

PERSEUS MINING LIMITED

ABN 27 106 808 986

Consolidated Interim Financial Statements For the three and nine months ended 31 March 2014 (unaudited)

The accompanying unaudited consolidated interim financial statements for the three and nine months ended 31 March 2014 have been prepared by management and approved by the Audit Committee on behalf of the Board of Directors of the company. The company's auditors have not reviewed these financial statements. Readers are cautioned that these financial statements contain forward-looking information as described in the associated Management's Discussion & Analysis. All amounts are stated in Australian dollars, except as otherwise stated.

Perseus Mining Limited and its controlled entities
Unaudited consolidated statement of comprehensive income
For the period ended 31 March 2014

	Notes	Consolidated			
		Three months ended		Nine months ended	
		31 Mar 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013*
		\$'000	\$'000	\$'000	\$'000
Revenue		63,398	77,238	198,674	224,303
Other income	4	864	16	949	130
Changes in inventories of finished goods and work in progress		(2,850)	(14,569)	2,508	4,518
Direct costs of mining and processing		(41,984)	(38,863)	(136,241)	(99,490)
Royalties		(4,268)	(4,833)	(12,775)	(14,884)
Employee benefits expense		(8,772)	(7,401)	(23,469)	(17,940)
Depreciation and amortisation expense		(9,374)	(6,790)	(30,086)	(20,535)
Foreign exchange loss		(14,243)	(1,192)	(14,092)	(9,291)
Finance cost		(346)	(775)	(1,258)	(2,342)
Impairment of investment in associate		-	-	(2,225)	(782)
Share of net losses of associate		-	-	-	(473)
Loss on derivative financial instruments		-	(9)	-	(77)
Other expenses		(1,077)	(1,465)	(5,180)	(4,509)
(Loss) / profit before income tax expense		(18,652)	1,357	(23,195)	58,628
Income tax benefit / (expense)	6	2,650	(1,721)	3,168	(25,763)
(Loss) / profit after income tax		(16,002)	(364)	(20,027)	32,865
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations		(6,965)	(2,325)	1,382	(1,405)
Net changes in fair value of cash flow hedges		(12,874)	23,804	(14,037)	19,848
Net changes in fair value of financial assets		163	-	814	-
Income tax benefit / (expense) relating to cash flow hedges		4,506	(8,284)	4,913	(6,900)
Total comprehensive (loss) / income for the period		(31,172)	12,831	(26,955)	44,408
(Loss) / profit attributable to:					
Owners of the parent		(15,685)	(582)	(19,517)	28,306
Non-controlling interests		(317)	218	(510)	4,559
		(16,002)	(364)	(20,027)	32,865
Total comprehensive (loss) / income attributable to:					
Owners of the parent		(29,776)	11,092	(25,470)	38,622
Non-controlling interests		(1,396)	1,739	(1,485)	5,786
		(31,172)	12,831	(26,955)	44,408
Basic (loss) / profit per share		(3.34) cents	(0.13) cents	(4.18) cents	6.18 cents
Diluted (loss) / profit per share		(3.34) cents	(0.14) cents	(4.18) cents	6.17 cents

The accompanying notes form part of these financial statements.

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

Perseus Mining Limited and its controlled entities
Unaudited consolidated statement of financial position
As at 31 March 2014

		Consolidated	
	Notes	31 Mar 2014	30 June 2013*
		\$'000	Restated \$'000
Current Assets			
Cash and cash equivalents	7	42,510	35,480
Receivables	8	8,403	8,203
Income tax benefit		3,143	-
Inventories	9	41,549	31,058
Other assets	10	6,053	10,345
Derivative financial instruments	12	3,364	2,548
Total current assets		105,022	87,634
Non-current assets			
Receivables	8	49,667	53,101
Other assets	10	2,274	4,181
Investments accounted for using the equity method	11	652	652
Property, plant and equipment		202,524	211,343
Mine properties		181,100	156,411
Mineral interest acquisition and exploration expenditure		32,954	47,311
Derivative financial instruments	12	20,252	29,747
Total non-current assets		489,423	502,746
Total assets		594,445	590,380
Current liabilities			
Payables		59,357	53,085
Total current liabilities		59,357	53,085
Non-current liabilities			
Provision		7,460	7,983
Deferred tax liability		41,668	47,468
Total non-current liabilities		49,128	55,451
Total liabilities		108,485	108,536
Net assets		485,960	481,844
Equity			
Issued capital	14	476,431	445,404
Reserves		5,755	11,659
Retained earnings		(3,848)	15,669
Parent entity interest		478,338	472,732
Non-controlling interest		7,622	9,112
Total Equity		485,960	481,844

The accompanying notes form part of these financial statements.

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

Perseus Mining Limited and its controlled entities
Unaudited consolidated statement of changes in equity
For the period ended 31 March 2014

	Consolidated								
	Issued Capital	Retained Earnings / (Accumulated Losses)	Share Based Payments Reserve	Foreign Currency Translation Reserve	Asset Revaluation Reserve	Hedging Reserve	Non- controlling Interest's Reserve	Non- controlling Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
9 months to 31 March 2014									
Balance at 1 July 2013	445,404	15,267	18,865	(31,454)	(651)	24,631	218	9,062	481,342
Changes in accounting policies (see note 1)	-	402	-	50	-	-	-	50	502
Balance at 1 July 2013 (restated)*	445,404	15,669	18,865	(31,404)	(651)	24,631	218	9,112	481,844
Loss for the period	-	(19,517)	-	-	-	-	-	(510)	(20,027)
Currency translation differences	-	-	-	1,445	-	-	-	(63)	1,382
Share of currency translation difference of associated entity	-	-	-	-	-	-	-	-	-
Net change in fair value of financial assets	-	-	-	-	814	-	-	-	814
Net change in fair value of cash flow hedges	-	-	-	-	-	(12,633)	-	(1,404)	(14,037)
Income tax relating to components of other comprehensive income / (loss)	-	-	-	-	-	4,421	-	492	4,913
Total comprehensive income / (loss) for the period	-	(19,517)	-	1,445	814	(8,212)	-	(1,485)	(26,955)
Shares issued during the period	32,286	-	-	-	-	-	-	-	32,286
Share issue expenses	(1,259)	-	-	-	-	-	-	-	(1,259)
Share based payments	-	-	49	-	-	-	-	(5)	44
Balance at 31 March 2014	476,431	(3,848)	18,914	(29,959)	163	16,419	218	7,622	485,960
9 months to 31 March 2013									
Balance at 1 July 2012	445,450	(23,102)	18,449	(51,824)	-	(28,697)	218	(626)	359,868
Profit for the period (restated – see note 1)	-	28,306	-	-	-	-	-	4,559	32,865
Currency translation differences	-	-	-	(1,235)	-	-	-	(66)	(1,301)
Share of currency translation difference of associated entity	-	-	-	(104)	-	-	-	-	(104)
Net change in fair value of cash flow hedges	-	-	-	-	-	17,863	-	1,985	19,848
Income tax relating to components of other comprehensive income / (loss)	-	-	-	-	-	(6,210)	-	(690)	(6,900)
Total comprehensive income / (loss) for the period	-	28,306	-	(1,339)	-	11,653	-	5,788	44,408
Shares issued during the period	-	-	-	-	-	-	-	-	-
Share issue expenses	(128)	-	-	-	-	-	-	-	(128)
Share based payments	-	-	256	-	-	-	-	(12)	244
Balance at 31 March 2013	445,322	5,204	18,705	(53,163)	-	(17,044)	218	5,150	404,392

The accompanying notes form part of these financial statements.

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

Perseus Mining Limited and its controlled entities
Unaudited consolidated statement of cash flows
For the period ended 31 March 2014

Notes	Consolidated			
	Three months ended 31 Mar 2014 \$'000	31 Mar 2013 \$'000	Nine months ended 31 Mar 2014 \$'000	31 Mar 2013 \$'000
Operating activities				
Receipts in the course of operations	63,411	69,636	194,373	210,708
Payments to suppliers and employees	(62,749)	(54,304)	(195,264)	(159,752)
Interest received	2	17	28	180
Payments for borrowing costs	(16)	(295)	(271)	(2,406)
Net cash from / (used in) operating activities	648	15,054	(1,134)	48,730
Investing activities				
Payments for exploration and evaluation expenditure	(1,638)	(2,617)	(6,802)	(9,765)
Payments for acquisition of property, plant and equipment	(2)	(257)	(345)	(864)
Payments for acquisition of assets under construction	(2,106)	(12,702)	(14,311)	(33,308)
Proceeds on disposal of property, plant and equipment	1	-	82	-
Purchase of gold put options	-	-	(179)	-
Investment in unlisted entity	(50)	-	(50)	-
Funds received / (payments) for security deposits and bank guarantees	-	-	-	(6,914)
Net cash used in investing activities	(3,795)	(15,576)	(21,605)	(50,851)
Financing activities				
Proceeds from share issues	32,286	-	32,286	-
Repayment of borrowings	-	-	-	(60,554)
Share issue expenses	(1,259)	(128)	(1,259)	(128)
Net cash from / (used in) financing activities	31,027	(128)	31,027	(60,682)
Net increase / (decrease) in cash held	27,880	(650)	8,288	(62,803)
Cash and cash equivalents at the beginning of the financial period	16,016	39,674	35,480	105,497
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	(1,386)	(615)	(1,258)	(4,285)
Cash and cash equivalents at the end of the period	42,510	38,409	42,510	38,409

The accompanying notes form part of these financial statements.

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Perseus Mining Limited and its controlled entities
Notes to the unaudited consolidated financial statements
For the period ended 31 March 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

Perseus Mining Limited is a listed public company, incorporated and domiciled in Australia. During the three and nine months ended 31 March 2014 (the “period”), the consolidated entity conducted operations in Australia, Ghana and Côte d'Ivoire.

These consolidated interim financial statements of the consolidated entity for the period ended 31 March 2014 are general purpose condensed financial statements prepared in accordance with the requirements of the Australian *Corporations Act 2001 (Cth)* and AASB 134 ‘Interim Financial Reporting’.

These condensed interim financial statements do not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report. It is recommended that these interim financial statements be read in conjunction with the annual financial report for the year ended 30 June 2013, and any public announcements made by the group during the periods in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The consolidated interim financial statements are presented in Australian dollars, which is Perseus Mining Limited’s functional and presentation currency. These consolidated interim financial statements are rounded off to the nearest thousand dollars (\$’000), unless otherwise indicated.

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

New and amended standards and interpretations adopted by the group

In the period ended 31 March 2014, the group has adopted all of the new and revised Standards and interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or before 1 July 2013. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the group’s annual consolidated financial statements for the year ended 30 June 2013, except for the adoption of new and amended standards and interpretations noted below:

From 1 July 2013 the group applied AASB Interpretation 20 *Stripping costs in the production phase of a surface mine*. The change in accounting policy has been applied to the earliest period presented and therefore there has been a restatement of certain 31 March 2013 and 30 June 2013 closing balances as follows:

As of and for the period ended 31 March 2013:

Decrease in depreciation and amortisation expenses of \$3,068,000

Increase in changes in inventories of finished goods and work in progress of \$241,000

Increase in direct costs of mining and processing of \$899,000

Increase in income tax expense of \$677,000

Increase in profit after tax of \$1,261,000

The effect on earnings per share related to the restatement in March 2013 was an increase of \$0.0025.

Perseus Mining Limited and its controlled entities
Notes to the unaudited consolidated financial statements
For the period ended 31 March 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

As of and for the year ended 30 June 2013:

Increase in inventories of \$381,000

Increase in mine properties of \$391,000

Increase in deferred tax liability of \$270,000

Increase in reserves of \$50,000

Increase in retained earnings of \$402,000

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

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

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

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

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

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

Historical cost convention

These consolidated interim 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.

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.

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

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 prospectivity are made.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – continued

(ii) Impairment of assets

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 forward estimates of:

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

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

(iii) Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they were granted. The fair value of options granted is determined using a Black-Scholes model and the fair value of performance rights granted is determined using a Monte Carlo simulation model.

(iv) Restoration and rehabilitation provisions

The value of the current restoration and rehabilitation provision is based on a number of assumptions including the nature of restoration activities required and the valuation at the present value of a future obligation that necessitates estimates of the cost of performing the work required, the timing of future cash flows and the appropriate discount rate. Additionally current provisions are based on the assumption that no significant changes will occur in relevant legislation covering restoration of mineral properties. A change in any, or a combination, of these assumptions used to determine current provisions could have a material impact to the carrying value of the provision.

(v) Derivative financial instruments

The group makes judgements on the effectiveness of all derivative financial instruments entered into, including forward metal contracts, metal options and foreign currency option contracts. 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 12.

(vi) Taxes

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

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

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

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

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – continued

(viii) Deferred stripping expenditure

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

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

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

(ix) Inventory

Net realisable value tests are performed at least quarterly and represent the estimated future sales price of the product based 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 the expected processing method. Stockpile tonnages are verified by periodic surveys.

(x) Reserves and resources

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

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 during the period ended 31 March 2014 being Australia and the West African countries of Ghana and Côte d'Ivoire. The segment information is prepared in conformity with the group's accounting policies.

The group comprises the following main segments:

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

Perseus Mining Limited and its controlled entities
Notes to the unaudited consolidated financial statements
For the period ending 31 March 2014

3. SEGMENT INFORMATION – continued

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

	Australia 31 Mar 2014 \$'000	Australia 31 Mar 2013 \$'000	Ghana 31 Mar 2014 \$'000	Nine months ending Ghana 31 Mar 2013 \$'000	Côte d'Ivoire 31 Mar 2014 \$'000	Côte d'Ivoire 31 Mar 2013 \$'000	Consolidated 31 Mar 2014 \$'000	Consolidated 31 Mar 2013 \$'000
Total revenue								
Revenue	-	-	198,674	224,303	-	-	198,674	224,303
Other income	107	104	842	26	-	-	949	130
Reconciliation to total revenue and other income	107	104	199,516	224,329	-	-	199,623	224,433
Results								
Operating profit / (loss) before income tax	(13,151)	(16,517)	(8,460)	75,629	(1,584)	(484)	(23,195)	58,628
Income tax benefit / (expense)							3,168	(25,763)
Net profit							(20,027)	32,865
Included within segment results:								
Share of net profit / (loss) of associate accounted for using the equity method	-	(473)	-	-	-	-	-	(473)
Impairment of investment in associate	(2,225)	(782)	-	-	-	-	(2,225)	(782)
Impairment of available-for-sale financial asset	-	-	-	-	-	-	-	-
Depreciation and amortisation	(665)	(643)	(29,311)	(19,823)	(110)	(69)	(30,086)	(20,535)
Gain / (loss) on derivative financial instruments	-	-	-	(77)	-	-	-	(77)
Revaluation / (devaluation) of gold put options	-	(47)	(181)	-	-	-	(181)	(47)
Share based payments to employees, Directors and consultants	(2)	(245)	(10)	-	(9)	-	(21)	(245)
Foreign exchange gain/(loss)	(2,825)	(6,431)	(11,262)	(2,950)	(5)	90	(14,092)	(9,291)
	As at 31 Mar 2014	As at 30 June 2013	As at 31 Mar 2014	As at 30 June 2013	As at 31 Mar 2014	As at 30 June 2013	As at 31 Mar 2014	As at 30 June 2013
Assets								
Segment assets	57,306	29,172	473,304	503,209	63,835	57,999	594,445	590,380
Total assets includes:								
Investments in associates	652	652	-	-	-	-	652	652
Additions to non-current assets (other than financial assets)	335	394	20,831	54,978	3,406	16,228	24,572	71,600
Liabilities								
Segment liabilities	900	2,480	107,000	104,654	585	1,402	108,485	108,536

Perseus Mining Limited and its controlled entities
Notes to the unaudited consolidated financial statements
For the period ending 31 March 2014

4. OTHER INCOME	Notes	Consolidated			
		Three months ended		Nine months ended	
		31 Mar 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013
		\$'000	\$'000	\$'000	\$'000
Interest revenue		91	16	116	130
Gain on derivative financial instruments		773	-	833	-
		864	16	949	130

5. EXPENSES

Finance costs:

Unwinding of discount on rehabilitation provision	-	-	14	7
Interest and finance charges paid / payable	346	775	1,244	2,335
	346	775	1,258	2,342

Other costs:

Devaluation of gold put options	40	-	181	47
Loss on disposal of property, plant and equipment	9	-	1,062	-

Depreciation and amortisation:

Amortisation of stripping asset	2,918	1,829	11,319	5,447
Other depreciation and amortisation	6,456	4,961	18,767	15,088
	9,374	6,790	30,086	20,535

6. INCOME TAX BENEFIT

The income tax benefit that has been recognised in the statement of comprehensive income comprises \$3,167,551 primarily relating to the EGM loss for the period.

7. CASH AND CASH EQUIVALENTS

		Consolidated	
		31 Mar 2014	30 June 2013
		\$'000	\$'000
Cash assets	(i)	6,741	18,959
Short term deposits	(ii)	35,769	16,521
		42,510	35,480

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

Risk exposure

The 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.

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8. RECEIVABLES

		Consolidated	
		31 Mar 2014	30 June 2013
		\$'000	\$'000
Current			
Trade debtors	(i)	5,711	7,975
Sundry debtors	(i)	2,692	228
		8,403	8,203
Non-current			
Other receivable	(ii)	39,466	42,783
Security deposits	(iii)	10,201	10,318
		49,667	53,101

Terms relating to the above financial instruments:

- (i) Trade and sundry debtors are non-interest bearing and generally on 30 day terms.
- (ii) Other receivable relates to a VAT refund from the Ghana Revenue Authority ("GRA"). GRA have commenced repayment of this receivable to the group. The method of recovery of the remaining receivable is currently under negotiation.
- (iii) At 31 March 2014, the group has US\$9.4 million (approximately A\$10.2 million) held in bank deposits which are subject to a lien and are collateral for a bank guarantee that has been issued to the Ghana Environmental Protection Agency in relation to environmental rehabilitation provisions concerning the EGM.

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.

The other receivable relating to a VAT refund from the GRA is immediately repayable on demand in Ghanaian Cedis ("GHS"), is unsecured and bears no interest. The GRA has confirmed the amount owing in GHS and has commenced repayment of this receivable to the group. Management is engaged in discussions with the GRA regarding the recovery of the remaining VAT refund and although no time frame has been agreed upon as yet, the directors are of the view that the debt will eventually be recovered. The fair value of the receivable, determined using a 10% discount rate and assuming it takes a year to recover the receivable in full, is approximately \$35.9 million (30 June 2013: \$38.9 million).

9. INVENTORIES

	Consolidated	
	31 Mar 2014	30 June 2013
	\$'000	\$'000
Ore stockpiles – at cost	2,277	10,730
Ore stockpiles – at net realisable value	10,366	-
Gold in circuit	6,065	844
Bullion on hand	-	4,844
Materials and supplies	22,841	14,640
	41,549	31,058

Inventory expense

The inventory expense during the nine month period ended 31 March 2014 was \$178.5 million (30 June 2013: \$204.0 million). The write up of inventories due to an increase in net realisable value recognised during the period ended 31 March 2014 amounted to \$8.6 million (30 June 2013 write down: \$21.2 million) and is included in 'changes in inventories of finished goods and work in progress' in the statement of comprehensive income.

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10. OTHER ASSETS

		Consolidated	
		31 Mar 2014	30 June 2013
		\$'000	\$'000
Current			
Prepayments		5,231	10,345
Financial assets at fair value through profit and loss	(ii)	822	-
		6,053	10,345
Non-current			
Prepayments		325	871
Available for sale financial assets	(i)	1,949	3,310
		2,274	4,181

Terms and conditions relating to the above financial instruments:

- (i) The group's investment in Manas Resources Limited (\$1.899 million) is recognised as an available for sale financial asset.
- (ii) The group uses spot deferred USD metal sales contracts to hedge movements in USD precious metal prices on its anticipated sales of gold. At 31 March 2014 there were contracts in place for 13,000 ounces of gold with short-term settlements. The gain or loss on the mark to market of these contracts is recognised in the statement of comprehensive income.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of associated entity:	Principal activity	Country of incorporation	Ownership interest		Published fair value	
			Mar 2014	June 2013	Mar 2014	June 2013
			%	%	\$'000	\$'000
Burey Gold Limited	Gold Exploration	Australia	23.0	23.0	1,060	652

Burey Gold Limited ("Burey")

		Consolidated	
		31 Mar 2014	30 June 2013
		\$'000	\$'000
Investment in associated entity - Burey		652	652

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12. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated	
	31 Mar 2014	30 June 2013
	\$'000	\$'000
Current		
Cash flow hedge asset	3,364	2,548
Non-Current		
Cash flow hedge asset	20,252	29,747

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

Forward metal contracts – cash flow hedges:

The group uses cash flow designated USD forward metal contracts to hedge movements in USD precious metal prices on its anticipated sales of gold. At 31 March 2014 there were cash flow designated hedge contracts in place for 116,000 ounces of gold with settlements scheduled between June 2014 and December 2015. The portion of the gain or loss on these hedging instruments that are determined to be an effective hedge are recognised and retained directly in equity. The ineffective portion will be recognised in the statement of comprehensive income.

The amount reclassified during the year to the income statement was a gain of \$2,674,907 (30 June 2013 loss: \$22,829,232).

13. FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the group as at 31 March 2014:

	Loans and receivables	Available-for- sale	Fair value through profit and loss	Fair value through other comprehensive income
	\$'000	\$'000	\$'000	\$'000
Financial assets:				
Receivables	8,403	-	-	-
Gold put option contracts	-	-	-	-
Gold forward contracts	-	-	822	-
Derivative financial instruments	-	-	-	3,364
Total current	8,403	-	822	3,364
Receivables	49,667	-	-	-
Equity instruments	-	1,949	-	-
Derivative financial instruments	-	-	-	20,252
Total non-current	49,667	1,949	-	20,252
Total	58,070	1,949	822	23,616
Financial liabilities:				
Payables	59,357	-	-	-
Total current	59,357	-	-	-
Total	59,357	-	-	-

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13. FINANCIAL INSTRUMENTS – continued

Fair values

Set out below is a comparison of the carrying amounts and fair values of financial instrument as at 31 March 2014:

	Carrying amount \$'000	Fair value \$'000
Financial assets:		
Receivables	8,403	8,403
Gold put option contracts	-	-
Gold forward contracts	822	822
Derivative financial instruments	3,364	3,364
Total current	12,589	12,589
Receivables	49,667	46,079
Equity instruments	1,949	1,949
Derivative financial instruments	20,252	20,252
Total non-current	71,868	68,280
Total	84,457	80,869
Financial liabilities:		
Payables	59,357	59,357
Total non-current	59,357	59,357
Total	59,357	59,357

Fair value hierarchy

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

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

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

There were no transfers between categories during the period.

13. FINANCIAL INSTRUMENTS – continued

As at 31 March 2014, the group held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets:				
Gold put option contracts	-	-	-	-
Gold forward contracts	-	822	-	822
Equity instruments	1,899	-	50	1,949
Derivative financial instruments	-	23,616	-	23,616
Total	1,899	24,438	50	26,387

Valuation techniques

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

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include;

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

The net fair value of cash and cash equivalents and non-interest bearing financial assets and liabilities of the group approximate their carrying values. The carrying values (less impairment provision if provided) of trade receivables and payable are assumed to approximate their fair values due to their short-term nature. 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. Information about the fair value of the other receivable of VAT is provided in note 8.

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14. ISSUED CAPITAL

	Consolidated			
	31 Mar 2014		31 Mar 2013	
	\$'000	Number	\$'000	Number
Balance at the beginning of the period	445,404	457,962,088	445,450	457,962,088
Share placement at issue price of \$0.47 on 24 February 2014	32,286	68,694,313		
Transaction costs arising from issue of securities for cash	(1,259)	-	(128)	-
Balance at the end of the period	476,431	526,656,401	445,322	457,962,088

(b) Share Options

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

Exercise Period	Note	Exercise Price	Opening Balance 1 July 2013 Number	Options Issued Number	Options Exercised/ Cancelled/ Expired Number	Closing Balance 31 Mar 2014 Number
On or before 6 October 2013		\$3.00	250,000	-	(250,000)	-
On or before 3 November 2013		\$3.20	200,000	-	(200,000)	-
On or before 15 June 2014		\$3.00	1,540,000	-	(100,000)	1,440,000
			1,990,000	-	(550,000)	1,440,000

(c) Performance rights

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

Grant date	Expiry date	Exercise price	Opening balance 1 July 2013 Number	Performance rights issued Number	Performance rights exercised/ cancelled/ expired Number	Closing Balance 31 Mar 2014 Number
25 November 2012	31 December 2015	\$nil	600,000	-	(300,000)	300,000
1 January 2013	31 December 2015	\$nil	2,435,629	-	(721,816)	1,713,813
1 January 2014	30 June 2015	\$nil	-	2,625,000	-	2,625,000
1 January 2014	31 December 2016	\$nil	-	2,625,000	-	2,625,000
			3,035,629	5,250,000	(1,021,816)	7,263,813

(d) 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.

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15. CONTINGENCIES

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

There were no other known contingent liabilities identified as at 31 March 2014.

16. 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	
	31 Mar 2014	30 June 2013
	\$'000	\$'000
Within one year	950	950
One year or later and not later than five years	1,750	1,750
Later than five years	1,000	1,000
	3,700	3,700

(b) Capital commitments

The group is responsible for all rehabilitation of the EGM mining leases, which are currently estimated to cost approximately US\$6.8 million and a provision has been recorded for this at balance date.

(c) Operating lease commitments

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

Future minimum lease payments payable under non-cancellable operating leases at 31 March 2014 are as follows:

	Consolidated	
	31 Mar 2014	30 June 2013
	\$'000	\$'000
Within one year	390	379
One year or later and not later than five years	827	1,119
Later than five years	-	-
	1,217	1,498

17. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

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

- a) Fire at EGM Processing Plant - On Wednesday April 9, 2014, a fire occurred in the processing plant at the EGM while the plant was shut down for scheduled maintenance. Perseus's Emergency Response Team was activated and the fire was brought under control within an hour.

The fire caused no significant injuries and there was no adverse impact on the environment. The fire occurred in the upper cyclone area of the process plant (levels above Knelsons and gravity screens). Cyclone Process Equipment and associated support structures and mechanical and electrical installations were damaged, including:

- 7 of the 10 cyclones were fully burnt externally and internally;
- 8 cyclone actuator valves were burnt and destroyed;
- The rubber lining in the cyclone underflow pipe work and cyclone launder channels was badly burnt and or destroyed;
- The cyclone support steelwork suffered fire damage, one large grillage support beam was slightly deformed and many cyclone support channels were badly bent and deformed;
- All cyclone junction boxes, cabling, solenoid valves, electrical cabling and air pipe work in the vicinity were destroyed;
- Consequential damage occurred to PLC fuses due to short circuits from the fire.

As soon as practical following receipt of approval by the Ghana Minerals Commission, work commenced on clearing debris and carrying out repairs to the damaged equipment and structures. All of the materials and equipment required to complete the repairs were either held in stock or could be acquired or borrowed locally which meant that repairs were not impeded by supply issues.

Repairs including testing and preparations to enable re-starting the plant were completed and the plant re-started at 17.00hrs GMT on Wednesday April 16, 2014, seven days after the fire occurred.

Since the restart of processing operations, the plant has been running approximately 92% of the time and while some minor problems have been encountered with the operation of the cyclones which has impacted gold recoveries, the plant was operating at pre-fire performance levels by the end of April 2014.