



WEST AFRICA'S NEWEST LARGE GOLD PRODUCER



ANNUAL REPORT 2012

Corporate Directory 2012

Directors

Reginald Norman Gillard
Mark Andrew Calderwood
Michael Andrew Bohm
Rhett Boudewyn Brans
Colin John Carson
Neil Christian Fearis
Terence Sean Harvey

Non-executive chairman
Managing director
Non-executive director
Executive director
Executive director
Non-executive director
Non-executive director

Company secretary

Susmit Mohanlal Shah

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Stock exchange listings

Australian Securities Exchange
Toronto Stock Exchange
Frankfurt Stock Exchange

(ASX – PRU)
(TSX – PRU)
(WKN: AOB7MN)

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Chairman's address



Dear Fellow Shareholder,

Once again it is my privilege and pleasure to present Perseus Mining Limited's Annual Report for the year ended 30 June 2012. It was a year that commenced with a great deal of promise which your management team has turned into a hard won reality.

Our first gold pour at the Edikan Gold Mine, Ghana was in August 2011 and commercial production commenced on 1 January 2012. The Company produced 137,000 ounces of gold in that period despite the normal commissioning issues which faced us. This resulted in a net profit after tax in excess of A\$50 million.

In our 2009 Annual Report we forecast that we would achieve gold production in the Q3 2011. We achieved that target and, perhaps more importantly, built the plant within our capital expenditure budget.

Our focus now is to demonstrate that we can consistently produce gold at the levels and costs that we have targeted. Thus far we have been able to consistently meet our guidance forecasts. The initial strengths of the Company as an outstanding explorer are being supplemented by a growing recognition of the management team's ability to develop projects and deliver on our production promises.

There are still many hurdles ahead of us and there is no room for complacency. In Ghana we have not yet reached the steady state production that we all desire albeit we are closing rapidly on that target.

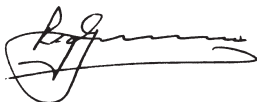
In Côte d'Ivoire the Sissingué Project is poised ready to commence. Our development team is highly experienced, successful and very keen to get on with the job. We believe the plant will take a year to deliver and commissioning will commence late in 2013.

In both locations your Company is determined to have a very positive sustainable impact on the local communities. We are guests in these two countries and fully recognise our social obligations to both the host communities and the central governments.

On behalf of the board and all shareholders I would like to thank your managing director Mark Calderwood again for his tireless, highly professional performance. He is supported in head office and on-site by an exceptional management team.

The future still looks very promising. Shareholders should have confidence that we can continue to build the company and that they will share in a growing reliable and consistent cash flow capable of supporting our dividend policy as well as funding future capital growth.

Yours sincerely,



Reg Gillard
Chairman

Managing director's address



The Financial Year 2012-13 has been a pivotal one for Perseus Mining Limited as it marks the year in which we matured into a gold producer.

In the past 12 months we were able to produce 137,298 ounces of gold at our Edikan Gold Mine in Ghana from commissioning and ramp-up production; build our total gold resources, across three projects, to 9.2Moz; return a profit of US\$52.5 million and receive Government approvals to start constructing our second mine, the Sissingué Gold Project in Côte d'Ivoire.

After a successful ramp up, the Edikan mill is now at or above the nameplate production rate of 5.5 million tonnes per annum (Mtpa), and throughput is expected to be increased to 8Mtpa by mid-2013. We're aiming to produce between 245,000 and 265,000 ounces of gold at an unadjusted cash cost of US\$750 per ounce and an adjusted cash cost of US\$600 per ounce for Financial Year 2013, prior to royalties.

We now have 12 years of reserves at Edikan from only four deposits and there are several other deposits which will be added to increase our reserves next year. Edikan is a world class project and we expect to continue our exploration success in and around the mine for the next 10 years at least.

We currently have six rigs operating in Côte d'Ivoire and have approval to drill four permits, all of which have drill ready targets. Subject to early success, we are preparing to add additional rigs in Côte d'Ivoire for drill outs.

The Sissingué Gold Project development is awaiting the final green light by the Board. In its first two years, when fully operational, Sissingué will produce about 170,000 ounces of gold per annum with low cash costs. During 2014, we will be producing in excess of 400,000 ounces of gold from our Edikan and Sissingué gold mines and will be moving into a position to consider making meaningful dividend payments.

In our opinion, West Africa remains the best address for gold exploration, development and production. We have been there, in some form, for more than 16 years. Our goal is to be at Edikan, Sissingué and elsewhere in West Africa for a long time to come and become synonymous with the leading West African gold producers. To do this, we will continue to support the host communities and protect the environment in which we operate. We take great pride in what we've done so far at Edikan.

Lastly, I'd like to thank our loyal shareholders and the Board for their ongoing support, and I particularly want to thank all management, staff and contractors for a considerable effort over the last year.

Mark Calderwood
Managing Director



Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the "group") consisting of Perseus Mining Limited ("Perseus" or the "company") and its controlled entities for the year ended 30 June 2012 (the "period"). Perseus is a company limited by shares that is incorporated and domiciled in Australia. Unless noted otherwise, all amounts stated are expressed in Australian dollars.

DIRECTORS

The following persons were directors of Perseus during the period and up to the date of this report:

Reginald Norman Gillard
Mark Andrew Calderwood
Michael Andrew Bohm
Rhett Boudewyn Brans
Colin John Carson
Neil Christian Fearis
Terence Sean Harvey

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS

During the period Perseus significantly expanded and developed its asset base and transitioned from being a successful explorer for gold into a fully integrated gold company whose activities include exploration and evaluation, project development and gold production. After starting site works for the development of Edikan Gold Mine ("EGM") in Ghana in June 2010, construction was completed on schedule and within budget. First gold was produced on 21 August 2011 and on 31 December 2011, commissioning of the EGM was

declared complete and commercial production formally commenced the following day. By 30 June 2012, the company had produced 137,298 ounces of gold.

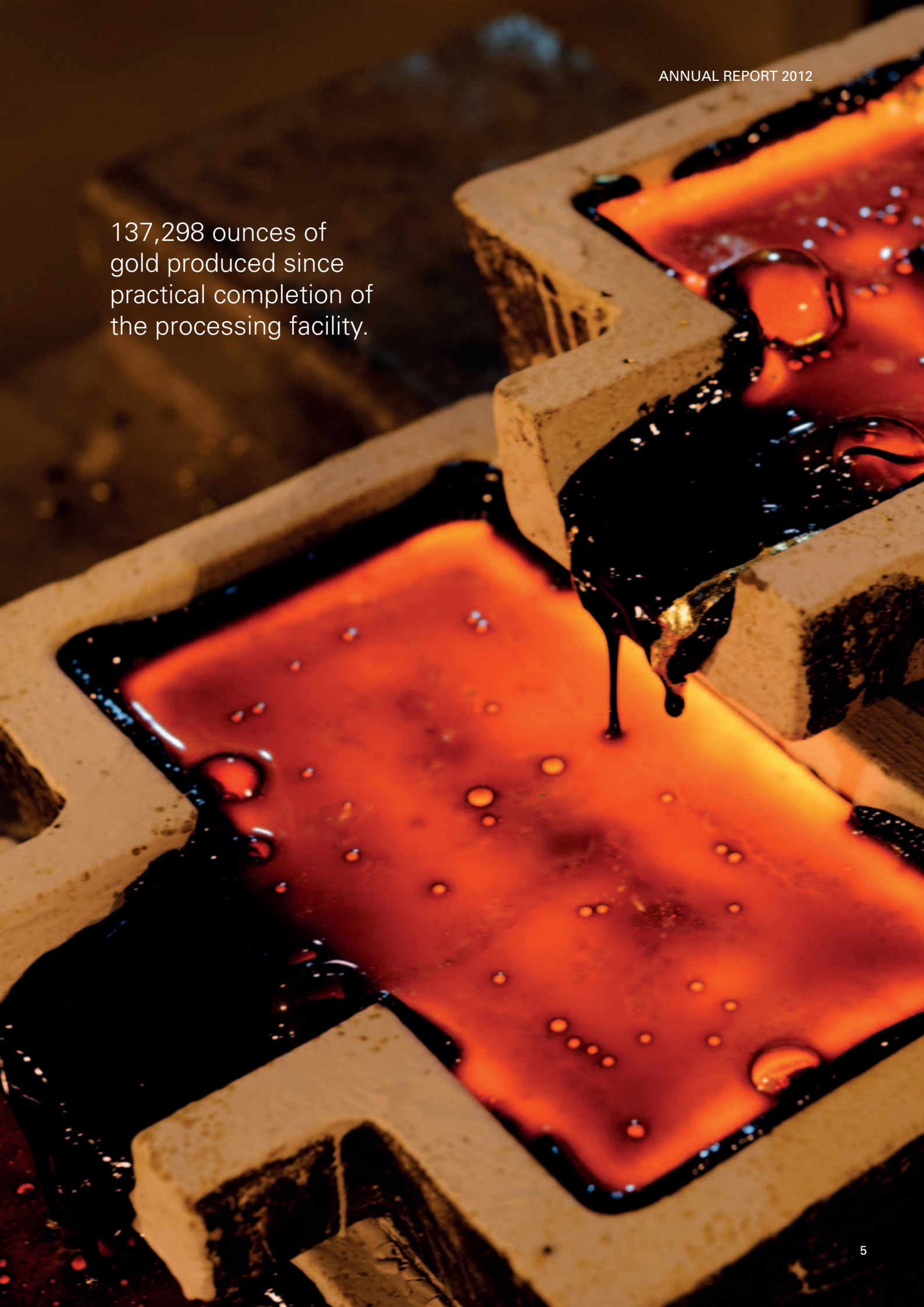
In the same period, preparations for the development of Perseus's second gold project, the Sissingué Gold Project ("SGP") in Côte d'Ivoire have materially advanced. The Environmental and Social Impact Assessment ("ESIA") and the Definitive Feasibility Study ("DFS") for the SGP received regulatory approval and by the end of the period an Exploitation Licence application and a draft Mining Convention documenting the fiscal terms under which the SGP would be developed and operated had been filed and were being considered by regulatory authorities. Subsequent to the end of the period but before the date of this report, the Exploitation Permit for the development of the Sissingué gold deposit was granted to Occidental Gold SARL, a subsidiary of Perseus. Project engineering and procurement plans were well advanced in preparation for the imminent commencement of early works on site at Sissingué.

Active exploration continued throughout the year in both Ghana and Côte d'Ivoire. The Mineral Resources associated with the EGM were upgraded on 22 December 2011 and then again on 29 March 2012. A large amount of drill core obtained from drilling of the Tengrela exploration tenements in Côte d'Ivoire was dispatched for assaying, the results of which will be used as a basis for upgrading the Mineral Resources and Ore Reserves associated with the SGP in the latter part of 2012.

The group's Proved and Probable Ore Reserves as at June 30 2012 increased to 103.5Mt containing 4.04 million ounces of gold after allowing for mining depletion. During the period, the group's Measured and Indicated Mineral Resources (inclusive of Ore Reserves) increased by 22.6% to 7.017 million ounces of gold and Inferred Mineral Resources increased by 1.4% to 2.217 million ounces of gold.



137,298 ounces of
gold produced since
practical completion of
the processing facility.



Directors' report

EGM, Ghana

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

Project development and commissioning

Development of the EGM processing facility and associated project infrastructure progressed on schedule and on budget during the period with the following milestones being achieved:

- Practical Completion of the construction of the processing facility (as defined by the SAG mill being ready to receive ore) was achieved on 20 July 2011;
- the first gold pour occurred on schedule on 21 August 2011; and
- commissioning of the mine and processing facility was declared complete as at 31 December 2011 and commercial production of gold commenced with effect from 1 January 2012.

Gold production operations

Table 1: Key production statistics - EGM

Parameter	Unit	Twelve months to 30 June 2012	Six months to 30 June 2012	Six months to 31 December 2011
Total material mined	bcm ¹	14,973,000	8,420,000	6,553,000
Waste to ore strip ratio	bcm:bcm	4.07	4.01	4.15
Ore mined				
• Oxide	kt	2,444	1,081	1,363
• Primary	kt	4,864	3,199	1,664
Ore grade mined				
• Oxide	g/t Au ²	1.0	1.0	1.0
• Primary	g/t Au	1.2	1.3	1.0
Ore stockpiles				
• Quantity	kt	3,632	3,632	1,669
• Grade	g/t Au	0.8	0.8	0.8
Mill throughput	kt	3,688	2,177	1,511
Milled head grade	g/t Au	1.4	1.5	1.18
Gold recovery	%	83.5	85.8	80.4
Gold produced	oz	137,298	91,466	45,832

1. Denotes bank cubic metres 2. Denotes grams/tonne of gold

The total of 14,973,000 bcm of ore and waste mined during the period included 2,444,000 tonnes of oxide ore at 1.0g/t Au, 4,864,000 tonnes of transition and primary ore at 1.2g/t Au and 24,875,000 tonnes of waste.

Ore stockpiles (including both high and low grade ore but not mineralised waste) increased to 3,632,000 tonnes grading 0.8 g/t and included approximately 78% oxide ore and 22% primary ore. Stockpiles at the end of the year were significantly larger and of higher grade than forecast due to overall positive reconciliation and lower mill throughput rates.

Total mill throughput for the period was 3,688,000 tonnes of ore and by year end, gold recovery rates had

improved ahead of forecast to 87.4% as a result of improved process efficiency and a gradual reduction in the amount of transition material included in fresh ore feed. Recent changes to the float collector reagent also appear to have resulted in a further significant improvement in gold recovery.

During the final three months of the period the average operating mill throughput rate increased to 734 dry tonnes per hour. Based on the long term target utilisation rate of 90% this throughput rate equated to about 5.8Mtpa, or 0.3Mtpa above the 5.5Mtpa nameplate capacity of the mill.

The total of 14,973,000 bcm of ore and waste mined during the period.



Directors' report

Unscheduled mill downtime during the period was higher than planned. The lack of mill feed due to crusher downtime, water and tails management, mechanical problems including mill lube, drive issues and wear to chutes and piping all contributed significantly to the downtime. Remedial measures designed to reduce downtime to these areas has been initiated by the company.

The overall performance of the processing facility during the period has validated the efficacy of the Edikan process flow sheet that allows for good recovery at very low reagent unit consumption and low power usage.

Of the 98,769 ounces of gold that were sold at an average delivered price of US\$1,508 per ounce since the declaration of commercial production, 58,769 ounces were sold at spot gold prices averaging US\$1,632 per ounce. The company also delivered 40,000oz of gold into forward sales contracts at an average price of US\$1,219 per ounce during

this period. This reduced the outstanding hedge commitment to 190,000oz of gold to be delivered at an average gold price of US\$1,256/oz in quarterly instalments. The last delivery under the existing forward sales contracts is scheduled for the December 2014 quarter.

After adjusting the gross unit cash costs of production for the six month period since declaration of commercial production at EGM on 1 January 2012 for movements in inventory and deferred cost of waste stripping, the net unit cash cost of production was US\$696 per ounce of gold produced or US\$802 per ounce of gold produced after taking into account the cost of royalties.

A total of US\$20.2 million of expenditure was capitalised since declaration of commercial production including US\$11.0 million on tailings dam modifications, US\$2.9 million on construction of an oxide ore feed circuit and US\$2.6 million on community relations and compensation.

Table 2: Key financial operating statistics - EGM

Parameter	Units	Six month period of commercial production ended 30 June 2012
Total gold sales	oz	98,769
Average sales price	US\$/oz of gold sold	1,508
Gross Cash Costs	US\$/oz	826
Including:		
• Mining cost	US\$/tonne of material mined	2.64
• Processing cost	US\$/tonne of ore milled	8.98
• G & A cost	US\$/M / month	1.31
Plus: Accounting Adjustment ¹	US\$/M	(11.9)
Adjusted Cash Costs	US\$/oz	696
Plus: Royalties	US\$/oz	106
Adjusted Cash Costs including royalties	US\$/oz	802
Sustaining capital and plant upgrade costs	US\$/M	20.2

1. Includes cost of deferred waste stripping plus ore inventory movements

Total mill throughput for the period was 3,688,000 tonnes of ore and by year end, gold recovery rates had improved ahead of forecast to 87.4% as a result of improved process efficiency.

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Directors' report

Exploration

Following a large amount of resource definition drilling early in the period using up to 8 drill rigs on the group's Ghanaian mining and exploration tenements, updated Mineral Resource estimates for EGM were completed on 22 December 2011 and then updated on 29 March 2012. Subsequent to the end of the period, an updated estimate of Ore Reserves as at 30 June 2012 was also completed. The revised estimates resulted in the following:

- Measured and Indicated ("M&I") Mineral Resources at EGM increased by 30% to 156.3Mt containing 5.6Moz of gold including Ore Reserves of 93.8Mt containing 3.4Moz of gold.
- Inferred Mineral Resources at EGM total 50.6 Mt containing 1.7 Moz of gold

EGM Mineral Resource estimate:

Drilling on the Fetish deposit during the past two years has grown the deposit, with significant potential remaining to further expand the Mineral Resource. M&I Mineral Resources at Fetish have increased 62% to 29.4Mt at 1.0g/t Au for 972,000 ounces, while Inferred Mineral Resources reduced by 31% to 7.5Mt at 1.0g/t Au for 248,000 ounces.

Infill drilling at Chirawewa enabled an initial Indicated Mineral Resource estimate and an increase in total Mineral Resources. Initial Indicated Mineral Resources at Chirawewa are 4.5Mt at 1.1g/t Au for 167,000 ounces and Inferred Mineral Resources increased 22% to 8.7Mt at 0.9g/t Au for 249,000 ounces. A more comprehensive drill-out of Chirawewa will be undertaken in 2012-2013.

Limited additional exploration drilling and grade control drilling on the Abnabna-Fobinso deposit during 2011 significantly improved the understanding of mineralisation controls of the resource model and resulted in an increase in Mineral Resources notwithstanding the 2.6Mt of ore mined to 30 November 2011. M&I Mineral Resources at Abnabna-Fobinso increased 8% to 72.6Mt at 1.1g/t Au for 2,515,000 ounces, while Inferred resources increased 109% to 11.1Mt at 1.0g/t Au for 362,000 ounces. Subsequent to the resource cut-off date, a 42-hole drill program has commenced at Abnabna-Fobinso targeting conversion of Inferred Mineral Resources within or near the base of the current pit design.

The Bokitsi deposit is a new addition to the Mineral Resource inventory. Indicated Mineral Resources at Bokitsi total 2.6Mt at 2.5g/t Au containing 212,000 ounces of gold and Inferred Mineral Resources are 1.6Mt at 1.7g/t Au containing 89,000 ounces of gold.

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

Table 4: Inferred Mineral Resources - EGM

Deposit	Inferred Resources ¹		
	Quantity Mt	Grade g/t gold	Gold Ounces
Abnabna/AFGap/Fobinso	11.1	1.0	362,000
Esuajah South	5.3	1.3	224,000
Esuajah North	6.3	0.8	168,000
Fetish	7.5	1.0	248,000
Chirawewa	8.7	0.9	249,000
Bokitsi	1.6	1.7	89,000
Mampong	6.9	0.9	210,000
Dadieso	3.2	1.6	161,000
Total	50.6	1.1	1,711,000

1. Last updated in March 2012.

Table 3: M&I Mineral Resources - EGM

Deposit	Measured Resources ¹			Indicated Resources ¹			Measured + Indicated Resources		
	Quantity Mt	Grade g/t gold	Gold Ounces	Quantity Mt	Grade g/t gold	Gold Ounces	Quantity Mt	Grade g/t gold	Gold Ounces
Abnabna/AFGap/Fobinso	49.4	1.2	1,850,000	23.2	0.9	666,000	72.6	1.1	2,515,000
Esuajah South	8.3	1.8	482,000	6.2	1.7	336,000	14.5	1.8	818,000
Esuajah North	17.2	0.9	498,000	15.4	0.8	422,000	32.7	0.9	920,000
Fetish	8.8	0.9	255,000	20.6	1.1	717,000	29.4	1.0	972,000
Chirawewa	-	-	-	4.5	1.1	167,000	4.5	1.1	167,000
Bokitsi	-	-	-	2.6	2.5	212,000	2.6	2.5	212,000
Mampong	-	-	-	-	-	-	-	-	-
Dadieso	-	-	-	-	-	-	-	-	-
Total	83.7	1.1	3,085,000	72.5	1.1	2,520,000	156.3	1.1	5,604,000

1. Last updated in March 2012 and does not allow for mining depletion.

EGM Ore Reserve estimate:

New pit designs were completed for the Abnabna-Fobinso, Esuajah North, Esuajah South and Fetish deposits as part of the June 2012 Ore Reserve upgrade, given the intention to mine all four deposits during the next four years. The limits of the pit designs were nominally based on US\$1,200 gold price optimisation shells using revised, more conservative engineering parameters and updated unit costs. An increased waste to ore strip ratio from 2.8 to 3.4 is a function of inter-ramp slope angles being reduced to 37 degrees for oxide and 53.5 degrees for fresh material. Provision for blasting in oxides has however reduced significantly based on current practice.

Ore Reserves are reported at a 0.4g/t Au cut-off for Abnabna-Fobinso and 0.5g/t Au for Esuajah South, Esuajah North and Fetish. Due to the relatively low marginal processing cost at EGM, material between 0.2g/t and 0.4g/t Au is currently stockpiled for future treatment but is not recorded as Ore Reserves.

Further Mineral Resource and Ore Reserve estimation work is being undertaken on the Bokitsi, Chirawewa, Chirawewa South, Mampong, Dadieso deposits amongst others subsequent to the end of the period. The underground potential of the Esuajah South and the Fetish deposits is also being assessed. The company is continuing to work on long-term initiatives to improve open pit mining methods and equipment selection with the aim of reducing mining unit costs.

Table 5: Ore Reserves - EGM

Deposit	Proved Reserves ¹			Probable Reserves ¹			Proved & Probable Reserves			W: O Ratio ²
	Quantity Mt	Grade g/t gold	Gold '000 oz	Quantity Mt	Grade g/t gold	Gold '000 oz	Quantity Mt	Grade g/t gold	Gold '000 oz	
Abnabna-Fobinso	37.3	1.2	1,397	11.7	0.8	320	49.0	1.1	1,717	2.9
Esuajah South	7.2	1.8	422	1.0	2.1	71	8.2	1.9	493	9.0
Esuajah North	12.7	0.9	376	4.4	0.9	125	17.1	0.9	502	1.9
Fetish	7.4	0.9	222	8.4	1.3	354	15.9	1.1	576	3.4
ROM Stockpiles				3.6	0.8	90	3.6	0.8	90	-
Total	64.6	1.2	2,417	29.2	1.0	961	93.8	1.1	3,378	3.4

Notes:

1. 0.4g/t gold cut-off applied to Abnabna-Fobinso and 0.5g/t gold cut-off applied to other deposits.
2. Inferred mineral resources totalling 1.41Mt at 1.2g/t gold is considered as waste.
3. Last updated in August 2012 and allows for material mined to 30 June 2012.



Directors' report

SGP, Côte d'Ivoire

The SGP is situated within an 885sq km exploration tenement area located in the north of Côte d'Ivoire that is being explored as part of the Tengrele Gold Exploration Project. The exploration tenements are located along the same structural/stratigraphic corridor within the Syama-Boundiali greenstone belt. The SGP lies approximately 150km south-southeast of the Morila gold mine (7Moz) in Mali and 65km west northwest of Randgold's Tongon deposit (4.3Moz) in Côte d'Ivoire.

Definitive feasibility study

A DFS on the development of the Sissingué gold deposit (this potential development has subsequently become known as the SGP) was completed and the results were published in November 2010. These results included the following:

- Initial Probable Ore Reserve of 657,000oz of gold (Refer to Table 6 below for details).
- Estimated production of 340,000oz (3.5Mt at 3.3g/t) of gold in first two years of a six year mine life.
- C1 Cash costs in the first two years of US\$421/oz, with mine life average cash costs of US\$505/ oz.
- EBITDA of US\$221M for first two years of production at US\$1,100/oz gold price.
- Start-up capital cost of US\$115 million paid back in 14 months at US\$1,100/oz gold price.

With the passage of time, and as a result of industry cost inflation and material changes in commodity prices, some of the assumptions used in the DFS are outdated and subsequent to the end of the period the company has commenced a reserve upgrade and review of the DFS taking into account drilling since the feasibility study, higher gold prices and current cost information.

Project permitting

During the period, material progress was made on the permitting of the SGP. Following a public hearing in September 2011, a technical validation process was completed with the Ivorian National Environmental Agency (ANDE) in December 2011 and in early 2012 the company was advised that EISA and the DFS for the SGP had been approved.

Upon the receipt of this advice, an application for an Exploitation Permit was filed with the Ministry of Mines and Energy. The exploitation permit was issued to a subsidiary of the company, Occidental Gold SARL subsequent to the end of the period. A draft Mining Convention containing suggested fiscal terms to apply during the course of the SGP and subsequent gold mining operation has been lodged by the company and remains under consideration by the relevant regulatory authorities as at the date of this report.

Project engineering

An Australian engineering firm, GR Engineering Services, in conjunction with Perseus's SGP team, has completed the design of the SGP processing plant and about 90% of the total detailed design. Tender enquiry packages were issued for the supply of all mechanical equipment and preferred tenderers were selected and issued with letters of intent.

A US\$5.5 million order was placed with Outotec Pty Ltd in December 2011 for the supply of a 4,500kW, 5.5m diameter, 9.2m long, semi-autogenous grinding (SAG) mill. Fabrication of the SAG mill is scheduled to be completed within 45 weeks ex-works, and the complete mill package is expected to be on delivered to site in late 2012.

During the period, tender enquiries for early civil works have been issued and responses have been received. Tender packages for fabrication and construction works have also been prepared in anticipation of a project commencement date in the second half of 2012.

**Table 6: Ore Reserves - SGP**

Deposit	Proved Reserves ¹			Probable Reserves ¹			Proved & Probable Reserves		
	Quantity Mt	Grade g/t gold	Gold Ounces	Quantity Mt	Grade g/t gold	Gold Ounces	Quantity Mt	Grade g/t gold	Gold Ounces
Oxide/Transition	-	-	-	3.4	2.1	224	3.4	2.1	224
Primary	-	-	-	6.3	2.1	433	6.3	2.1	433
Total	-	-	-	9.7	2.1	657	9.7	2.1	657

Notes:

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

Directors' report

Exploration

During the period 143,553 metres were drilled on various targets as part of the Tengrela Gold Exploration Project. A large amount of the drilling has been focussed around the Sissingué deposit on the Tengrela East tenement. A portion of this drilling was sterilization drilling for the proposed process plant site for the SGP. Strong infill and extension drill results were also obtained from a number of holes at Sissingué. In other drilling, several anomalous exploration intercepts were also recorded, including 2m at 60.0g/t and 8m at 4.0g/t Au at Kanakono, 14m at 5.9g/t, 13m at 2.4g/t Au and 6m at 3.6g/t at Podio, 4m at 10g/t Au at Sissingué North and 4m at 10.0g/t Au from Zing.

The company has added another Permis de Recherche application ("permit application") to its portfolio in Northern Côte d'Ivoire. The 250sq km Napié

Permit application is located 80km southeast of the company's Mbengué Permit. Previous work about 10 years ago by Leo Shield Exploration Ltd identified a significant gold in soil anomaly extending for 15km. Significantly, anomalous pitting results were never followed up by Leo Shield.

After a review process, the government of Côte d'Ivoire has commenced renewing existing exploration licences. This will progress to the conversion of reconnaissance licences to exploration permits and then consideration of new licence applications. The group has lodged a number of reconnaissance licence conversion applications including those covering several significant targets that have been awaiting drilling for up to two years.

The next Ore Reserve and Mineral Resource estimate update for the SGP is expected to be completed and published in late 2012.

GROUP ORE RESERVES AND MINERAL RESOURCES

Table 7: Total Group Ore Reserves

Deposit	Proven			Probable			Total		
	Tonnes Mt	Gold g/t	Gold '000 oz	Tonnes Mt	Gold g/t	Gold '000 oz	Tonnes Mt	Gold g/t	Gold '000 oz
EGM >0.4g/t ^(1,2)	64.6	1.2	2,417	29.2	1.0	961	93.8	1.1	3,378
SGP >0.55g/t ⁽³⁾	-	-	-	9.7	2.1	657	9.7	2.1	657
Total	64.6	1.2	2,417	38.9	1.3	1,618	103.5	1.3	4,035

Notes

- >0.4g/t gold cut-off for Abnabna-Fobinso, >0.5g/t gold cut-off for all other deposits.
- Last updated in August 2012 and allows for material mined to 30 June 2012.
- Last updated in November 2010.

Table 8: Total Group Mineral Resources (including Ore Reserves)

Deposit	Measured			Indicated			Inferred		
	Tonnes Mt	Gold g/t	Gold '000 oz	Tonnes Mt	Gold g/t	Gold '000 oz	Tonnes Mt	Gold g/t	Gold '000 oz
EGM⁽¹⁾ >0.8g/t	49.5	1.5	2,367	38.2	1.3	1,814	24.9	1.4	1,111
EGM⁽¹⁾ 0.4g/t - 0.8g/t	34.2	0.7	718	35.7	0.6	706	25.7	0.7	602
GGP⁽²⁾ >0.4 g/t⁽³⁾	-	-	-	25.1	0.6	471	16.4	0.5	247
SGP⁽⁴⁾ >1.0g/t	0.9	3.2	90	9.1	2.5	706	3.3	1.7	171
SGP⁽⁴⁾ 0.5-1.0g/t	0.04	0.8	1	5.5	0.8	134	3.6	0.7	86
Total EGM >0.8g/t & SGP >1.0g/t	50.4	1.5	2,457	47.3	1.5	2,520	28.2	1.4	1,282
Total EGM >0.4g/t & SGP >0.5g/t	84.6	1.2	3,176	112.4	1.0	3,831	73.9	0.9	2,217

Notes

- Last updated in March 2012 and does not allow for mining depletion.
- Last updated in December 2010.
- Primary reported above a 0.4g/t gold cut-off, oxide/transition report above a 0.2g/t gold cut-off.
- Last updated in November 2010.
- The company holds 90% of EGM, 90% of GGP and 85% of SGP after allowing for Government equity at mining stage.

FINANCIAL RESULTS

The group recorded a net profit after tax of \$52.5 million for the period, compared to a net loss after tax of \$51.2 million in the previous financial year.

Summary of financial information	30 June 2012 \$'000	30 June 2011 \$'000
Net Profit / (Loss) after tax	52,461	(51,176)
Net Increase/(Decrease) in Cash Held	8,430	(77,515)
Total assets	528,971	382,598
Shareholders' equity	359,868	212,385

Cash and investments

At 30 June 2012 available cash totalled \$105.5 million (30 June 2011: \$96.5 million) while additional deposits totalling \$2.2 million (30 June 2011: \$2.9 million) supported performance guarantees for environmental rehabilitation of the EGM and letters of credit to contractors involved in the construction of the EGM.

As at 30 June 2012, Perseus held \$11.4 million (30 June 2011: \$9.7 million) of equity accounted investments comprising security holdings in ASX listed companies Manas Resources Limited and Burey Gold Limited.

Debt finance

At 30 June 2012 the group had debt of \$60.3 million (US\$ 63.0 million), (30 June 2011: \$77.8 million (US\$85 million)) in the form of borrowings made under a project debt facility provided by Macquarie Bank Limited and Credit Suisse AG to fund the construction of the EGM. During the period, a total of US\$22.0 million of scheduled loan repayments were made to the lenders.

Financial position

At 30 June 2012 the group had net assets of \$359.9 million (30 June 2011: \$212.4 million) and an excess of current assets over current liabilities of \$56.6 million (30 June 2011: \$49.0 million).

CORPORATE

Dividends

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

Equity capital raising

In late October 2011, the company announced that it had entered into an underwriting agreement with Clarus Securities Inc., Dundee Securities Ltd. and CIBC World Markets Inc. (collectively, the "Co-Lead Underwriters") and Macquarie Capital Markets Canada Ltd., BMO Nesbitt Burns Inc., Cormark Securities Inc. and Canaccord Genuity Corp. as underwriters in respect of an offering pursuant to a short form prospectus dated 26 October 2011 of between 25 million and 28.75 million shares to raise between Cdn\$81,250,000 and Cdn\$93,437,500 at a price of Cdn\$3.25 per share. The offering subsequently closed on 14 November 2011 when the company completed the issue of 28.75 million shares at Cdn\$3.25 each to raise Cdn\$93,437,500.

Revenue protection

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

During the period a total of 40,000 ounces of gold were delivered under the forward sales agreement at an average price of US\$1,219 per ounce, reducing the company's hedging commitment at the end of the period to 190,000 ounces of gold at a weighted average price of US\$1,256 per ounce.

In addition, options granting the right but not the obligation to sell 75,000 ounces of gold at US\$850 per ounce in the period from July 2012 to December 2013 are held as part of the group's financial risk management strategy.

Metal Markets

From 1 July 2011 to 30 June 2012 the price of gold increased 6% to US\$1,598.50/oz, (30 June 2011: US\$1,505.50/oz) on the back of concerns about sovereign debt levels and struggling economies of several European countries and the United States of America.

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

Directors' report

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

1. The company completed the commissioning of its EGM on 31 December 2011 and on 1 January 2012, commenced commercial production of gold at the EGM. A total of 137,298 ounces of gold were produced during the period.
2. The group's inventory of Ore Reserves and Mineral Resources was significantly expanded. The group's Measured and Indicated Resources now include 197.0 Mt grading 1.1 g/t gold and containing 7.017 million ounces of gold including Proven and Probable Ore Reserves of 103.5 Mt grading 1.3 g/t gold containing 4.04 M ounces of gold. In addition, the group has identified a further 73.90 Mt grading 0.9g/t gold containing 2.217 M ounces of gold in the Inferred Mineral Resource category.

MATTERS SUBSEQUENT TO BALANCE DATE

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

- a) The Côte d'Ivoire government announced the grant of an Exploitation Permit ("EP") to a Côte d'Ivoire subsidiary of Perseus (Occidental Gold SARL) for the development of the group's Sissingué gold deposit, part of the Tengrela Gold Project, in northern Côte d'Ivoire.

LIKELY DEVELOPMENTS

The group's focus during the next financial year will be on the de-bottlenecking of the EGM operation in Ghana and developing the Sissingué Gold Mine and associated infrastructure. In addition, the group will continue to aggressively explore for gold on exploration tenements associated with these projects as well as on other exploration tenements held by the group in West Africa. Further commentary on planned activities in these projects over the forthcoming year is provided in the section of this report headed "Review of Operations". Perseus will also assess new opportunities where these are considered to have synergies with existing projects or where the company can add value through the use of its exploration and development expertise.

ENVIRONMENTAL REGULATIONS

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



INFORMATION ON DIRECTORS

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

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

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

Other current directorships:

Platina Resources Limited	appointed 1 July 2009
Nemex Resources Limited	appointed 21 February 2011
Mount Magnet South NL	appointed 18 April 2011

Former directorships in the last 3 years

Aspen Group Limited	appointed 24 December 2001 and resigned 30 April 2012
Tiger Resources Limited	appointed 9 December 2005 and resigned 26 May 2011
Eneabba Gas Limited	appointed 2 August 2005 and resigned 25 February 2011
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

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

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

Other current directorships

Manas Resources Limited	appointed 17 October 2007
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Rhett Boudewyn Brans MIEAust CPEng - Executive director (Appointed 26/05/2004)

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

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

Other current directorships

Tiger Resources Limited	appointed 11 July 2008
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Michael Andrew Bohm B.AppSc (Mining Eng.), MAusIMM - Non executive director (Appointed 15/10/2009)

Mr. Michael Bohm is a mining engineer with extensive experience in operations management, evaluation and project development in Australia, Northern Europe, SE Asia 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
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Directors' report

INFORMATION ON DIRECTORS - continued

Colin John Carson CPA FCIS - Executive director (Appointed 24/10/2003)

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

Other current directorships

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

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

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

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

Other current directorships

Carnarvon Petroleum Limited	appointed 30 November 1999
Tiger Resources Limited	appointed 26 May 2011

Former directorships in the last 3 years

Magma Metals Limited	appointed 8 October 2009, resigned 25 June 2012
Kresta Holdings Limited	appointed November 1997, resigned 31 December 2009

Terence Sean Harvey BA MA LL.B MBA - Non-executive director (Appointed 02/09/2009)

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

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

Other current directorships

Allied Gold Limited	appointed 11 March 2010
Andina Minerals Inc	appointed 29 December 2004
Victoria Gold Corporation	appointed 31 July 2007
Serabi Gold plc	appointed 30 March 2011
Sarama Resources Ltd	appointed 2 November 2011
Azimuth Resources Limited	appointed 10 May 2012

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

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

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

DIRECTORS' MEETINGS

The number of meetings of the directors and the number of meetings attended by each director during the year ended 30 June 2012 were:

	Full meetings of directors		Audit committee meetings		Remuneration committee meetings	
	A	B	A	B	A	B
R N Gillard	12	12	4	4	2	2
M A Calderwood	12	12	-	-	-	-
C J Carson	12	12	-	-	-	-
R B Brans	12	12	-	-	-	-
N C Fearis	11	12	4	4	2	2
T S Harvey	12	12	4	4	-	-
M A Bohm	11	12	-	-	2	2

A = Number of meetings attended

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

DIRECTORS' INTERESTS

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

	Name	Fully paid ordinary shares	Options to acquire ordinary shares
Non executive directors	R N Gillard	818,750	-
	N C Fearis	477,732	-
	T S Harvey	700,000	-
	M A Bohm	420,000	-
Executive directors	M A Calderwood	4,600,000	-
	C J Carson	453,200	-
	R B Brans	950,000	-

Directors' report

REMUNERATION REPORT (Audited)

This report outlines the remuneration arrangements in place for Perseus' non-executive directors, executive directors and other key management personnel ("KMP") of the group and Perseus for the financial year ended 30 June 2012. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

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

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

1.0 Principles used to determine the nature and amount of remuneration

Remuneration committee

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

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

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

Independent remuneration consultants are engaged by the committee from time to time to ensure the group's remuneration system and reward practices are consistent with current market practices. Various remuneration arrangements in relation to the company's key management personnel during the financial year were based on recommendations made by an independent remuneration consultant, PJ Kinder Consulting.

Fees paid or payable to PJ Kinder Consulting for this advice was \$38,940, all in the prior financial year. Instructions and scope of terms for the engagement of PJ Kinder Consulting were issued by the committee.

The board is satisfied that the remuneration recommendations made by PJ Kinder Consulting were made free from undue influence by the member or members of the key management personnel to whom the recommendations relate.

The board's reasons for stating so are:

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

Policy and structure of non-executive directors' remuneration

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

REMUNERATION REPORT - continued

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

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

Directors' fee limits

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

Directors' fees framework

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

The remuneration of the non-executive directors for the year ending 30 June 2012 is detailed below.

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

Position	Annual fees ¹ from 1 April 2012 to present \$	Annual fees ¹ from 1 July 2011 to 31 March 2012 \$
Base Fees		
Chair	200,000	163,500
Other non-executive directors	100,000	92,650
Additional Fees		
Audit committee – Chair	20,000	-
Audit committee – member	10,000	-
Remuneration committee – Chair	15,000	-
Remuneration committee - member	8,000	-

1 Inclusive of statutory superannuation where applicable

Directors' retirement benefits

No retirement benefits are paid to non-executive directors other than the statutory superannuation contributions (if applicable) of 9% required under Australian superannuation guarantee legislation.

Policy on executive directors' and other senior executives' remuneration

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

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

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

Directors' report

REMUNERATION REPORT - continued

Executive remuneration structure

The executive remuneration framework has two components, namely:

- Fixed salary package including base salary and benefits such as superannuation; and
- Variable remuneration.

During the year the group conducted a review of incentive plans to ensure that the variable component of remuneration is appropriately structured taking into account "best practice" in the resources industry and is directly aligned to the achievement of the group's financial and strategic objectives. This incentive plan has now been implemented and is effective for the 2013 financial year, further details are provided below under variable remuneration.

Fixed salary package

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

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

Variable remuneration

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

In the current and prior periods the variable remuneration generally took the form of options to purchase ordinary shares in Perseus at a nominated price. The issue of options as part of the remuneration packages of executive and non-executive directors and senior management is an established practice of many public listed companies and, in the case of Perseus, had the benefit of conserving cash, whilst aligning their interests and those of ordinary shareholders. Participants in equity based remuneration plans were not permitted to enter into any transactions that would limit the economic risk of the options or other unvested entitlements. The granting of options also served as a mechanism for the retention of key executives where appropriate vesting conditions apply.

The company has formed the view that the issuing of options to employees to acquire shares under an employee option scheme is not necessarily the most effective means of aligning the long term performance of the employee and the company to the rewards received by the employee and the interests of shareholders. To this end, the company has designed a performance rights scheme where specific targets aligned to total shareholder returns will have to be achieved before the employee receives a reward and in future this scheme will be employed in preference to the employee share option plan.

The company has also introduced a short term incentive scheme which is assessed based on specific targets which are designed to align the performance of the individual to total shareholder returns. This incentive takes the form of a cash bonus that is reliant on the achievement of specific job related KPIs and is assessed on an annual basis.

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

The remuneration of executive directors and senior executives including both fixed and variable remuneration components for the year ending 30 June 2012 is detailed in table 2 of this report.

REMUNERATION REPORT - continued**2.0 Details of remuneration**

Details of the remuneration of the directors and the KMP of Perseus and the group are set out in table 2 below.

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

At the date of this report, the KMP of the group are the directors of Perseus (refer to pages 17 to 19 for details) plus the following executives who report directly to the managing director.

Mr. Susmit Shah	Company secretary
Mr. Jeffrey Quartermaine	Chief financial officer
Mr. Jon Yelland ¹	Chief operating officer
Mr. Kevin Thomson	Exploration manager

1. Mr Jon Yelland, one of the KMP listed above, was appointed chief operating officer with effect from 1 October 2011.

Directors' report

REMUNERATION REPORT - continued

Table 2 - Directors' and executives' remuneration for the year ended 30 June 2012

	Salary / Fees	Short Term Cash Bonus ^(v)	Other	Post Employment Superannuation	Share Based Payments Value of Options	Total	Performance Related
	\$	\$	\$	\$	\$	\$	%
Non-executive directors							
Reginald Gillard							
2012	164,106	-	-	14,770	-	178,876	-
2011	150,000	-	-	13,500	-	163,500	-
Neil Fearis (i)							
2012	101,488	-	-	-	-	101,488	-
2011	92,650	-	-	-	-	92,650	-
Sean Harvey							
2012	96,988	-	-	-	-	96,988	-
2011	85,000	-	-	-	-	85,000	-
Michael Bohm							
2012	88,521	-	-	7,967	-	96,488	-
2011	85,000	-	-	7,650	-	92,650	-
Sub-total non-executive directors							
2012	451,103	-	-	22,737	-	473,840	-
2011	412,650	-	-	21,150	-	433,800	-
Executive directors							
Mark Calderwood							
2012	674,250	40,000	-	25,000	-	739,250	5
2011	575,000	98,750	-	25,000	-	698,750	14
Colin Carson							
2012	304,000	40,000	-	25,000	-	369,000	11
2011	275,230	44,168	-	24,771	-	344,169	13
Rhett Brans							
2012	418,250	40,000	-	43,000	-	501,250	8
2011	381,250	-	-	41,667	-	422,917	-
Sub-total executive directors							
2012	1,396,500	120,000	-	93,000	-	1,609,500	7
2011	1,231,480	142,918	-	91,438	-	1,465,836	10
Directors total							
2012	1,847,603	120,000	-	115,737	-	2,083,340	6
2011	1,644,130	142,918	-	112,588	-	1,899,636	8

REMUNERATION REPORT - continued**Table 2 - Directors' and executives' remuneration for the year ended 30 June 2012 (continued)**

	Salary / Fees	Short Term Cash Bonus ^(vi)	Other	Post Employment Superannuation	Share Based Payments Value of Options	Total	Performance Related
	\$	\$	\$	\$	\$	\$	%
Senior executives							
Susmit Shah ⁽ⁱⁱ⁾							
2012	145,896	-	-	-	158,483	304,379	-
2011	153,385	-	-	-	10,979	164,364	-
Kevin Thomson ⁽ⁱⁱⁱ⁾							
2012	267,619	-	24,827	-	211,311	503,757	-
2011	355,457	49,330	45,504	-	14,638	464,929	11
Jeffrey Quartermaine							
2012	432,500	40,000	-	25,000	264,139	761,639	5
2011	300,000	25,000	40,000	25,000	590,874	980,874	3
Jon Yelland ^(iv)							
2012	314,858	-	-	30,000	-	344,858	-
2011	-	-	-	-	-	-	-
Senior executives total							
2012	1,160,873	40,000	24,827	55,000	633,933	1,914,633	2
2011	808,842	74,330	85,504	25,000	616,491	1,610,167	5

Notes:

- (i) Fees for director services provided by Mr Neil Fearis are charged to Perseus by an interposed entity, and include an amount equal to the superannuation benefit that would otherwise have been paid to him as an individual.
- (ii) Fees for company secretarial services provided by Mr. Shah are charged to Perseus by Corporate Consultants Pty Ltd ("CCPL"), a company in which Mr. Gillard and Mr. Shah have a beneficial interest. Remuneration for accounting, company secretarial and administrative services provided by CCPL to Perseus throughout the year is disclosed in Note 22 to the financial statements. From 1 July 2012 Mr. Gillard no longer holds a beneficial interest in CCPL.
- (iii) Includes the value of benefits such as allowances for travel, school fees, accommodation and local taxes paid on behalf of employee.
- (iv) Mr Yelland was appointed chief operating officer with effect from 1 October 2011.
- (vi) Following a performance review conducted by the board, it was resolved that certain executives would be paid a cash bonus in recognition of their contribution to the group in the prior period.

Directors' report

REMUNERATION REPORT - continued

3.0 Service agreements

Remuneration and other terms of employment for the chief executive officer and managing director, chief financial officer, chief operating officer and the other KMP are also formalised in service agreements. Major provisions of the agreements relating to remuneration of the CEO are set out below.

Remuneration of the chief executive officer, Mark Calderwood

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

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

Fixed remuneration - Mr Calderwood's annual salary was set at \$624,000 per annum, inclusive of statutory superannuation entitlements, with effect from 1 July 2011. This was subsequently increased to \$925,000 per annum, inclusive of statutory superannuation entitlements, with effect from 1 April 2012.

Variable remuneration - Following a performance review conducted by the Board, it was resolved that Mr Calderwood would be paid a cash bonus of \$40,000 in recognition of his contribution to the group in the prior period. No other variable remuneration was paid to Mr Calderwood in respect of his services during the 12 months ended 30 June 2012.

Statutory entitlements

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

Termination of contract

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

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

REMUNERATION REPORT - continued**Contracts for KMP**

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

Table 3 - Contractual provisions for key management personnel

Name and job title	Employing company	Contract duration	Notice period	Fixed remuneration (including base salary and superannuation as applicable)	Variable remuneration	Termination provision
Mark Calderwood <i>CEO & Managing director</i>	Perseus Mining Limited	No fixed term and review annually	3 months	\$925,000	STI/LTI plan	Applicable on early termination by the company ⁽ⁱⁱ⁾
Colin Carson ^(v) <i>Executive director</i>	Perseus Mining Limited	No fixed term and review annually	3 months	\$380,000	STI/LTI plan	Applicable on early termination by the company ⁽ⁱⁱ⁾
Rhett Brans <i>Executive director</i>	Perseus Mining Limited	No fixed term and review annually	3 months	\$480,000	STI/LTI plan	Applicable on early termination by the company ⁽ⁱⁱ⁾
Susmit Shah <i>Company secretary</i>	Corporate Consultants Pty Ltd ⁽ⁱⁱⁱ⁾	Not Applicable	N/A	Not applicable	Not applicable	Not applicable
Jeffrey Quartermaine <i>Chief financial officer</i>	Perseus Mining Limited	No fixed term and review annually	2 months	\$480,000	STI/LTI plan	Applicable on early termination by the company ⁽ⁱⁱ⁾
Jon Yelland ^(iv) <i>Chief operating officer</i>	Perseus Mining Limited	No fixed term and review annually	3 months	\$450,000	STI/LTI plan	Applicable on early termination by the company ⁽ⁱⁱ⁾
Kevin Thomson <i>Exploration manager</i>	Perseus Mining Services Ltd	No fixed term and review annually	2 months	CDN\$425,000 ⁽ⁱ⁾	STI/LTI plan	Applicable on early termination by the company ⁽ⁱⁱ⁾

Notes:

- (i) CDN\$425,000 gross per annum, inclusive of Canadian Pension Plan (CPP) contributions.
- (ii) Termination benefits are payable on early termination by the company, other than for gross misconduct, executives receive payment of between 2 to 12 months of salary.
- (iii) Service provided to Perseus under the terms of a service agreement between CCPL and Perseus.
- (iv) Commenced employment on 1 October 2011.
- (v) Mr Carson is engaged on a part time basis.

Directors' report

REMUNERATION REPORT – continued

4.0 Share based compensation

KMP are eligible to participate in Perseus's employee share option plan ("ESOP"). The terms and conditions of each grant of options affecting remuneration of directors and KMP in the current or a future reporting period are set out below. When exercisable, each option is convertible into one ordinary share of Perseus. Further information is set out in note 31 to the financial statements.

Table 4 - Key terms of options held by KMP and directors as at 30 June 2012

Grant date	Exercise price	Fair Value per option at grant date	Vesting date	% of grant vested	Expiry date
17 June 2010	\$2.13	\$1.73	17 June 2011	100	16 June 2013
29 July 2010	\$2.45	\$1.43	29 July 2010 ¹	100	29 July 2012
15 June 2011	\$3.00	\$1.13	16 June 2012	100	15 June 2014

¹ Options expired unexercised on the 29th of July 2012.

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

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

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

Table 5 - Value of Options

Name	Percentage of remuneration consisting of options	Value of options granted, exercised or lapsed in 12 months ended 30 June 2012			Amount paid per share on exercise
		Granted ⁽ⁱ⁾ \$	Exercised ⁽ⁱⁱ⁾ \$	Lapsed \$	
Non-executive directors					
Sean Harvey	-	-	882,000	-	\$1.30
Michael Bohm	-	-	220,000	-	\$1.80
Senior executives					
Susmit Shah	-	-	787,500	-	\$0.65
Kevin Thomson	-	-	1,350,000	-	\$0.65

Notes:

- (i) The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of options granted during the year as part of remuneration.
- (ii) The value at the exercise date of options that were granted as part of remuneration and were exercised during the year has been determined as the intrinsic value of the options at that date.

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

REMUNERATION REPORT - continued

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

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

Name	Balance at the start of the period	Granted during the period as remuneration	Exercised during the period ⁽ⁱ⁾	Forfeited / Lapsed	Other movements	Balance at the end of the period	Vested during the period	Vested and exercisable at the end of the period
Non-executive directors								
Reg Gillard	-	-	-	-	-	-	-	-
Neil Fearis	-	-	-	-	-	-	-	-
Sean Harvey	600,000	-	(600,000)	-	-	-	-	-
Michael Bohm	400,000	-	(400,000)	-	-	-	-	-
Executive directors								
Mark Calderwood	-	-	-	-	-	-	-	-
Colin Carson	-	-	-	-	-	-	-	-
Rhett Brans	-	-	-	-	-	-	-	-
Senior executives								
Susmit Shah	500,000	-	(350,000)	-	-	150,000	150,000	150,000
Kevin Thomson	1,100,000	-	(600,000)	-	-	500,000	200,000	500,000
Jeffrey Quartermaine	650,000	-	-	-	-	650,000 ⁽ⁱⁱ⁾	250,000	650,000
Jon Yelland	-	-	-	-	-	-	-	-

Notes:

- (i) Options exercised during the period are equivalent to the number of ordinary shares issued on exercise of options during the year.
(ii) 400,000 options lapsed unexercised on the 29th of July 2012.

Directors' report

REMUNERATION REPORT - continued

Details of remuneration: share-based compensation benefits

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

Table 7 – Option grants as at 30 June 2012

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

5.0 Additional information

Perseus's performance during the 12 months to 30 June 2012 and the six previous years are set out in table 8 below.

Table 8 – Year on year performance

Year ended 30 June	2012	2011	2010	2009	2008	2007	2006
Market capitalisation (\$'000)	1,135,746	1,115,117	961,474	217,874	207,482	136,385	42,663
Closing share price (\$)	2.48	2.62	2.30	0.73	1.19	1.16	0.48
Total shareholder returns – 1 year (%)	(5.3)	13.9	215.1	(38.7)	2.6	141.7	200.0
Total shareholder returns – 3 year rolling (%)	239.7	120.2	98.3	52.1	643.8	NA	NA

LOANS TO DIRECTORS AND EXECUTIVES

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

SHARES UNDER OPTION

As at the date of this report, the total number of unissued ordinary shares in Perseus under option was 4,070,000 as follows:

Type of Security	Number	Exercise Price	Issue Date	Expiry Date
Unlisted Options	160,000	\$3.00	15 October 2010	14 October 2012
Unlisted Options	280,000	\$3.45	15 October 2010	14 October 2012
Unlisted Options	820,000	\$2.13	17 June 2010	16 June 2013
Unlisted Options	450,000	\$3.00	7 October 2010	6 October 2013
Unlisted Options	270,000	\$3.20	4 November 2010	3 November 2013
Unlisted Options	2,090,000	\$3.00	15 June 2011	15 June 2014

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

Shares issued on exercise of options

During the financial year 3,595,000 ordinary shares were issued by Perseus as a result of the exercise of options. None have been issued since the end of the financial year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

Perseus's Constitution requires it to indemnify directors and officers of any entity within the group against liabilities incurred to third parties and against costs and expenses incurred in defending civil or criminal proceedings, except in certain circumstances. An indemnity is also provided to the group's auditors under the terms of their engagement. The directors and officers of the group have been insured against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The insurance premiums, paid during the year ended 30 June 2012, amounted to \$211,500, and relates to:

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

Directors' report

PROCEEDINGS ON BEHALF OF THE COMPANY

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

NON-AUDIT SERVICES

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

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young, to provide the directors of Perseus with an independence declaration in relation to the audit of the annual report. This independence declaration is set out on page 33 and forms part of this directors' report for the year ended 30 June 2012.

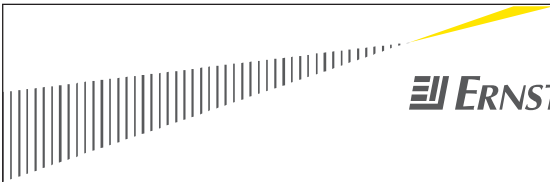
Signed in accordance with a resolution of directors.



M A Calderwood
Managing Director
 Perth, 27 August 2012

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 Chartered Professional 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 ore reserve estimates contained herein, details of the key assumptions, parameters and methods used to estimate the mineral resources and ore reserves set out in this report and the extent to which the estimate of mineral resources or ore reserves set out herein may be materially affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues, readers are directed to the technical report entitled "Technical Report - Central Ashanti Gold Project, Ghana" dated May 30, 2011 and the technical report entitled "Technical Report - Tengrela Gold Project, Côte d'Ivoire" dated December 22, 2010 in relation to the Edikan Gold Mine (formerly the Central Ashanti Gold Project) and the Tengrela Gold Project respectively.



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

In relation to our audit of the financial report of Perseus Mining Limited for the financial Year ended 30 June 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Gavin Buckingham
Partner
Perth
27 August 2012

Sustainability report

A key factor in determining Perseus's success as an explorer, developer and gold mine operator in West Africa is the strength of its "social licence" to operate. Recognising the importance of this relationship, Perseus is committed to ensuring that its activities are compatible with its host communities' expectations and at the same time, contributing positively to the long term development and sustainability of its host communities. Through these activities, the Company seeks to maintain a strong "social licence" to operate in both Ghana and Côte d'Ivoire.

Edikan Gold Mine, Ghana

The Edikan Gold Mine (EGM) was commissioned in August 2011. Consequently during the last financial year Perseus has focussed its sustainability activities on the development and implementation of health, safety, environment and social development management systems and operational processes to support the mine going forward.

Perseus contracted the services of an external auditor from Australia to conduct an initial baseline audit of the Edikan operation's integrated health, safety and environmental (HSE) management systems in June 2012. The audit was undertaken against the requirements of all elements of the international OHS/AS18001:2007 Standard and ISO14001:2004 Standard. The key non-conformances and observations from this audit will be prioritised and actioned to ensure the Edikan operation continues to improve its HSE performance.

Perseus is also in the process of integrating the activities of its Ghanaian exploration team with those of the EGM in both the area of HSE and social development programs. A closer working relationship and sharing of resources between the operations and exploration teams will give rise to a more consistent approach to health, safety, environment and social development management which in turn will benefit all Perseus employees as well as the local communities in which we operate.

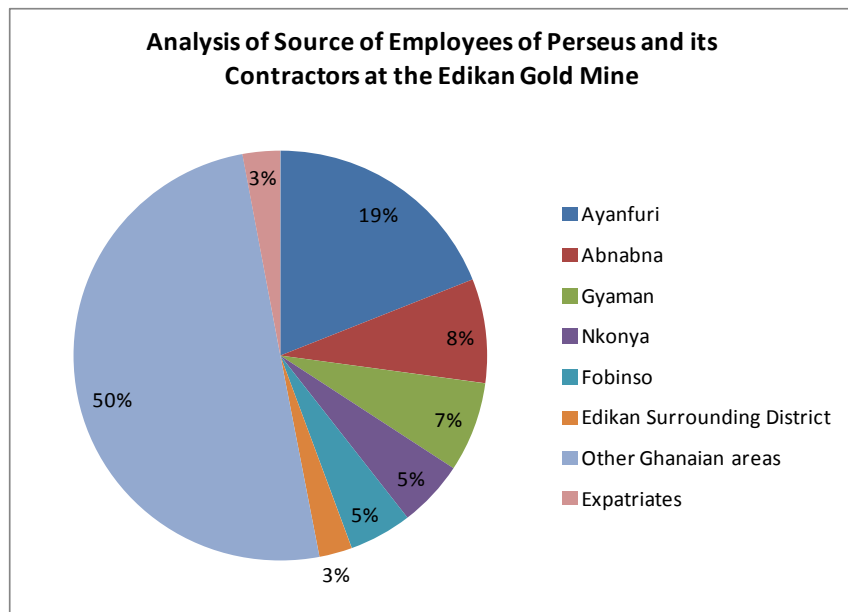
1. Human Resources

1.1 Employing Locally

As a matter of priority, Perseus endeavours to employ personnel from the five local catchment communities that surround the EGM and it encourages its contractors to do the same. Of a total of 1,126 people employed on the EGM site by Perseus and its contractors, 529 people or 47% of the total workforce are drawn from the local communities as shown below in Figure 1. Through providing employment and training opportunities to local citizens the Company is able to generate long term benefits for its host communities.

The EGM has established an employment database which allows all personnel from the local communities to register their interest in obtaining a position at the mine. As new positions become available either with Perseus or its contractors, a check is made of the database to identify suitable local candidates for the role.

Figure 1



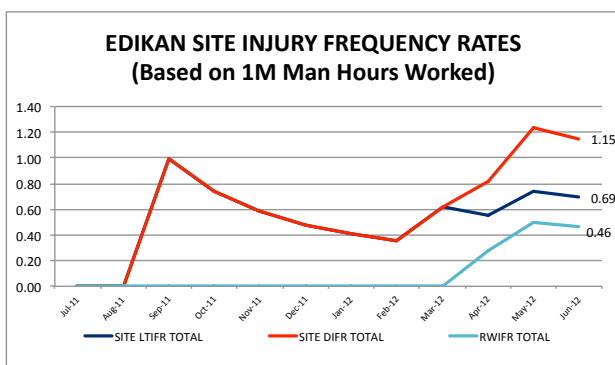
1.2 Training for the Future

The EGM has initiated a training program for local youth and has provided funding for forty (40) young people to be trained with the aim of attaining a trade qualification at a technical institute in the nearby city of Kumasi. This training has provided an opportunity for the children of farmers who have been displaced by the mining operation to attain new skills and qualifications that will assist them with future employment.

1.3 Employee Safety

The Edikan gold mining operation typically employs on average almost 1,100 direct employees and contractors on the site each month giving a monthly average of 361,341 man hours worked. The Edikan injury and illness statistics for the 2012 financial year were:

- Zero (0) fatalities;
- Four (4) Lost Time Injuries, giving a site LTI Frequency Rate (per 1M man hours worked) of 0.69 at the end of June 2012;
- Two (2) Restricted Work Injuries resulting in the injured personnel having to undertake alternative duties for a short period of time; and
- Seven (7) Medical Treatment Injuries.



LTIFR = LOST TIME INJURY FREQUENCY RATE
 DIFR = DISABLING INJURY FREQUENCY RATE
 RWIFR = RESTRICTED WORK INJURY FREQUENCY RATE
 DISABLING INJURY = FATALITIES + LTIS + RWIS

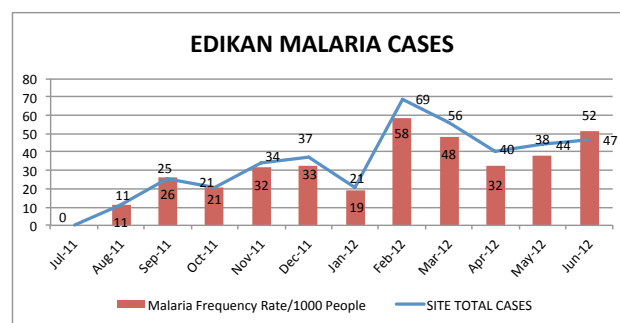
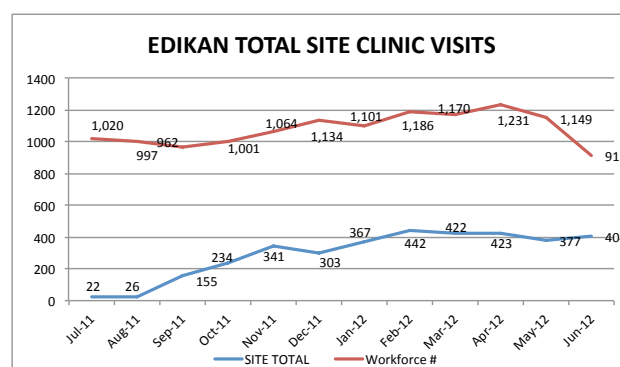
The EGM Occupational Health and Safety (OHS) Department has continued to strengthen its emergency response capabilities by recruiting an Emergency Response Coordinator to train members of the site Emergency Response Team (ERT) and to maintain emergency response equipment. To date, ERT training has focussed on first aid and patient management as well as basic fire fighting. Two practical emergency management exercises were held during the year to test the response times and capabilities of a number of groups including Perseus's ERT team, the medical staff of contractors (West African Rescue Association or WARA), Edikan's site security staff and nominated Emergency Management Team members. The exercises were also designed to confirm the effectiveness of the site's medical evacuation plans.

1.4 Employee Health

All employees who are recruited to work on the EGM site are required to undergo a pre-employment medical check. Edikan has a Medical Clinic on site that is staffed by a contractor (WARA) that provides the services of a

Ghanaian doctor and an expatriate paramedic. The site medical clinic services all employees and contractors, with clinic attendance now steadying at an average of about 380 patients each month.

The number of malaria cases reported by employees fluctuates from month to month (depending on the seasons) but averages almost forty (40) cases each month. Perseus has undertaken various initiatives aimed at preventing the spread of malaria including undertaking education campaigns targeting the workforce and the local communities, as well as conducting residual spraying and fogging around the site and camp infrastructure and providing sleeping nets to members of the local community on World Malaria Day.



2. Environment

2.1 Water Management

EGM is located in a seasonal, high rainfall area and has a number of small streams flowing through the mining lease area. The operation has diverted the Asuafu Stream around the boundary of the mining area and has commenced planting the diversion channel area with grasses to stabilise the embankments as the first stage of re-establishing a vegetative buffer zone. Surface water run-off from the mine site that is collected in a series of retention ponds as well as excess water from the mine pits is used for dust suppression on site roads.

A substantial programme of surface and ground water monitoring is conducted at various locations on the mining lease, including in the streams on the lease and ground

Sustainability report

water bores located at the local villages. For most of the year, water samples were sent to an external laboratory in Ghana for analysis, however, slow turn around in receiving results prompted the Company to establish a laboratory on site to enable the timely analysis of samples which will allow an immediate response to any anomalous result.

2.2 *Progressive Rehabilitation*

During the mine construction phase, topsoil was collected, stockpiled and planted with local grasses. This practise has been continued following completion of construction activities as new areas are cleared for expanding site infrastructure. A nursery on site at Edikan was commissioned and is providing seedlings for the ongoing program of progressive rehabilitation of disturbed areas. Final slopes have been prepared on some of the waste rock dumps lower levels and on the ROM Pad and the planting of local grasses and seedlings has already commenced.

2.3 *Cyanide Management*

The EGM has two tailings storage facilities, including a Cyanide Tailings Storage Facility (CTSF) and a Flotation Storage Facility (FTSF). The CTSF is fully lined with a double-layer HDPE lining that contains a leak detection system in between the two layers. The CTSF is used solely for the disposal of tailings containing cyanide. The FTSF is a large valley-style tailings storage facility for the disposal of tailings from the process plant's flotation circuit which *do not* contain any cyanide. The FTSF has a compacted clay liner and has been segregated into a number of cells to enable tailings discharge into completed areas whilst remaining areas are cleared and compacted.

2.4 *Hazardous Waste Management*

Hazardous wastes that are generated at the Edikan mine site include batteries, hydrocarbon wastes, chemical containers and medical waste. Batteries are stacked on pallets and sent off site for recycling. Waste oil and grease are also recycled off site. Medical waste is burnt in a small high-temperature incinerator on site, waste chemicals are disposed of in the CTSF and all other hazardous wastes are disposed of in a HDPE-lined trench that will be covered with HDPE, then soil and rehabilitated.

3. **Social Development**

3.1 *Stakeholder Engagement*

A Community Consultative Committee (CCC) has been established with representatives from each of the local catchment communities and relevant government representatives. The CCC meets regularly to exchange information and to discuss and resolve any issues that may have arisen between the Company and the community. A Crop Negotiation Committee (CNC) has also been established to negotiate with Perseus on crop compensation rates.

The Company has also established fully staffed Community Information Centres at the villages of Ayanfuri and Abenabena. These Centres enable members of the local community to get immediate answers to questions, register for employment and register complaints as well as providing an outlet for the Company to disseminate operational updates and stakeholder consultation outcomes to the community.

Perseus has implemented a grievance procedure to ensure that all community complaints are formally registered in a site database for effective tracking and to ensure that a response is provided to the complainant in a timely manner. Whilst not all grievances can be resolved quickly, the formal process ensures that progress in obtaining a resolution is managed and can be communicated to the parties involved.

3.2 *Community Development*

The Company supports the local communities by providing funding and other assistance throughout the year. Perseus has built two new primary schools in the local villages, one at Abenabena and the other at Nkonya. The Company also provides assistance for the staging of cultural celebrations, school events, and has established water bores with pumps and provided equipment to assist various community groups.

The Company has also established a Community Development Fund into which US\$500,000 will be deposited for use by the local catchment communities each year. These funds are for the express purpose of undertaking projects designed to improve health, education and sanitation in the communities in which we operate. The local communities have nominated representatives who will prioritise expenditure based on their respective community's needs and ultimately determine how that money is spent.

3.3 *Empowering Local Development*

Not every person in the local community who seeks to be employed can be employed at the mine. However, Perseus endeavours to directly support local people who have been unsuccessful in obtaining employment at the mine by fostering local industry initiatives. For example, Perseus's Environment Department purchases rehabilitation matting from local women who weave the matting out of local plant fibres. In addition, local youth have been shown how to grow vegetables which the site caterer then purchases from them.

The operation also supports local contractors where possible. For example, the EGM has engaged the services of a security firm based in Ayanfuri and a local transport contractor has also been engaged to provide transport services for our employees and those of the mining contractor to and from the surrounding villages.



Sustainability report

Sissingué Gold Project, Côte D'ivoire

The Sissingué Gold Project (SGP) is currently in a pre-development stage and so limited health, safety and environmental initiatives have been implemented on the site to date, although several initiatives are in the planning stage.

1. Occupational Health & Safety

A Safety Officer and a consultant expatriate Paramedic/ Security Advisor commenced work on the Sissingué site in May 2012. Their initial occupational health and safety tasks include:

- Establishing a site clinic for the initial medical treatment of employee injuries and illness;
- Assessing the availability and suitability of the local health care facilities;
- Determining suitable suppliers of quality medications and clinic consumables;
- Developing a Medical Emergency Evacuation procedure and training site personnel in their evacuation plan roles;
- Identifying local medical providers who can undertake detailed Pre-Employment Medicals for future employees; and
- Developing and implementing a Journey Management procedure to ensure the safety of personnel travelling between site and Abidjan.

2. Environment

The SGP's *Environment and Social Impact Assessment* was completed in 2011 and the Environmental Permit was granted by the Ivorian government in February 2012.

Project pre-development works in 2011/2012 included a groundwater study facilitated by consultant, Worley Parsons, for the dual purpose of determining a suitable and adequate groundwater resource for the operation as well as for proposed Tailings Storage Facility (TSF) due diligence purposes.

3. Social Development

Since commencing exploration activities on the Tengrela exploration tenements, Perseus's Exploration team has provided a substantial amount of support to the Sissingué village and other local communities including:

- Upgrading of the Sissingué School;
- Providing furniture and equipment to the Sissingué School as well as the Papara Primary School;
- Paying salaries of teachers at the Sissingué School;
- Supply of a generator for power generation;
- Installing a water bore and pump;
- Upgrading and repairing the Sissingué water storage dam; and
- Support for local celebrations and cultural days.

As part of the *Environmental and Social Impact Assessment*, a baseline study was done which included public consultation with the respective village's traditional members, the youth and the women. Each village on the mining lease, as well as some villages off the lease that may have been impacted by the operation, were consulted regarding their expectations of the project and their fears. Perseus will use the findings of this public consultation process to prioritise future social development activities and expenditure.

The Project has established a Community Consultative Committee (CCC) using elected representatives from the local villages which will be impacted by the project construction activities. The CCC will meet on a regular basis to share information and resolve any issues that affect the local communities.



Corporate governance statement

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

ASX Listing Rule 4.10.3 requires ASX listed companies to report on the extent to which they have followed the ASX Corporate Governance Principles and Recommendations ("ASX Principles") released by the ASX Corporate Governance Council ("CGC"). The ASX Principles require the board to consider carefully the development and adoption of appropriate corporate governance policies and practices founded on the ASX Principles. A description of the company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year. They comply with the August 2007 ASX *Principles of Good Corporate Governance and Best Practice Recommendations with 2010 Amendments*.

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

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

The table below summarises the company's compliance with the CGC's recommendations.

Recommendation	Comply Yes / No	Reference / explanation	ASX listing rule / CGC recommendations
Principle 1 — Lay solid foundations for management and oversight			
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	Page 41	ASX CGC 1.1
1.2 Companies should disclose the process for evaluating the performance of senior executives.	Yes	Page 41-42	ASX CGC 1.2
1.3 Companies should provide the information indicated in the guide to reporting on Principle 1.	Yes	Page 41-42	ASX CGC 1.3
Principle 2 — Structure the board to add value			
2.1 A majority of the board should be independent directors.	Yes	Page 42-43	ASX CGC 2.1
2.2 The chair should be an independent director.	Yes	Page 43	ASX CGC 2.2
2.3 The roles of chair and chief executive officer (CEO) should not be exercised by the same individual.	Yes	Page 43	ASX CGC 2.3
2.4 The board should establish a nomination committee.	No	Page 43	ASX CGC 2.4
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	Page 43	ASX CGC 2.5
2.6 Companies should provide the information indicated in the guide to reporting on Principle 2.	Yes	Pages 42-44	ASX CGC 2.6
Principle 3 — Promote ethical and responsible decision-making			
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: - The practices necessary to maintain confidence in the company's integrity - The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders - The responsibility and accountability of individuals for reporting and investigating reports of unethical practices	Yes	Page 45 Website	ASX CGC 3.1

Corporate governance statement

Recommendation	Comply Yes / No	Reference / explanation	ASX listing rule / CGC recommendations
Principle 3 — Promote ethical and responsible decision-making (continued)			
3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Yes	Page 45 Website	ASX CGC 3.2
3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	No	Page 45	ASX CGC 3.3
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Yes	Page 46	ASX CGC 3.4
3.5 Companies should provide the information indicated in the guide to reporting on Principle 3.		Pages 45-46	ASX CGC 3.5
Principle 4 — Safeguard integrity in financial reporting			
4.1 The board should establish an audit committee.	Yes	Page 46	ASX CGC 4.1
4.2 The audit committee should be structured so that it: - Consists only of non-executive directors - Consists of a majority of independent directors - Is chaired by an independent chair, who is not chair of the board - Has at least three members	Yes	Page 46	ASX CGC 4.1 ASX CGC 4.2 ASX LR 12.7
4.3 The audit committee should have a formal charter.	Yes	Page 46 Website	ASX CGC 4.3
4.4 Companies should provide the information indicated in the guide to reporting on Principle 4.	Yes	Page 46	ASX CGC 4.4
Principle 5 — Make timely and balanced disclosure			
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	Yes	Page 46-47 Website	ASX CGC 5.1
5.2 Companies should provide the information indicated in the guide to reporting on Principle 5.	Yes	Page 46-47	ASX CGC 5.2
Principle 6 — Respect the rights of shareholders			
6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	Page 46-47	ASX CGC 6.1
6.2 Companies should provide the information indicated in the guide to reporting on Principle 6.	Yes	Page 46-47	ASX CGC 6.2
Principle 7 — Recognise and manage risk			
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	Page 47	ASX CGC 7.1
7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	Page 47	ASX CGC 7.2

Recommendation	Comply Yes / No	Reference / explanation	ASX listing rule / CGC recommendations
Principle 7 — Recognise and manage risk (continued)			
7.3 The board should disclose whether it has received assurance from the CEO (or equivalent) and the Chief Financial Officer (CFO) (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	Page 47	ASX CGC 7.3
7.4 Companies should provide the information indicated in the guide to reporting on Principle 7.	Yes	Page 47	ASX CGC 7.4
Principle 8 — Remunerate fairly and responsibly			
8.1 The board should establish a remuneration committee.	Yes	Page 48	ASX CGC 8.1
8.2 The remuneration committee should be structured so that it: • Consists of a majority of independent directors • Is chaired by an independent chair • Has at least three members	Yes	Page 48	ASX CGC 8.2
8.3 Companies should clearly distinguish the structure of non- executive director's remuneration from that of executive directors and senior executives.	Yes	Page 48	ASX CGC 8.3
8.4 Companies should provide the information indicated in the guide to reporting on Principle 8.	Yes	Page 48	ASX CGC 8.3

Unless otherwise disclosed Perseus's corporate governance practices were in place throughout the year ended 30 June 2012.

Principle 1: Lay solid foundations for management and oversight

Functions reserved to the board and delegated to senior executives

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

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

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

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

- Board approval of a strategic plan designed to meet stakeholders' needs and manage business risk;
- Ongoing development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success of the company;
- Consider and if thought fit approve policies designed to guide the conduct of the company's employees in conducting the company's business;
- Consider and if thought fit, approve systems for health, safety and environmental management; risk and internal control, and regulatory compliance;

Corporate governance statement

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

- Monitoring management's progress relative to approved budgets — via the establishment and reporting of both financial and non-financial key performance indicators;
- Approval of the annual and half-yearly financial reports;
- Consider, approve and monitor the progress of strategic initiatives including major capital expenditure, capital management, and acquisitions and divestitures;
- Ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored;
- Reporting to shareholders.

Senior executive performance review

It has been the practice of the board to conduct an evaluation of the performance of senior executives annually. With the input of a professionally qualified human resources manager, the company has recently initiated measures to upgrade its performance evaluation and reward systems such that remuneration in the form of base salary, short term incentives and long term incentives has been linked to key performance indicators (KPI) which are agreed with executives and will be used as a basis for monitoring performance from the 2013 financial year. Performance reviews are scheduled to occur at six monthly intervals. Typically KPIs include measures related to corporate performance, and the performance of the executive's team as well as measurable indicators relating to functional performance (e.g. gold produced, cash operating costs, various environmental, occupational health and safety, community and government relations) as applicable.

Principle 2: Structure the board to add value

Perseus endorses the proposition that "companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties." The company's board is structured to achieve this outcome, and its directors believe that they have adequately discharged their responsibilities and duties to the benefit of shareholders and other key stakeholders.

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

The board reviews its composition on an annual basis to ensure that it has an appropriate mix of expertise and experience. When a vacancy occurs, for whatever reason, or where it is considered that the board would benefit from the services of a new director with particular skills, the board will select appropriate candidates with relevant qualifications, skills and experience. External advisers may be used to assist in such a process. The board will then appoint the most suitable candidate who must stand for election at the next general meeting of shareholders.

The terms and conditions of the appointment and retirement of directors were not formally set out in a letter of appointment however this practice will change when any new directors are appointed. However, matters such as remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice are clearly understood by all existing directors, who are experienced public company directors.

Independent directors

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

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

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

Principle 2: Structure the board to add value - continued

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

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

Mr Mark A Calderwood is the managing director and CEO of the company and is not considered to be independent nor are Mr Colin J Carson and Mr Rhett B Brans both of whom are employed by the company in executive roles.

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

Chairman and CEO

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

The CEO is Mr Mark A Calderwood who is responsible for implementing company strategies and policies.

Nomination Committee

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

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

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

Board performance review

It is the policy of the board to conduct an annual evaluation of the performance of each of the directors. Performance is measured by the efficiency and effectiveness with which the Company goes about achieving its corporate objectives.

Prior to the current period this performance evaluation has informal in nature and has not been based on financial or physical indicators such as gold production, unit costs, earnings or dividends as the company has been in a pre-production phase where the main focus has been on exploration and development activities making these parameters of limited relevance.

With the transition of Perseus into an integrated gold production company, the board considers that a more rigorous review process is warranted and to this end a formal evaluation structure has been implemented. This evaluation process involves each director making a formal appraisal of their peers' performance relative to a series of measures related to the achievement of the company's objectives. This data is then collated and a ranking assigned to each performance measure based on the peer review. This ranking then forms the basis for a discussion between the individual director and the chairman during which feedback is provided and as necessary, plans for performance improvement agreed. Part of this feedback process also involves consideration of more subjective appraisal of the overall board's performance as gathered by the chairman during the period based on contacts with shareholders and other key stakeholders.

Corporate governance statement

Principle 2: Structure the board to add value - continued

Independent professional advice

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

Access to information

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

For each formal meeting of the board, a set of board papers is prepared by management addressing each of the functional areas of the business and is typically provided to directors in advance of the meeting to afford directors the opportunity to familiarise themselves with matters to be considered ahead of the meeting. Information provided to the board includes all material information on: exploration, development, operations, finance and corporate activities including budgets, cash flows, funding requirements, shareholder movements, broker activity in the company's securities, assets and liabilities, disposals, financial accounts, external audits, internal controls, risk assessment, new venture proposals, and health, safety and environmental reports.

Share ownership

Directors are encouraged to own shares in the company.

Principle 3: Promote ethical and responsible decision making

Code of conduct

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

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

The code of conduct, which formally documents existing practise, applies equally to all employees of the group and compliance with the code of conduct is an explicit condition of their continued employment by the group.

Whistle blower policy

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

Securities trading policy

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

Principle 3: Promote ethical and responsible decision making - continued

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

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

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

Diversity

The group recognises the value contributed to the organisation by employing people with varying skills, gender, cultural backgrounds, ethnicity and experience. Perseus believes its diverse workforce is the key to its continued growth, improved productivity and performance.

To this end the company has adopted an equal opportunity and anti-discrimination policy whereby to the extent possible permitted by the laws of the jurisdictions in which we operate, Perseus is committed to providing equal employment opportunities to all directors and employees and to all applicants for employment regardless of race, colour, gender, religion, age, nationality, disability, marital status, sexual orientation, political conviction or any other grounds and to providing a workplace where differences are respected and accepted and anti-discriminatory behaviour of any kind is strictly prohibited.

This commitment is enacted through:

- Encouraging diversity in our workforce in the course of our business provided that this does not conflict with "local employment" rules and quotas that apply in some jurisdictions in which we operate;
- Avoiding discrimination of any form, be it positive or negative, in our recruitment practices;
- Educating employees on issues of diversity, tolerance and respect for differences;
- Proactively discouraging behaviour involving harassment, bullying or disrespectful conduct by employees towards other employees of different race, colour, gender, religion, age, nationality, disability, marital status, sexual orientation, political conviction or any other grounds;
- Establishing and enforcing disciplinary procedures which include sanctions against discriminatory behaviour.

While Perseus is committed to fostering diversity at all levels of the group it firmly believes that this must be done on a non-discriminatory basis. As such the group operates as a "meritocracy" always seeking to employ the best qualified person for the job, irrespective of race, colour, gender, religion, age, nationality, disability, marital status, sexual orientation, political conviction or any other grounds. To this end, the group does not positively discriminate in favour of any group of people other than as required by law and custom in both Ghana and Côte d'Ivoire to favour as employees, residents of the areas immediately surrounding our mining operations in favour of residents from other parts of the country or from outside the country, but even in these circumstances, the person needs to be better qualified for the position than other candidates.

To this end, the group does not support the recommendations contained in the ASX corporate governance principles and recommendations requiring the group to establish measurable objectives for achieving gender diversity as this contradicts our policy of not discriminating in favour of any group of people.

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

- Does not discriminate for or against the appointment of women to roles at any level of the organisation. The table below provides actual data on the gender diversity that currently exists within the group;
- Does not discriminate in terms of making training and career development opportunities available to all employees, irrespective of gender. To this end, the group has adopted an employee development policy under which the company is committed to providing all employees, irrespective of gender, with support and opportunities to improve their skills, knowledge and qualifications required for the performance of their existing role and for improving their prospects of promotion to other roles within the company.
- Does not discriminate on the basis of gender in setting salary levels. Salaries are set on the basis of the level of responsibility of the position, technical skills and qualifications required to perform the role and have no bearing on the employee's gender.
- Does to the extent practically possible, taking into account the nature of work performed by employees, provide flexible work arrangements.

Corporate governance statement

Principle 3: Promote ethical and responsible decision making - continued

Employment level	Number of women	Representation as a percentage
Board	-	-
Senior Management	1	14 %
Department Management*	2	22 %
Total group	49	11 %

*Refers to departments at Edikan Gold Mine in Ghana.

Principle 4: Safeguard integrity in financial reporting

Audit committee

The company has an audit committee comprising three independent, non-executive directors, with two committee members constituting a quorum.

Name		Meetings held	Meetings attended
N C Fearis (Chairman)	Independent, non-executive director	4	4
R N Gillard	Independent, non-executive chairman	4	4
T S Harvey	Independent, non-executive director	4	4

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

The audit committee charter can be found on the company website.

External auditors

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

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

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

Continuous disclosure policy and shareholder communication

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

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

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

All stock exchange announcements including all financial reports are posted to the company's website. The company encourages effective participation at general meetings through a policy of open disclosure to shareholders, regulatory authorities and the broader community of all material information with respect to the company's affairs.

All company announcements, media briefings, details of company meetings, press releases and financial reports are available on the company's website. Following the release to the ASX and TSX of important announcements including but not limited to quarterly reports and financial statements, open "dial-in" teleconferences are convened which are open for all shareholders, potential investors and analysts to participate. The CEO and CFO conduct investor relation presentations throughout the year.

Shareholders and interested investors are also encouraged to subscribe to the company's database, through which participants are made aware of news releases as soon as possible after such releases have been issued to the ASX and TSX. Hard copies of financial reports and news releases are made available on request.

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

Principle 7: Recognise and manage risk

The board has the responsibility for the risk management, compliance and internal controls systems of the company. The company's size and activities do not, at this stage, warrant the formation of a separate committee of the board or an internal audit team for this purpose, although financial risk management is a key concern of the audit committee.

Risk management

Group management, through the CEO, is responsible for designing, implementing and reporting on the adequacy of the group's risk management and internal control system. The group's risk management policy is designed to provide the framework to identify, assess, monitor and manage the risks associated with the company's business. The group adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the group's adopted risk profile. The risks involved in operating a resources sector company and the specific uncertainties faced by the group continue to be regularly monitored and the CEO regularly appraises the full board of the company as to the effectiveness of the company's management of its material business risks. All investment proposals reviewed by the board include a consideration of the issues and specific risks associated with the proposal.

Where necessary, the board draws on the expertise of appropriate external consultants to assist in dealing with transferring or mitigating risk.

Assurances from the chief executive officer and the chief financial officer

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

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

The company's internal control system is monitored by the board and assessed regularly to ensure effectiveness and relevance to the company's current and future operations.

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

Corporate governance statement

Principle 8: Remunerate fairly and responsibly

Remuneration committee

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

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

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

Remuneration policy

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

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

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

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

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

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

Perseus Mining Limited
Second Floor
437 Roberts Road
Subiaco WA 6008
AUSTRALIA

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the directors' report on pages 4 to 14, which is not part of these financial statements.

These financial statements were authorised for issue by the directors on 27 August 2012. The directors have the power to amend and reissue the financial statements.

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

Statement of comprehensive income

For the year ended 30 June 2012

CONSOLIDATED			
	Notes	2012 \$	2011 \$
Revenue		144,687,162	-
Other income	4	11,441,032	2,533,181
Changes in inventories of finished goods and work in progress		5,010,438	-
Direct costs of mining and processing		(68,734,474)	-
Movement in deferred waste		6,484,474	-
Royalties		(9,417,865)	-
Employee benefits expense		(10,752,675)	(9,609,982)
Depreciation and amortisation expense		(10,167,105)	(249,967)
Finance cost ⁵		(1,946,022)	(303)
Impairment reversal of investment in associate		-	3,118,384
Share of net losses of associate	12	(614,661)	(867,504)
Loss on disposal of investment		-	(932,840)
Loss on derivative financial instruments		(255,050)	(22,763,197)
Other expenses	5	(5,514,145)	(22,404,086)
Profit / (loss) before income tax expense		60,221,109	(51,176,314)
Income tax expense	6	(7,760,179)	-
Profit / (loss) after tax expense		52,460,930	(51,176,314)
Other comprehensive income / (loss)			
Exchange differences on translation of foreign operations		(3,143,870)	(33,874,942)
Net changes in fair value of cash flow hedges		(10,998,437)	(38,056,544)
Income tax benefit relating to components of other comprehensive income / (loss)		17,169,243	-
Total comprehensive income / (loss) for the year		55,487,866	(123,107,800)
Profit / (loss) attributable to:			
Owners of the parent		47,155,881	(48,245,661)
Non-controlling interests		5,305,049	(2,930,653)
		52,460,930	(51,176,314)
Total comprehensive income / (loss) attributable to:			
Owners of the parent		49,612,899	(116,652,370)
Non-controlling interests		5,874,967	(6,455,430)
		55,487,866	(123,107,800)
Basic profit / (loss) per share	30	10.56 cents	(12.11) cents
Diluted profit / (loss) per share	30	10.52 cents	(12.11) cents

The accompanying notes form part of these financial statements.

Statement of financial position

As at 30 June 2012

CONSOLIDATED			
	Notes	2012 \$	2011 \$
Current assets			
Cash and cash equivalents	7	105,496,585	96,462,044
Receivables	8	10,507,416	8,546,771
Inventories	9	37,334,846	428,089
Other assets	10	5,621,573	3,081,520
Total current assets		158,960,420	108,518,424
Non-current assets			
Receivables	8	29,563,428	3,630,650
Other assets	10	35,629	42,193
Deferred tax asset	11	12,089,893	-
Investments accounted for using the equity method	12	11,420,668	9,681,081
Property, plant and equipment	13	162,043,648	228,480,167
Mine properties	14	125,732,030	-
Mineral interest acquisition and exploration expenditure	15	29,124,828	32,245,535
Total non-current assets		370,010,124	274,079,626
Total assets		528,970,544	382,598,050
Current liabilities			
Payables	16	31,731,613	28,636,707
Derivative financial instruments	17	32,836,085	10,837,822
Income tax payable		3,118,510	-
Borrowings	18	34,657,400	20,000,695
Total current liabilities		102,343,608	59,475,224
Non-current liabilities			
Provisions	16	6,864,724	4,461,842
Derivative financial instruments	17	34,287,361	48,471,820
Borrowings	18	25,606,959	57,804,344
Total non-current liabilities		66,759,044	110,738,006
Total liabilities		169,102,652	170,213,230
Net assets		359,867,892	212,384,820
Equity			
Issued capital	20	445,449,793	355,759,201
Reserves	20	(61,854,467)	(66,518,888)
Accumulated losses	21	(23,101,566)	(70,257,447)
Parent entity interest		360,493,760	218,982,866
Non-controlling interest		(625,868)	(6,598,046)
Total equity		359,867,892	212,384,820

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2012

	CONSOLIDATED							
	Issued capital \$	Accumulated losses \$	Share based payments reserve \$	Foreign currency translation reserve \$	Hedging reserve \$	Non-controlling interest's reserve \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2011	355,759,201	(70,257,447)	16,242,006	(48,727,585)	(34,250,890)	217,581	(6,598,046)	212,384,820
Profit for the year	-	47,155,881	-	-	-	-	5,305,049	52,460,930
Currency translation differences	-	-	-	(3,064,956)	-	-	(47,162)	(3,112,118)
Share of currency translation difference of associated entity	-	-	-	(31,752)	-	-	-	(31,752)
Net change in fair value of cash flow hedges	-	-	-	-	(9,898,593)	-	(1,099,844)	(10,998,437)
Income tax relating to components of other comprehensive income / (loss)	-	-	-	-	15,452,319	-	1,716,924	17,169,243
Total comprehensive income/(loss) for the year	-	47,155,881	-	(3,096,708)	5,553,726	-	5,874,967	55,487,866
Shares issued during the period	89,121,209	-	-	-	-	-	-	89,121,209
Share issue expenses	(4,926,167)	-	-	-	-	-	-	(4,926,167)
Exercise of options	5,495,550	-	-	-	-	-	-	5,495,550
Fair value of options issued	-	-	2,207,403	-	-	-	97,211	2,304,614
Balance at 30 June 2012	445,449,793	(23,101,566)	18,449,409	(51,824,293)	(28,697,164)	217,581	(625,868)	359,867,892
Balance at 1 July 2010	346,615,812	(22,011,786)	10,998,301	(14,571,766)	-	217,581	(318,057)	320,930,085
Loss for the year	-	(48,245,661)	-	-	-	-	(2,930,653)	(51,176,314)
Currency translation differences	-	-	-	(33,446,860)	-	-	280,877	(33,165,983)
Share of currency translation difference of associated entity	-	-	-	(708,959)	-	-	-	(708,959)
Net change in fair value of cash flow hedges	-	-	-	-	(34,250,890)	-	(3,805,654)	(38,056,544)
Total comprehensive income/(loss) for the year	-	(48,245,661)	-	(34,155,819)	(34,250,890)	-	(6,455,430)	(123,107,800)
Share issue expenses	(86,861)	-	-	-	-	-	-	(86,861)
Exercise of options	9,230,250	-	-	-	-	-	-	9,230,250
Fair value of options issued	-	-	5,243,705	-	-	-	175,441	5,419,146
Balance at 30 June 2011	355,759,201	(70,257,447)	16,242,006	(48,727,585)	(34,250,890)	217,581	(6,598,046)	212,384,820

The accompanying notes form part of these financial statements.

Statement of cash flows

For the year ended 30 June 2012

CONSOLIDATED			
	Notes	2012 \$	2011 \$
Operating activities			
Receipts in the course of operations		134,228,962	-
Payments to suppliers and employees		(90,390,230)	(8,290,402)
Interest received		916,508	2,464,121
Payments for borrowing costs		(1,688,322)	-
Net cash flows from/(used in) operating activities	29	43,066,918	(5,826,281)
Investing activities			
Payments for exploration and evaluation expenditure		(29,400,677)	(10,217,914)
Payments for acquisition of assets under construction		(123,979,629)	(140,424,221)
Receipts from gold sales capitalised to development		57,958,370	-
Payments for acquisition of property, plant and equipment		(3,720,915)	(3,074,241)
Payments for borrowing costs		(1,728,907)	(4,967,167)
Investment in associates		(2,386,000)	(4,730,000)
Advances to third parties		(866,783)	(766,086)
Funds received for security deposits and bank guarantee		1,037,388	3,213,064
Net cash flows used in investing activities		(103,087,153)	(160,966,565)
Financing activities			
Proceeds from share issues		89,121,209	-
Proceeds from exercise of options		5,495,550	9,230,250
Proceeds from borrowings		-	80,211,381
Repayment of borrowings		(21,240,467)	-
Share issue expenses		(4,926,167)	(163,322)
Net cash flows from financing activities		68,450,125	89,278,309
Net increase / (decrease) in cash held		8,429,890	(77,514,537)
Cash and cash equivalents at the beginning of the financial year		96,462,044	185,591,726
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		604,651	(11,615,145)
Cash and cash equivalents at the end of the financial year	7	105,496,585	96,462,044

The accompanying notes form part of these financial statements.

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Notes to the financial statements

For the year ended 30 June 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

Compliance with IFRS

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

New and amended standards adopted by the group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2011:

- AASB 124 (revised) *Related Party Disclosures* (December 2009);
- AASB 2009-12 *Amendments to Australian Accounting Standards*;
- AASB 2010-4 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*;
- AASB 2010-5 *Amendments to Australian Accounting Standards*;
- AASB 1054 *Australian Additional Disclosures*;
- AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (AASB 1 & AASB 7);
- AASB 2010-9 *Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time adopters* (AASB 1); and
- AASB 2011-5 *Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation*.

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

Early adoption of standards

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

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

Historical cost convention

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

Critical accounting estimates

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

Notes to the financial statements

For the year ended 30 June 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Perseus Mining Limited (the 'company' or 'parent entity') as at 30 June 2012 and the results of all subsidiaries for the year then ended.

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

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

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

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

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

(ii) Associates

Associates are all entities over which the group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to note 12).

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

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

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

(iii) Joint ventures

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(b) Principles of consolidation (continued)

(iv) *Changes in ownership interests*

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

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

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

(c) Segment reporting

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

(d) Foreign currency transactions and balances

(i) *Functional and presentation currency*

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

(ii) *Transactions and balances*

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value was determined. Translation differences on non-monetary assets and liabilities, such as equity held at fair value through profit or loss, are reported in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary assets, such as equities classified as available-for-sale financial assets, are recognised in other comprehensive income.

Notes to the financial statements

For the year ended 30 June 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(d) Foreign currency transactions and balances (continued)

(iii) Group companies

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

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

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

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

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

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

Jurisdiction	Entity	Functional Currency
Ghana	Kojina Resources Limited	United States dollars (USD)
	Sun Gold Resources Limited	United States dollars (USD)
	Central Ashanti Gold Limited	United States dollars (USD)
Côte d'Ivoire	Occidental Gold Sarl	CFA ¹ francs (XOF)
	Perex Sarl	CFA ¹ francs (XOF)
Canada	Perseus Mining Services Ltd	Canadian dollars (Cdn)

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

(e) Revenue recognition

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

The group recognises revenue when the amount can be reliably measured and it is probable that future economic benefits will flow to the entity. The following criteria are also applicable to specific revenue transactions:

(i) Gold bullion sales

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

(ii) Interest income

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(f) Income tax

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

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

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

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

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

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

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

(g) Impairment of assets

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

Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating value in use, a pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the asset.

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

(h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions with an original maturity not exceeding three months, if greater than three months principal amounts can be redeemed in full with interest payable at the same cash rate from inception as per the agreement with each bank, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if utilised, are shown within borrowings in current liabilities on the statement of financial position.

Notes to the financial statements

For the year ended 30 June 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(i) Trade and other receivables

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

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

(j) Inventories

Gold bullion, gold in circuit and ore stockpiles are physically measured or estimated and stated at the lower of cost and net realisable value.

Cost comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs in getting such inventories to their existing location and condition, based on weighted average costs incurred during the period in which such inventories were produced. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling the final product.

Inventories of consumable supplies and spare parts expected to be used in production are valued at weighted average cost. Obsolete or damaged inventories of such item are valued at net realisable value.

(k) Investments and other financial assets

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Available-for-sale financial assets

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

Recognition and derecognition

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(k) Investments and other financial assets (continued)

Measurement

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

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

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

Details on how the fair value of financial instruments is determined are disclosed in note 19.

Impairment

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

(l) Derivatives and hedging activities

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

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

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 17. Movements in the hedging reserve in shareholders' equity are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

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

(i) Fair value hedges

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

Notes to the financial statements

For the year ended 30 June 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(l) Derivatives and hedging activities (continued)

(ii) Cash flow hedges

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

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

(ii) Cash flow hedges (continued)

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

(iii) Derivatives that do not qualify for hedge accounting

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

(m) Property, plant and equipment and mine properties

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

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

Land is not depreciated.

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

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

Depreciation on other assets is calculated using the straight-line method to allocate their cost net of their residual values, over their estimated useful lives as follows:

Item	Estimated Useful Life (years)
Plant and equipment	3-10
Buildings	20

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(m) Property, plant and equipment and mine properties (continued)

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

Assets under construction

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

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

(n) Exploration and evaluation expenditure

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

- such expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

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

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

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified as 'assets under construction' (note 1(m)).

(o) Trade and other payables

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

(p) Borrowings

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

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

Notes to the financial statements

For the year ended 30 June 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(p) Borrowings (continued)

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

(q) Borrowing costs

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

(r) Provisions

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

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

(s) Employee benefits

(i) Short term obligations

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

(ii) Other long-term employee benefit obligations

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

(iii) Retirement benefit obligations

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

(iv) Share based payments

Share based compensation benefits are provided to employees, consultants and contractors via the Perseus Mining Limited Employee Option Plan. Information relating to share based payments is set out in note 31.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(s) Employee benefits (continued)

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

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

(t) Rehabilitation provision

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

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

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

(u) Contributed equity

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

(v) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(w) Goods and Services Tax (GST)

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

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

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

Notes to the financial statements

For the year ended 30 June 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(w) Goods and Services Tax (GST) (continued)

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

(x) Parent entity financial information

The financial information for the parent entity, Perseus Mining Limited, disclosed in note 32 has been prepared on the same basis as the consolidated financial statements, except as set out below.

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

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

(ii) *Share-based payments*

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

(y) Deferred stripping costs

In mining operations, it is necessary to remove overburden and other barren waste materials to access ore from which minerals can economically be extracted. The process of mining overburden and waste materials is referred to as stripping. Stripping costs incurred before production commences are included within capitalised mine development expenditure and subsequently amortised. The group defers stripping costs incurred subsequently during the production stage of operation.

The excess stripping costs that are incurred during production are deferred based on the strip ratio method. Stripping ratios are a function of the quantity of ore mined compared with the quantity of overburden, or waste required to be removed to mine the ore. For each individual pit and interim pit the actual strip ratio is compared to the life of pit strip ratio and costs are deferred to the extent that the current period ratio exceeds the life of pit strip ratio. The deferred costs are then expensed to the income statement in the period where the current ratio falls below the life of pit ratio.

(z) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The group's assessment of the impact of these new standards and interpretations is set out below.

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

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

* In December 2011, the IASB delayed the application date of IFRS 9 to 1 January 2015. The AASB is expected to make an equivalent amendment to AASB 9 shortly.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(z) New accounting standards and interpretations (continued)

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. The group does not expect the new standard to have any impact on its composition.

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

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

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the group's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. The group does not expect the new standard to have any impact on its composition.

(iii) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013). AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

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

Notes to the financial statements

For the year ended 30 June 2012

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(i) *Exploration and evaluation expenditure*

In accordance with accounting policy note 1(n) management determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. In determining this, assumptions, including the maintenance of title, ongoing expenditure and prospectively are made. See note 15 for disclosure of carrying values.

(ii) *Impairment of assets*

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

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

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

(iii) *Share-based 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 31.

(iv) *Restoration and rehabilitation provisions*

As set out in accounting policy note 1(t), the value of the current restoration and rehabilitation provision is based on a number of assumptions including the nature of restoration activities required and the valuation at the present value of a future obligation that necessitates estimates of the cost of performing the work required, the timing of future cash flows and the appropriate discount rate. Additionally current provisions are based on the assumption that no significant changes will occur in either relevant Federal or State/Prefect legislation covering restoration of mineral properties. A change in any, or a combination, of these assumptions used to determine current provisions could have a material impact to the carrying value of the provision – see note 16 for disclosure of carrying values.

(v) *Derivative financial instruments*

The group makes judgements on the effectiveness of all derivative financial instrument entered into, including forward metal contracts, metal options and foreign currency option contracts in accordance with accounting policy note 1(l). Management's assessment is that, unless otherwise disclosed the derivatives have been highly effective in offsetting changes in the fair value of the future cash flows against which they have been designated and as such are compliant with the hedge effectiveness requirements of AASB 139. Further information on the group's use of derivative financial instruments, including carrying values, is set out in note 17.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – continued

(vi) Taxes

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

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

(vii) Production start date

The group assesses the stage of each mine under construction to determine when a mine moves into the production stage being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of a plant and its location. The group considers various relevant criteria to assess when the production phase is considered to commence and all related amounts are reclassified from 'Mines under construction' to 'Mine properties' and 'Property, plant and equipment'. Some of the criteria used will include but are not limited to, the following:

- (i) Level of capital expenditure incurred compared to the original construction cost estimates;
- (ii) Completion of a reasonable period of testing of the mine plant and equipment;
- (iii) Ability to produce metal in saleable form (within specifications); and
- (iv) Ability to sustain ongoing production of metal.

When a mine development / construction project moves into the production stage, the capitalisation of certain mine development / construction costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation / amortisation commences.

(viii) Unit-of-production method of depreciation / amortisation

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

(ix) Deferred stripping expenditure

The group defers advanced stripping costs incurred during the production stage of its operations. This calculation requires the use of judgements and estimates such as estimates of tonnes of waste to be removed over the life of the mining area and economically recoverable reserves extracted as a result. Changes in a mine's life and design will usually result in changes to the expected stripping ratio (waste to ore reserves ratio). Changes in other technical or economical parameters that impact reserves will also have an impact on the life of mine ratio even if they do not affect the mine's design. Changes to the life of mine are accounted for prospectively.

(x) Inventory

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

Notes to the financial statements

For the year ended 30 June 2012

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – continued

(xi) Reserves and resources

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

3. SEGMENT INFORMATION

(a) Description of segments

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

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

The group operated principally in three geographical segments in 2012 being Australia and the West African countries of Ghana and Côte d'Ivoire. The segment information is prepared in conformity with the group's accounting policies.

The group comprises the following main segments:

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

Notes to the financial statements

For the year ended 30 June 2012

3. SEGMENT INFORMATION – continued

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

	Australia 2012 \$	Australia 2011 \$	Ghana 2012 \$	Ghana 2011 \$	Côte d'Ivoire 2012 \$	Côte d'Ivoire 2011 \$	Consolidated 2012 \$	Consolidated 2011 \$
Total revenue								
Revenue	-	-	144,687,162	-	-	-	144,687,162	-
Other income	11,545,743	2,471,368	(8,733)	61,813	(95,978)	-	11,441,032	2,533,181
Reconciliation to total revenue and other income								
	11,545,743	2,471,368	144,678,429	61,813	(95,978)	-	156,128,194	2,533,181
Results								
Operating profit / (loss) before income tax	837,174	(20,565,557)	60,079,151	(29,380,786)	(695,216)	(1,229,971)	60,221,109	(51,176,314)
Income tax benefit / (expense)							(7,760,179)	-
Net profit / (loss)							52,460,930	(51,176,314)
Included within segment results:								
Share of net loss of associate accounted for using the equity method	(614,661)	(867,504)	-	-	-	-	(614,661)	(867,504)
Depreciation	(806,658)	(60,013)	(9,296,972)	(176,750)	(63,475)	(13,204)	(10,167,105)	(249,967)
Loss on derivative financial instruments	-	-	(255,050)	(22,763,197)	-	-	(255,050)	(22,763,197)
Devaluation of gold put options	(6,103)	(5,814,610)	(201)	(1,626,301)	-	-	(6,304)	(7,440,911)
Impairment reversal of investment in associate	-	3,118,384	-	-	-	-	-	3,118,184
Options issued to employees, Directors and consultants	(1,068,172)	(1,528,025)	(424,233)	(3,138,984)	(36,161)	(817,675)	(1,528,566)	(5,484,684)
Foreign exchange gain/(loss)	10,541,026	(10,214,118)	(52,111)	(194,192)	(95,977)	27,830	10,392,938	(10,380,480)
Assets								
Segment assets	98,644,008	35,621,883	393,137,294	320,474,137	37,189,242	26,502,030	528,970,544	382,598,050
Liabilities								
Segment liabilities	11,420,668	9,681,081	-	-	-	-	11,420,668	9,681,081
Total assets includes:								
Investments in associates	6,108,191	1,122,782	39,975,900	146,714,371	13,979,259	5,127,572	60,063,350	152,964,725
Additions to non-current assets (other than financial assets)	2,264,213	1,016,363	165,555,545	168,078,406	1,282,894	1,118,461	169,102,652	170,213,230

4. OTHER INCOME

	CONSOLIDATED	
	2012 \$	2011 \$
Interest income	863,259	2,448,356
Foreign exchange gains	3,903,426	-
Foreign exchange gain on translation of receivable from foreign operation (i)	6,489,512	-
Other	184,835	84,825
	11,441,032	2,533,181

- (i) Loan receivable from foreign operation likely to be settled / repaid in the foreseeable future and thus has been recognised in statement of comprehensive income rather than equity from 1 July 2011.

5. EXPENSES

Profit / (loss) from ordinary activities before income tax has been determined after:

Expenses

Finance costs:

Unwinding of discount on rehabilitation provision	12,761	-
Interest and finance charges paid / payable	1,933,261	303
Total finance costs	1,946,022	303

Other:

Write down of low grade stockpiles to net realisable value	11,557,129	-
Foreign exchange losses	-	10,380,480
Devaluation of gold put options	6,304	7,440,911
Travel	1,115,808	1,080,189

6. INCOME TAX EXPENSE

(a) Income tax expense

Current tax expense	3,068,382	-
Deferred tax expense	5,079,350	-
Adjustment for current tax of prior periods	(387,553)	-
Income tax expense	7,760,179	-
Income tax expense is attributable to:		
Profit from continuing operations	7,760,179	-
Profit from discontinued operations	-	-
Aggregate income tax expense	7,760,179	-
Deferred income tax expense included in tax comprises:		
Decrease / (increase) in deferred tax assets	(8,865,486)	-
(Decrease) / increase in deferred tax liabilities	13,944,836	-
Aggregate income tax expense	5,079,350	-

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For the year ended 30 June 2012

6. INCOME TAX EXPENSE – continued

	CONSOLIDATED	
	2012 \$	2011 \$
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit / (loss) from continuing operations before income tax expense	60,221,109	(51,176,314)
Profit / (loss) from discontinuing operations before income tax expense	-	-
	60,221,109	(51,176,314)
Tax at the Australian tax rate of 30%	18,066,333	(15,352,894)
Effect of tax rates in foreign jurisdictions	1,150,206	-
Non deductible expenses	878,554	86
Share of net loss of associates	184,398	260,251
Share based payments	315,450	1,645,405
Recognition of previously unrecognised deferred tax assets	(13,908,593)	-
Deferred tax asset not brought to account	1,461,384	13,447,152
	8,147,732	-
Under / (over) provision in prior years	(387,553)	-
Income tax expense	7,760,179	-
(c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity	17,169,243	-
Net deferred tax credited directly to equity	17,169,243	-
(d) Tax losses		
Unused Australian revenue tax losses for which no deferred tax asset has been recognised	3,634,067	3,098,880
Unused Australian capital tax losses for which no deferred tax asset has been recognised	932,840	932,840
	4,566,907	4,031,720
Potential tax benefit at 30%	1,370,072	1,209,516
Unused foreign tax losses for which no deferred tax has been recognised	-	-
	1,370,072	1,209,516

7. CASH AND CASH EQUIVALENTS

		CONSOLIDATED	
		2012 \$	2011 \$
Cash assets	(i)	6,067,978	1,841,096
Short term deposits	(ii)	99,428,607	94,620,948
		105,496,585	96,462,044

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

Risk exposure

The group's exposure to interest rate risk is discussed in note 19. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

8. RECEIVABLES

Current

Trade debtors	(i)	10,063,042	-
Sundry debtors	(i)	444,374	1,194,269
Other Receivable	(ii)	-	7,352,502
		10,507,416	8,546,771

Non-current

Other receivable	(ii)	25,867,871	-
Loans to external party	(iii)	1,483,382	749,994
Security deposits	(iv)	2,212,175	2,880,656
		29,563,428	3,630,650

Terms relating to the above financial instruments:

- (i) Trade and sundry debtors are non-interest bearing and generally on 30 day terms.
(ii) Other receivable relates to a VAT refund from the Ghana Revenue Authority. The method of recovery of this receivable is currently under negotiation. This has been reclassified from current to non-current during the period, whilst these negotiations are taking place.
(iii) The loan relates to advances made to SOMICI SARL for exploration on the Tengrela South tenement where the group has agreed to fund exploration to feasibility stage. SOMICI SARL is an unrelated entity to the group and this advance is repayable by SOMICI SARL to the group.
(iv) At 30 June 2012, the group has US\$2.2 million (approximately A\$2.2 million) held in bank deposits which are subject to a lien and is collateral for a bank guarantee that has been issued to the Ghana Environmental Protection Agency in relation to environmental rehabilitation provisions concerning the Edikan Gold Mine ("EGM"). Post year end a further US\$6.7 million has been put on deposit in accordance with the requirements of the Ghana Environmental Protection Agency in relation to further environmental rehabilitation provisions.

Past due but not impaired

Age analysis of both current and non-current receivables is set out in note 19.

Fair value and foreign exchange and credit risk

Due to the short term nature of the current receivables, their carrying amount is assumed to approximate their fair value. Long term receivables are evaluated by the group based on parameters such as individual creditworthiness of the customer and specific country risk factors. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Further information about the group's exposure to these risks is provided in note 19.

Notes to the financial statements

For the year ended 30 June 2012

9. INVENTORIES

	CONSOLIDATED	
	2012 \$	2011 \$
Ore stockpiles – at cost	15,381,546	-
Ore stockpiles – at net realisable value	13,053,289	-
Gold in circuit	1,148,740	-
Bullion on hand	490,287	-
Materials and supplies	7,260,984	428,089
	37,334,846	428,089

Inventory expense

The inventory expense during the year ended 30 June 2012 was \$71.2 million (30 June 2011: nil). The write down of inventories to net realisable value recognised as an expense during the year ended 30 June 2012 amounted to \$11.6 million (30 June 2011: nil) and is included in 'changes in inventories of finished goods and work in progress' in the statement of comprehensive income.

10. OTHER ASSETS

Current

Prepayments		5,618,204	3,081,289
Financial assets at fair value through profit or loss	(i)	3,369	231
		5,621,573	3,081,520

Non-current

Financial assets at fair value through profit or loss	(i)	35,629	42,193
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Reconciliation of movements in financial assets at fair value:

Balance at beginning of the period		42,424	7,657,558
Additions		-	-
Devaluation on mark to market		(6,304)	(7,440,911)
Foreign exchange gain on mark to market		2,873	77,731
Foreign currency translation movement		5	(251,954)
Balance at end of the period		38,998	42,424
Current financial assets at fair value through profit or loss		3,369	231
Non-current financial assets at fair value through profit or loss		35,629	42,193
		38,998	42,424

(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).

Risk exposure and fair value measurements

Information about the group's exposure to price risk and about the methods and assumptions used in determining fair value is provided in note 19.

11. DEFERRED TAX

CONSOLIDATED		
	2012 \$	2011 \$
Deferred tax asset	26,034,729	-
Set off of deferred tax liabilities of entity pursuant to set off provisions	(13,944,836)	-
Net deferred tax asset	12,089,893	-
Deferred tax liability	13,944,836	-
Set off of deferred tax liabilities of entity pursuant to set off provisions	(13,944,836)	-
Net deferred tax liability	-	-
(a) The deferred tax asset balance comprising of temporary differences attributable to:		
Employee benefits	178,906	-
Provision for rehabilitation	2,355,517	-
Other	7,100	-
Cash flow hedges	23,493,206	-
Net deferred tax asset	26,034,729	-
(b) Movement in the deferred tax asset:		
Opening balance at 1 July	-	-
Credited to the income statement	8,865,486	-
Credited to the equity – hedging reserve	17,169,243	-
Closing balance at 30 June	26,034,729	-
(c) The deferred tax liability comprises temporary differences attributable to:		
Receivables	1,244	-
Property, plant and equipment	7,813,547	-
Mine properties in use	6,130,045	-
Net deferred tax liability	13,944,836	-
(d) Movement in the deferred tax liability:		
Opening balance at 1 July	-	-
Charged to the income statement	13,944,836	-
Charged to the equity – hedging reserve	-	-
Closing balance at 30 June	13,944,836	-

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For the year ended 30 June 2012

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of associated entity	Principal activity	Country of incorporation	Ownership interest		Published fair value	
			2012 %	2011 %	2012 \$	2011 \$
Manas Resources Limited	Gold Exploration	Australia	23.7	23.9	5,046,490	7,870,000
Burey Gold Limited	Gold Exploration	Australia	23.0	25.6	2,689,500	5,086,900

Manas Resources Limited ("Manas")

On 30 September 2011 Perseus entered into a sub-underwriting agreement with respect to the shortfall of the exercise of options to subscribe for that number of shares which results in its shareholding interest in Manas remaining around its current holding. On 13 October 2011 Perseus subscribed for and was allotted 11,930,000 shares at a cost of \$2,386,000 and, as a result of the 30 September 2011 exercise of options by Manas option holders, further shares were allotted and Perseus's interest in Manas reduced from 23.9% to 23.7%.

	CONSOLIDATED	
	2012 \$	2011 \$
Investment in associated entity – Manas Resources Limited	7,830,602	5,957,660
Reconciliation of movements in investments accounted for using the equity method:		
Balance at 1 July	5,957,660	2,950,000
Investment in associate at cost	2,386,000	867,160
Share of loss for the year	(481,306)	(611,128)
Share of reserves of associate	(31,752)	(366,756)
Impairment reversal of investment	-	3,118,384
Balance at 30 June	7,830,602	5,957,660
Summarised financial information of associate:		
Financial Position		
Total assets	30,490,129	23,032,555
Total liabilities	449,003	681,361
Net assets	30,041,126	22,351,194
Financial Performance		
Total revenue	686,752	309,240
Total loss for the year	(2,030,826)	(2,557,021)
Group's share of associates' loss	(481,306)	(611,128)
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	-	-

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD - continued**Burey Gold Limited ("Burey")**

On the 30 June 2011 Perseus exercised 34,800,000 options for a total consideration of \$1,740,000 and its interest in Burey increased from 19.9% to 25.6%. As a result of the exercise of the options, Perseus was issued 34,800,000 'piggy-back' options. In July 2011, and as a result of the 30 June 2011 exercise of options by Burey option holders, further shares were allotted and Perseus's interest in Burey decreased to 23.0%.

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

Number of options	Exercise price	Maturity date
34,800,000	\$0.08	31 December 2012

	CONSOLIDATED	
	2012 \$	2011 \$
Investment in associated entity - Burey Gold Limited	3,590,066	3,723,421
Reconciliation of movements in investments accounted for using the equity method:		
Balance at 1 July	3,723,421	1,392,000
Investment in associate at cost	-	2,930,000
Share of loss for the year	(133,355)	(256,376)
Share of reserves of associate	-	(342,203)
Balance at 30 June	3,590,066	3,723,421
Summarised financial information of associate:		
Financial Position		
Total assets	16,972,890	17,691,895
Total liabilities	28,123	527,252
Net assets	16,944,767	17,164,643
Financial Performance		
Total Revenue	431,721	220,160
Total loss for the year	(579,806)	(1,001,470)
Group's share of associates' loss	(133,355)	(256,376)
Capital commitments and contingent liabilities of associateq	-	-
Share of capital commitments incurred jointly with other investors	-	-
Share of contingent liabilities incurred jointly with other investors	-	-

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For the year ended 30 June 2012

13. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2012 \$	2011 \$
Plant and equipment - at cost	118,962,255	5,874,801
Accumulated depreciation	(5,415,243)	(1,200,506)
	113,547,012	4,674,295
<i>Reconciliation of plant and equipment:</i>		
Balance at the beginning of the year	4,674,295	2,899,915
Additions	3,722,403	3,113,140
Transferred from assets under construction	107,371,482	-
Depreciation	(3,621,750)	(249,967)
Depreciation capitalised	(500,539)	(353,065)
Assets written off	(1,487)	(38,899)
Translation difference movement	1,902,608	(696,829)
Carrying amount at the end of the year	113,547,012	4,674,295
Assets under construction – at cost	48,496,636	223,805,872
<i>Reconciliation of assets under construction:</i>		
Balance at the beginning of the year	223,805,872	111,702,676
Additions	23,957,349	141,221,551
Transferred from mineral interest acquisition and exploration expenditure	32,959,961	-
Transferred to property, plant and equipment	(107,371,482)	-
Transferred to mine properties	(128,643,364)	-
Translation difference movement	3,788,300	(29,118,355)
Carrying amount at the end of the year	48,496,636	223,805,872
Total property, plant and equipment net book value	162,043,648	228,480,167

During the period the expenditure relating to the SGP was transferred from mineral interest acquisition and exploration expenditure to assets under construction.

Non-current assets pledged as security

Refer to note 18 for information on non-current assets pledged as security by the group.

14. MINE PROPERTIES

CONSOLIDATED		
	2012 \$	2011 \$
Mine properties - at cost	125,782,102	-
Accumulated depreciation	(6,640,482)	-
Deferred mining costs	6,590,410	-
	125,732,030	-
Reconciliation of mine properties:		
Balance at the beginning of the year	-	-
Additions	1,739,910	-
Transferred from assets under construction	128,643,364	-
Amortisation	(6,545,355)	-
Translation difference movement	1,894,111	-
Carrying amount at the end of the year	125,732,030	-

Borrowing costs relating to EGM, which were capitalised to 'Mine properties' during the period amount to \$0.4 million (2011: \$2.6 million capitalised to 'Assets under construction' which has now been reclassified to 'Mine properties'), the borrowings relate 100% to the construction of this asset.

15. MINERAL INTEREST ACQUISITION AND EXPLORATION EXPENDITURE

CONSOLIDATED		
	2012 \$	2011 \$
Mineral interest acquisition and exploration – at cost	29,124,828	32,245,535
Reconciliation:		
Balance at the beginning of the year	32,245,535	25,869,131
Additions	30,643,689	8,630,036
Transferred to Assets under construction	(32,959,961)	-
Translation difference movement	(804,435)	(2,253,632)
Carried forward	29,124,828	32,245,535

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.

Notes to the financial statements

For the year ended 30 June 2012

16. PAYABLES AND PROVISIONS

		CONSOLIDATED	
		2012 \$	2011 \$
Current			
Trade creditors and accruals	(i)	30,646,311	27,704,059
Employee benefits		1,085,302	932,648
		31,731,613	28,636,707

Terms and conditions relating to the above financial instruments:

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

Risk exposure

Information about the group's exposure to risk is provided in note 19.

Non-current

Provision for rehabilitation work	6,730,048	4,461,842
Balance at the beginning of the year	4,461,842	2,635,619
Arising during the year	2,232,788	2,460,408
Amounts used during the year	(202,179)	-
Unwinding of discount	12,761	-
Translation difference movement	224,836	(634,185)
Balance at the end of the year	6,730,048	4,461,842
Employee benefits	134,676	-
Total non-current provisions	6,864,724	4,461,842

The provision for rehabilitation work relates to the EGM in Ghana and formed part of the liabilities of PMGL 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 has commenced mining the project area and many of the old pits identified for rehabilitation work will be subject to new mining. The provision has been reviewed and increased in line with the additional development that has occurred since June 2011.

17. DERIVATIVE FINANCIAL INSTRUMENTS

		CONSOLIDATED	
		2012 \$	2011 \$
Current			
Cash flow hedge liability		32,836,085	10,837,822
Non-current			
Cash flow hedge liability		34,287,361	48,471,820

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

Forward metal contracts – cash flow hedges:

The group uses cash flow designated USD forward metal contracts to hedge movements in USD precious metal prices on its anticipated sales of gold. At 30 June 2012 there were cash flow designated hedge contracts in place for 190,000 ounces of gold with settlements scheduled between September 2012 and December 2014. These hedge contracts were designated as effective cash flow hedges beginning 1 October 2010.

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

Risk exposures and fair value measurements

Information about the group's exposure to credit risk, price risk and liquidity risk related to the undiscounted cash flow exposure from derivative contracts is provided at note 19.

18. BORROWINGS

Current			
Interest-bearing loan facility	(i)	34,657,400	20,000,695
Non-current			
Interest-bearing loan facility	(i)	25,606,959	57,804,344

- (i) The group drew down on its finance facility provided by Macquarie Bank Limited and Credit Suisse AG in June 2011. This is a secured loan facility with fixed repayments, with the balance repayable by September 2014. Interest is based on LIBOR plus a 3.75% margin.

Secured liabilities and assets pledged as security

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

Risk exposures and fair value measurements

Information about the group's exposure to interest rate and foreign currency changes is provided in note 19.

Notes to the financial statements

For the year ended 30 June 2012

19. FINANCIAL RISK MANAGEMENT

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

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

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

The group holds the following financial instruments:

	CONSOLIDATED	
	2012 \$	2011 \$
Financial assets		
Cash and cash equivalents	105,496,585	96,462,044
Receivables	40,070,844	12,177,421
Financial assets at fair value through profit and loss	38,998	42,424
Total financial assets	145,606,427	108,681,889
Financial liabilities		
Payables	30,646,311	27,704,059
Derivative financial instruments	67,123,446	59,309,642
Interest-bearing liabilities	60,264,359	77,805,039
Total financial liabilities	158,034,116	164,818,740

Market Risk

(i) Foreign exchange risk

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

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

	USD \$	GHS \$	2012 EUR \$	AUD \$
Financial Assets				
Cash and cash equivalents	70,333,966	412,776	308,607	-
Receivables	3,658,960	25,867,871	123,211	-
Financial assets at fair value through profit and loss	38,998	-	-	-
Total Assets	74,031,924	26,280,647	431,818	-
Financial Liabilities				
Payables	632,526	8,652,316	-	553,884
Total Liabilities	632,526	8,652,316	-	553,884

19. FINANCIAL RISK MANAGEMENT – continued**Market risk (continued)**

	USD \$	GHS \$	2011 EUR \$	AUD \$
Financial Assets				
Cash and cash equivalents	2,699,580	135,348	-	-
Receivables	4,104,514	7,509,842	-	-
Financial assets at fair value through profit and loss	42,228	-	-	-
Total Assets	6,846,322	7,645,190	-	-
Financial Liabilities				
Payables	217,398	10,876,146	-	659,017
Total Liabilities	217,398	10,876,146	-	659,017

Sensitivity

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

		CONSOLIDATED	
		2012 \$	2011 \$
Impact on profit or loss before tax	+10%	(23,209,637)	(470,392)
	-10%	29,193,254	470,392

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

(iii) Price risk

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

At the end of the reporting period the group have 190,000 ounces of forward metal contracts in place over approximately 22% of anticipated monthly gold production through to December 2014. The group also has 75,000 ounces of forward metal options over the anticipated monthly gold production through to December 2013. When necessary these contracts may be rolled over into new contracts at maturity, subject to counterparty credit approval.

Balance date exposures and further details of current commodity price derivative operation are provided at note 17.

Sensitivity

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

Increase / decrease in gold prices	Impact on profit or (loss) before tax		Impact on equity	
	2012 \$	2011 \$	2012 \$	2011 \$
10% increase	(23,977)	(28,343)	(30,045,459)	(32,574,853)
10% decrease	65,048	94,199	30,045,459	32,574,849

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19. FINANCIAL RISK MANAGEMENT – continued

Market risk (continued)

(iii) Interest rate risk

The group's main interest rate risk arises from long-term borrowing through its borrowing facility which is based on 3 month LIBOR. Borrowings issued at variable rates expose the group to cash flow interest rate risk. During 2012 the group's borrowings at variable rate were denominated in US dollars. The group has not entered into any hedge/interest rate swap instruments to manage interest rate risk exposure.

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

	Weighted average effective interest rate	Fixed interest rate \$	Floating interest rate \$	Non-interest bearing \$	Total \$
30 June 2012					
Financial Assets:					
Cash and cash equivalents	0.4%	51,607,126	47,611,154	6,278,305	105,496,585
Security deposit	0.0%	-	1,968,893	243,282	2,212,175
Net exposure to cash flow interest rate risk		51,607,126	49,580,047	6,521,587	107,708,760
Financial Liabilities:					
Interest-bearing liabilities	4.0%	-	60,264,359	-	60,264,359
Net exposure to cash flow interest rate risk		-	60,264,359	-	60,264,359
30 June 2011					
Financial Assets:					
Cash at bank	1.1%	13,570,461	82,258,841	632,742	96,462,044
Security deposit	0.6%	-	2,728,848	151,808	2,880,656
Net exposure to cash flow interest rate risk		13,570,461	84,987,689	784,550	99,342,700
Financial Liabilities:					
Interest-bearing liabilities	4.0%	-	77,805,039	-	77,805,039
Net exposure to cash flow interest rate risk		-	77,805,039	-	77,805,039

Sensitivity

If interest rates were to move up by 1% with all other variables held constant then the pre tax impact on the group's profit would be a movement of \$391,854 (30 June 2011: \$183,468), a 1 % decrease would be a movement of \$246,359 (30 June 2011: \$461,127).

19. FINANCIAL RISK MANAGEMENT – continued

Credit risk

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

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

Liquidity risk

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

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

Financing arrangements

The group did not have any established undrawn borrowing facilities at the reporting date (30 June 2011: nil). In June 2011 the group drew down in full on the borrowing facility provided for development of the EGM.

Maturities of financial liabilities

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

Consolidated	Less than 6 months \$	6 months – 1 year \$	1 – 2 years \$	2 – 5 years \$	Greater than 5 years \$	Total Contractual cash flows \$
30 June 2012						
Non-derivatives						
Interest-bearing liabilities	17,328,700	17,328,700	23,831,695	1,775,264	-	60,264,359
Trade payables	30,646,311	-	-	-	-	30,646,311
	47,975,011	17,328,700	23,831,695	1,775,264	-	90,910,670
Derivatives						
Cash flow hedge liability	16,181,905	16,654,180	21,627,547	12,659,814	-	67,123,446
	16,181,905	16,654,180	21,627,547	12,659,814	-	67,123,446
30 June 2011						
Non-derivatives						
Interest-bearing liabilities	-	20,000,695	33,250,951	24,555,393	-	77,805,039
Payables	27,704,059	-	-	-	-	27,704,059
	27,704,059	20,000,695	33,250,951	24,555,393	-	105,509,098
Derivatives						
Cash flow hedge liability	-	10,837,822	23,536,683	24,935,137	-	59,309,642
	-	10,837,822	23,536,683	24,935,137	-	59,309,642

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For the year ended 30 June 2012

19. FINANCIAL RISK MANAGEMENT – continued

Fair value measurements

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

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

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

The following table presents the group's assets and liabilities measured and recognised at fair value at 30 June 2012 and 30 June 2011.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2012				
Assets				
Financial assets at fair value through profit and loss	-	38,998	-	38,998
	-	38,998	-	38,998
Liabilities				
Derivative financial instruments used for hedging	-	67,123,446	-	67,123,446
	-	67,123,446	-	67,123,446
30 June 2011				
Assets				
Financial assets at fair value through profit and loss	-	42,424	-	42,424
	-	42,424	-	42,424
Liabilities				
Derivative financial instruments used for hedging	-	59,309,642	-	59,309,642
	-	59,309,642	-	59,309,642

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

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

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

19. FINANCIAL RISK MANAGEMENT – continued

Fair value measurements – continued

Specific valuation techniques used to value financial instruments include;

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

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

Capital management

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

There are no externally imposed capital requirements.

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

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

20. ISSUED CAPITAL AND RESERVES

CONSOLIDATED		
	2012 \$	2011 \$
(a) Issued and paid-up share capital		
457,962,088 (2011: 425,617,088) ordinary shares, fully paid	445,449,793	355,759,201

CONSOLIDATED				
	2012		2011	
	\$	Number	\$	Number
Balance at the beginning of the year	355,759,201	425,617,088	346,615,812	418,032,088
Shares issued pursuant to exercise of options	5,495,550	3,595,000	9,230,250	7,585,000
Share placements at issue price of \$3.10 (Cdn\$3.25) on 2 November 2011	77,395,694	25,000,000	-	-
Shares issued to underwriters pursuant to exercise of over-allotment options at issue price of \$3.13 (Cdn\$3.25) per share on 14 November 2011	11,725,515	3,750,000	-	-
Transaction costs arising from issue of securities for cash	(4,926,167)	-	(86,861)	-
Balance at the end of the year	445,449,793	457,962,088	355,759,201	425,617,088

Notes to the financial statements

For the year ended 30 June 2012

20. ISSUED CAPITAL AND RESERVES - continued

(b) Share options

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

Exercise Period	Exercise Price	Opening Balance 1 July 2011	Options Issued	Options Exercised/ Cancelled/ Expired	Closing Balance 30 June 2012
		Number	Number	Number	Number
On or before 14 January 2012	\$2.13	1,050,000	-	(1,050,000)	-
On or before 23 January 2012	\$0.65	1,035,000	-	(1,035,000)	-
On or before 31 March 2012	\$1.80	400,000	-	(400,000)	-
On or before 31 March 2012	\$1.30	600,000	-	(600,000)	-
On or before 16 June 2013	\$2.13	1,330,000	-	(510,000)	820,000
On or before 29 July 2012	\$2.45	400,000	-	-	400,000
On or before 6 October 2013	\$3.00	450,000	-	-	450,000
On or before 14 October 2012	\$3.00	160,000	-	-	160,000
On or before 14 October 2012	\$3.45	280,000	-	-	280,000
On or before 3 November 2013	\$3.20	340,000	-	(70,000)	270,000
On or before 15 June 2014	\$3.00	2,390,000	-	(300,000)	2,090,000
		8,435,000	-	(3,965,000)	4,470,000

(c) Ordinary shares

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

(d) Nature and purpose of reserves

Share based payments reserve

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

Foreign currency translation reserve

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

Non-controlling interest's reserve

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

Hedge reserve

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

21. ACCUMULATED LOSSES

Accumulated losses

Movements in accumulated losses were as follows:

	CONSOLIDATED	
	2012 \$	2011 \$
Balance at beginning of financial year	(70,257,447)	(22,011,786)
Profit / (loss) attributable to the owners of the Parent	47,155,881	(48,245,661)
Balance at end of financial year	(23,101,566)	(70,257,447)

22. KEY MANAGEMENT PERSONNEL DISCLOSURES

Key management personnel

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

Non executive directors

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

Executive directors

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

Other key management personnel

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

Mr. Susmit Shah	Company secretary
Mr. Jeffrey Quartermaine	Chief financial officer
Mr. Kevin Thomson	Exploration manager
Mr. Jon Yelland	Chief operating officer (Appointed 1 October 2011)

Key management personnel compensation

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

	CONSOLIDATED	
	2012 \$	2011 \$
Short-term employee benefits	3,193,303	3,107,639
Post-employment benefits	170,737	137,588
Share-based payments	633,933	616,491
	3,997,973	3,861,718

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

Notes to the financial statements

For the year ended 30 June 2012

22. KEY MANAGEMENT PERSONNEL DISCLOSURES - continued

Equity instrument disclosures relating to key management personnel

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

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report on pages 24 - 25 and 28 to 31.

(ii) *Option holdings*

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

	Balance at 30 June 2011	Received as Remuneration	Options Exercised	Other Movements	Balance at 30 June 2012	Vested and exercisable at year end
Directors						
Sean Harvey	600,000	-	(600,000)	-	-	-
Michael Bohm	400,000	-	(400,000)	-	-	-
Other Key Management Personnel						
Susmit Shah	500,000	-	(350,000)	-	150,000	150,000
Jeffrey Quartermaine	650,000	-	-	-	650,000	650,000
Kevin Thomson	1,100,000	-	(600,000)	-	500,000	500,000

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

22. KEY MANAGEMENT PERSONNEL DISCLOSURES – continued*(iii) Share holdings*

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

	Balance at 30 June 2011	Received as Remuneration	Options Exercised	Other Movements	Balance at 30 June 2012
Directors					
Reginald Gillard	972,232	-	-	(153,482)	818,750
Mark Calderwood	4,600,000	-	-	-	4,600,000
Colin Carson	503,200	-	-	(50,000)	453,200
Rhett Brans	1,450,000	-	-	(500,000)	950,000
Neil Fearis	477,732	-	-	-	477,732
Sean Harvey	100,000	-	600,000	-	700,000
Michael Bohm	20,000	-	400,000	-	420,000
Other Key Management Personnel					
Susmit Shah	269,500	-	350,000	-	619,500
Jon Yelland	-	-	-	7,000	7,000
Kevin Thomson	315,000	-	600,000	(315,000)	600,000

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

Loans to key management personnel

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

Notes to the financial statements

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22. KEY MANAGEMENT PERSONNEL DISCLOSURES – continued

Other transactions with key management personnel

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

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

	CONSOLIDATED	
	2012 \$	2011 \$
(a) Rent, accounting, 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:		
- Rent	96,480	99,377
- Accounting and corporate service fees	45,026	100,299
During the period Mr. Gillard's beneficial interest in Corporate Consultants Pty Ltd was less than 5%, the limit of materiality in the context of director independence, and with effect from 1 July 2012 Mr. Gillard no longer holds a beneficial interest in Corporate Consultants Pty Ltd.		
<i>Balances due to directors and director-related entities at year end</i>		
- included in trade creditors and accruals	31,083	138,581

23. REMUNERATION OF AUDITORS

Amounts received or due and receivable by Ernst & Young for:

An audit or review of the financial report of the entity and any other entity in the group
 Non-statutory audit services in relation to the entity and any other entity in the group

162,467	102,120
18,047	-
180,514	102,120
<i>Amounts received or due and receivable by non Ernst & Young audit firms</i>	
-	125,000

24. CONTINGENCIES

There were no known contingent liabilities which were not provided for in the financial statements of the group as at 30 June 2012.

25. 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	
	2012 \$	2011 \$
Within one year	750,000	1,050,000
One year or later and not later than five years	1,400,000	5,400,000
Later than five years	950,000	1,550,000
	3,100,000	8,000,000

(b) Capital commitments

In March 2007, the Company's subsidiary, Kojina Resources Limited ("Kojina"), exercised an option to purchase all of the issued capital of PMGL (formerly Central Ashanti Gold Ltd), a Ghanaian company which is the holder of the EGM. PMGL itself had acquired the EGM from the former owner, AngloGold Ashanti Limited ("AGC"). The group has assumed responsibility for all rehabilitation of the Edikan Mining leases, which are currently estimated to cost approximately \$6.8 million and a provision has been recorded for this at balance date.

In December 2011, the Company placed an order for the construction of the SAG mill for the Sissingué Gold Mine in Côte d'Ivoire. The commitments under this contract were for approximately A\$3.3 million and EUR 1.8 million of which A\$1.4 million and EUR 1.5 million has been spent to date.

(c) Operating lease commitments

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

Future minimum lease payments payable under non-cancellable operating leases at 30 June 2012 are as follows:

	CONSOLIDATED	
	2012 \$	2011 \$
Within one year	360,165	-
One year or later and not later than five years	1,341,615	-
Later than five years	-	-
	1,701,780	-

26. RELATED PARTY TRANSACTIONS

(a) Identity of related parties

The consolidated entity has a related party relationship with its subsidiaries (see note 27), associates (see note 12) and with its key management personnel (see notes 22).

(b) Transactions with other related parties

The Company had no transactions with any other related party during the period ended 30 June 2012.

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27. SUBSIDIARIES

Name of Subsidiary	Notes	Place of Incorporation	Consolidated Entity Interest 2012 (%)	Consolidated Entity Interest 2011 (%)
Parent Entity				
Perseus Mining Limited	(a)	Australia		
Subsidiaries				
Occidental Gold Pty Ltd (i)	(a)	Australia	100	100
Centash Holdings Pty Limited (ii)	(a)	Australia	100	100
Sun Gold Resources Ltd	(b)	Ghana	100	100
Kojina Resources Ltd (iii)	(b)	Ghana	100	100
Perseus Mining Services Ltd		Canada	100	-
(i) Subsidiaries of Occidental Gold Pty Ltd				
Occidental Gold SARL	(c)	Côte d'Ivoire	100	100
(ii) Subsidiaries of Centash Holdings Pty Ltd				
Perex SARL	(c)	Côte d'Ivoire	100	-
(iii) Subsidiaries of Kojina Resources Ltd				
Perseus Mining (Ghana) Limited	(b)(d)	Ghana	90	90

Notes:

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

28. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

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

- b) The Côte d'Ivoire government announced the grant of an Exploitation Permit to a Côte d'Ivoire subsidiary of Perseus (Occidental Gold SARL) for the development of the company's Sissingué gold deposit, part of the Tengrela Gold Project, in northern Côte d'Ivoire.

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

CONSOLIDATED		
	2012 \$	2011 \$
Reconciliation of the profit / (loss) from ordinary activities to net cash used in operating activities		
Profit/(loss) from ordinary activities after income tax	52,460,930	(51,176,313)
Add back non-cash items:		
Depreciation	10,167,105	249,967
Foreign currency (gain)/loss	(10,392,938)	10,380,480
Employee options	1,528,566	5,484,684
Impairment reversal of investment in associate	-	(3,118,384)
Loss on disposal of investment	-	932,840
Share of associates' net loss	614,661	867,504
Borrowing costs	392,647	-
Change in operating assets and liabilities:		
Decrease in net tax balances	8,066,085	-
Increase in deferred mining	(6,484,474)	-
Increase in inventories	(12,326,751)	-
(Increase) / decrease in receivables	(20,087,426)	15,766
Increase in other assets	(2,358,472)	(518,877)
Decrease in financial assets at fair value through profit and loss	-	7,615,133
Increase in payables	21,199,654	92,992
Increase in provision	287,331	758,952
Increase in hedge liabilities	-	22,588,975
Net cash provided by / (used in) operating activities	43,066,918	(5,826,281)

30. EARNINGS PER SHARE

(a) Earnings used in calculating earnings per share

Profit / (loss) attributable to ordinary shareholders of the parent

47,155,881	(48,245,661)
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(b) Weighted average number of shares

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

No. of shares No. of shares

446,442,990 422,516,636

Weighted average number of ordinary shares used in calculating diluted earnings per share

448,311,716 422,516,636

As the options outstanding at 30 June 2011 would have reduced the loss per share on conversion, the potential ordinary shares were not considered dilutive.

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For the year ended 30 June 2012

31. SHARE-BASED PAYMENTS

Employee Share Option Plan

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

Non-plan based payments

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

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

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at the end of the year	Vested and exercisable at end of the year
			Number	Number	Number	Number	Number	Number
2012								
23/01/2009	23/01/2012	\$0.65	1,035,000	-	(1,035,000)	-	-	-
15/01/2010	14/01/2012	\$2.13	1,050,000	-	(1,050,000)	-	-	-
17/06/2010	16/06/2013	\$2.13	1,330,000	-	(510,000)	-	820,000	820,000
30/07/2010	29/07/2012	\$2.45	400,000	-	-	-	400,000	400,000
15/10/2010	14/10/2012	\$3.00	160,000	-	-	-	160,000	160,000
15/10/2010	14/10/2012	\$3.45	280,000	-	-	-	280,000	280,000
07/10/2010	06/10/2013	\$3.00	450,000	-	-	-	450,000	450,000
04/11/2010	03/11/2013	\$3.20	340,000	-	-	(70,000)	270,000	270,000
15/06/2012	15/06/2014	\$3.00	2,390,000	-	-	(300,000)	2,090,000	2,090,000
Total			7,435,000	-	(2,595,000)	(370,000)	4,470,000	4,470,000
Weighted average exercise price			\$2.39	-	\$1.54	\$3.04	\$2.83	\$2.83
2011								
23/01/2009	23/01/2012	\$0.65	1,270,000	-	(235,000)	-	1,035,000	1,035,000
15/01/2010	14/01/2012	\$2.13	1,800,000	-	(750,000)	-	1,050,000	1,050,000
17/06/2010	16/06/2013	\$2.13	1,330,000	-	-	-	1,330,000	1,330,000
30/07/2010	29/07/2012	\$2.45	-	400,000	-	-	400,000	400,000
15/10/2010	14/10/2012	\$3.00	-	160,000	-	-	160,000	160,000
15/10/2010	14/10/2012	\$3.45	-	280,000	-	-	280,000	280,000
07/10/2010	06/10/2013	\$3.00	-	450,000	-	-	450,000	450,000
04/11/2010	03/11/2013	\$3.20	-	340,000	-	-	340,000	-
15/06/2012	15/06/2014	\$3.00	-	2,390,000	-	-	2,390,000	-
Total			4,400,000	4,020,000	(985,000)	-	7,435,000	4,705,000
Weighted average exercise price			\$1.70	\$2.99	\$1.78	-	\$2.39	\$2.02

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.34 years (2011: 1.84 years).

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

32. PARENT ENTITY DISCLOSURES

	PARENT	
	2012 \$	2011 \$
Statement of financial position		
Assets		
Current assets	74,570,764	16,932,332
Non-current assets	318,760,670	277,362,638
Total assets	393,331,434	294,294,970
Liabilities		
Current liabilities	2,264,243	1,016,394
Non-current liabilities	-	-
Total liabilities	2,264,243	1,016,394
Equity		
Issued capital	445,449,793	355,759,201
Accumulated losses	(72,713,284)	(78,506,694)
Share-based payments reserve	18,330,682	16,026,069
Total equity	391,067,191	293,278,576
Profit / (loss) for the year	5,793,410	(61,997,459)
Other comprehensive income / (loss)	-	-
Total comprehensive income / (loss)	5,793,410	(61,997,459)
<i>Contingent liabilities of the parent entity:</i>		
There were no contingent liabilities of the parent entity at 30 June 2012.		
<i>Commitments for the acquisition of property, plant and equipment by the parent entity:</i>		
Plant and equipment		
Not longer than 1 year	-	-
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
<i>Guarantees entered into by the parent entity</i>		
See note 18 for details of guarantees the parent entity has given.		

Directors' declaration

30 June 2012

1. In the opinion of the directors of Perseus Mining Limited (the 'company'):
 - a. the accompanying financial statements, and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards as disclosed in Note 1.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2012.

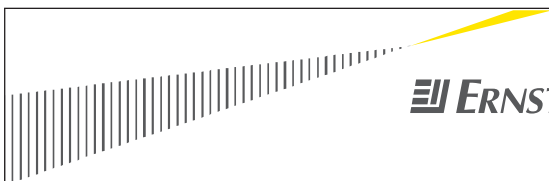
This declaration is made in accordance with a resolution of the directors.



M A Calderwood
Managing director

Dated at Perth, 27 August 2012

Independent auditor's report


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Independent audit report to the members of Perseus Mining Limited

Report on the financial report

We have audited the accompanying financial report of Perseus Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration 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.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

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

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

Independence

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

Independent auditor's report



Opinion

In our opinion:

- a. the financial report of Perseus Mining Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in pages 20 to 30 of the directors' report for the Year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Perseus Mining Limited for the Year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



Gavin Buckingham
Partner
Perth
27 August 2012

Additional shareholder information

As at 20 September 2012

MINERAL CONCESSION INTERESTS AT 20 SEPTEMBER 2012

Concession name and type	Registered Holder	File/Permit Number	Perseus's current equity interest	Maximum equity interest capable of being earned	Notes
Location - Ghana					
Edikan Gold Mine (EGM) Leases - Ayanfuri mining lease - Nanankaw mining lease - Dadieso Prospecting Licence	Perseus Mining (Ghana) Ltd ("PMGL")	1110/1994	90%	90%	2,3
Nsuaem Prospecting Licence	Perseus Mining (Ghana) Ltd	RL3/26	90%	90%	2
Dunkwa Prospecting Licence	Perseus Mining (Ghana) Ltd	PL3/27	90%	90%	2
Grumesa-Awisam Prospecting Licence	Sun Gold Resources Limited	PL2/30	90%	90%	4
Kwatechi Prospecting Licence	Tropical Exploration and Mining Company Limited	PL3/64	16%	76%	5
Nkotumso Prospecting Licence	W.D. Mining Limited	PL 3/29 LVB 19127/06	0%	90%	6
Location - Côte d'Ivoire					
Tengrela East Research Permit	Occidental Gold SARL	145	85%	85%	4,7,8
Tengrela South Research Permit	Societe Miniere de Côte d'Ivoire	146	85%	85%	4,7
Mahalé Research Permit	Occidental Gold SARL		90%	90%	9
M'Bengué Research Permit	Occidental Gold SARL		90%	90%	9
Napié Research Permit	Occidental Gold SARL		80%	80%	9

Notes -

- The Governments of Ghana and Côte d'Ivoire are entitled to a 10% equity interest in mining companies owning projects. Perseus's quoted equity is after allowance for that national interest, which occurs when a new project company is established prior to commencement of mining.
Production royalties are payable to the Governments of Ghana (5%) and Côte d'Ivoire (3%).
- A royalty of 0.25% of gold produced from the Edikan Gold Mine ("EGM") Licences and the Nsuaem and Dunkwa Licences is payable to the former shareholders of PMGL.
- Under the terms of the contract to purchase the EGM Licences, PMGL is required to pay a 1.5% royalty on gold production, however a 3% royalty is payable on approximately 154,938 ounces of gold contained in resources identified prior to PMGL acquiring the project.
- A royalty of 0.5% of the value of minerals recovered from the licence is payable to the vendors of the exploration licence.
- The Company has the right to earn a 76% interest in the property by funding the development of the project to profitable production. Joint venture partners, Tropical and Leo Shield, each retain a 7% interest which is convertible to a 1.25% net smelter royalty at the option of those parties within 30 days of completion of a feasibility study. The Company can withdraw from the joint venture at any time and is required to pay US\$3,600 to Tropical annually whilst it remains in the joint venture.
- The Company has an option exercisable on or before 26 July 2016 to purchase the Nkotumso prospecting licence for US\$10 plus US\$3 per ounce royalty of gold produced.
- The joint venture partner is free carried to production with costs subsequently recoverable by Perseus from production.
- A royalty of US\$0.80 per ounce of gold produced from the licence is payable. In replacement of the Tengrela East Research Permit, the Côte d'Ivoire government has granted an exploitation permit for the development of the Company's Sissingué gold deposit, part of the Tengrela Gold Project. The formal documentation and detailed terms of the exploitation permit have not been received as at the date of this report.
- Applications for Permis de Recherche (prospecting licences) are under process, pending clarification by the Government as to maximum licence size.

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

Additional shareholder information

As at 20 September 2012

The shareholder information set out below was applicable as at 20 September 2012.

SUBSTANTIAL SHAREHOLDERS

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

Name of Holder	Number of Ordinary Shares
GCIC Ltd / Bank of Nova Scotia	49,800,230
Van Eck Associates Corporation	43,695,232

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

Size of Holding	Number of Holders
1 to 1,000	1,172
1,001 to 5,000	1,631
5,001 to 10,000	727
10,001 to 100,000	815
100,001 and over	109
	4,454

The number of shareholdings comprising less than a marketable parcel was 340.

VOTING RIGHTS

The voting rights attaching to ordinary shares are governed by the Constitution. On a show of hands every person present who is a member or representative of a member shall have one vote and on a poll, every member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. None of the options has any voting rights.

TWENTY LARGEST SHAREHOLDERS

	Number of Shares	% Held
CDS & Co	212,966,052	46.50
HSBC Custody Nominees (Australia) Limited	68,086,432	14.87
JP Morgan Nominees Australia Limited	43,571,588	9.51
National Nominees Limited	31,477,132	6.87
Citicorp Nominees Pty Limited	19,390,266	4.23
BNP Paribas Noms Pty Ltd	5,829,915	1.27
UBS Nominees Pty Ltd	3,342,905	0.73
HSBC Custody Nominees (Australia) Limited	3,247,426	0.71
Bond Street Custodians Limited	2,858,209	0.62
UBS Wealth Management Australia Nominees Pty Ltd	2,267,098	0.50
AMP Life Limited	2,158,410	0.47
Mark Andrew Calderwood	2,075,000	0.45
Merrill Lynch (Australia) Nominees Pty Limited	1,848,403	0.40
Mandel Pty Ltd	1,165,000	0.25
Mark Andrew Calderwood	1,405,000	0.31
QIC Limited	905,237	0.20
Rhett Boudewyn Brans	875,000	0.19
UBS Nominees Pty Ltd	1,454,944	0.32
Woodross Nominees Pty Ltd	552,527	0.12
Inconsultare Pty Ltd	530,000	0.12
	406,006,544	88.64

UNQUOTED OPTIONS

Unquoted options on issue at 20 September 2012 were as follows:

Number of Options	Exercise Price	Exercise Periods/ Expiry Dates	Number of Holders
160,000	\$3.00	On or before 14 October 2012	1
280,000	\$3.45	On or before 14 October 2012	2
780,000	\$2.13	On or before 16 June 2013	7
250,000	\$3.00	On or before 6 October 2013	1
270,000	\$3.20	On or before 3 November 2013	4
1,990,000	\$3.00	On or before 15 June 2014	23

All of the options listed above have been issued under the terms of the Company's Employee Option Plan.



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