\$3.45	-	280,000	-	280,000
On or before 3 November 2013	(i)	\$3.20	-	340,000	-	340,000
			12,000,000	1,630,000	(5,885,000)	7,745,000

Notes:

- (i) 1,630,000 options were issued under the terms of the Perseus Mining Limited Employee Option Plan.

14. ISSUED CAPITAL AND RESERVES - continued

(c) Terms and conditions of contributed equity

Ordinary Shares:

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

(d) Nature and purpose of reserves

Share Based Payments Reserve

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

Foreign Currency Translation Reserve

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

Non-controlling Interest's Reserve

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

Hedge Reserve

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

15. COMMITMENTS

(a) Exploration expenditure commitments

The statutory expenditure commitments specified by the mining legislation for the Group's mineral property interests in Ghana and Côte d'Ivoire are nominal. However, as part of the 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 are not legal obligations of the Group and actual expenditure will vary depending on the outcome of actual exploration programs and the costs and results from those programs.

	Consolidated	
	31 Mar 2011	30 June 2010
	\$	\$
Within one year	1,050,000	1,050,000
One year or later and not later than five years	5,400,000	5,360,000
Later than five years	1,550,000	1,510,000
	<u>8,000,000</u>	<u>7,920,000</u>

15. COMMITMENTS - continued

(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 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, 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 Mining Licences comprising the Central Ashanti Gold Project 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.

The Group has also assumed responsibility for all rehabilitation of Central Ashanti Gold Project Mining leases, which is currently estimated to cost approximately US\$3.4 million and a provision has been recorded for this at balance date (refer to Note 12).

As at 31 March 2011, CAGL had placed orders totalling US\$138.2 million for goods and services required for the construction of the Central Ashanti Gold Project, against which expenditure totalling US\$122.4 million was incurred by balance date. The remainder of these orders are due to be filled by 30 June 2011.

16. CONTINGENT LIABILITIES

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

There were no known contingent liabilities which were not provided for in the financial statements of the group as at 31 March 2011.

In the event that Practical Completion of the Lump Sum Turn Key Contract for the Central Ashanti Gold Project is achieved prior to 24 July 2011, a bonus payment of US\$ 33,000 per day will be payable to the Contractor. The exact size of the bonus payment will depend on how early the project is delivered relative to the target date and in any event will not exceed \$2 million.

17. EVENTS OCCURRING AFTER THE REPORTING DATE

Since the end of the quarter to 31 March 2011 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 periods other than:

- On 20 April 2011 a settlement of claims made against CAGL by the Central Ashanti Joint Venture ("CAJV"), a joint venture between DRA Mineral Project (PTY) LTD and Group Five Project (Pty) Ltd, and Group Five Construction (Ghana) Limited ("G5") was reached through a process of mediation. The claims related inter alia to certain design changes plus costs associated with a delay in gaining access to the Central Ashanti Gold Project site pending granting of environmental approvals. As a result of the mediation, CAGL has agreed to pay the sum of US\$5.05 million to the CAJV and G5 in full and final settlement of the claims.