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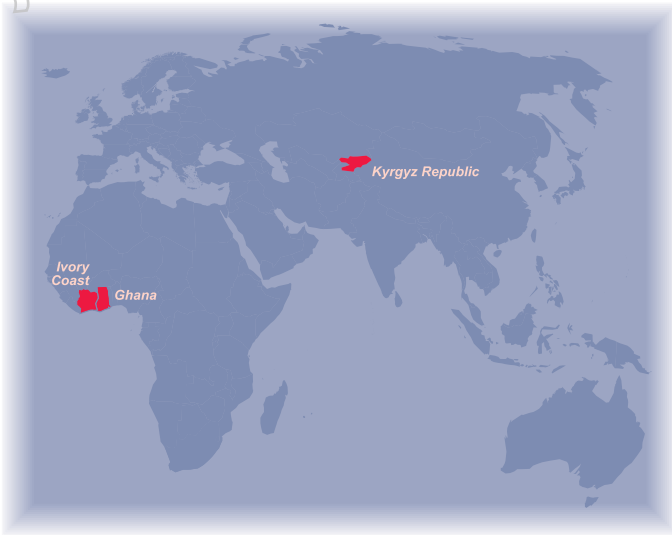


Perseus  
MINING LIMITED

ANNUAL  
R E P O R T  
2 0 0 7

ABN 27 106 808 986

## Corporate Directory > Snapshot



### • • Directors

Reginald Norman Gillard  
**Non-Executive Chairman**

Mark Andrew Calderwood  
**Managing Director**

Colin John Carson  
**Executive Director**

Rhett Boudewyn Brans  
**Non-executive Director**

Neil Christian Fearis  
**Non-Executive Director**

### Company Secretary

Susmit Mohanlal Shah

### Registered & Administrative Office

30 Ledger Road  
Balcatta 6021  
Western Australia  
PO Box 717  
Balcatta 6914  
Western Australia

**Telephone:** +61 (8) 9240 6344  
**Facsimile:** +61 (8) 9240 2406  
**Email address:** [info@perseusmining.com](mailto:info@perseusmining.com)  
**Website:** [www.perseusmining.com](http://www.perseusmining.com)

### Ghana

4 Chancery Court  
147A Gifford Road, East Cantonments  
PO Box CT2576 Cantonments  
Accra  
Ghana

**Telephone:** +233 (21) 760 530  
**Facsimile:** +233 (21) 760 528

### Kyrgyz Republic

10 Erkindyk Avenue  
Bishkek  
Kyrgyz Republic 720040

**Telephone:** +996 (312) 662 992  
**Email address:** [z\\_explor@elcat.kg](mailto:z_explor@elcat.kg)

### Share Registry

Advanced Share Registry Services  
110 Stirling Highway  
Nedlands, Western Australia, 6009

**Telephone:** +61 (8) 9389 8033  
**Facsimile:** +61 (8) 9389 7871

### Auditors

HLB Mann Judd  
15 Rheola Street  
West Perth, Western Australia, 6005

### Stock Exchange Listings

**Australian Securities Exchange**  
(Code – PRU & PRUO)

**German Stock Exchange**  
Frankfurt, Berlin-Bremen and Munich  
(Code – P4Q)



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## Chairman's Report > Reginald Norman Gillard



**Reginald Norman Gillard**  
Non-Executive Chairman

Analysts and observers of the global gold industry have foreshadowed long-term supply shortfall for gold, particularly, if the increase in disposable wealth from the booming Indian and Chinese economies translates into increasing demand for jewellery.

We believe that Perseus Mining is well placed to take advantage of the current buoyant gold market with continued outstanding results from its projects across the board and its two Ghana projects entering the feasibility study stage.

In support of the busy exploration programme undertaken by your Company, the board has ensured adequate funding through capital raisings in November and December of 2006 which delivered \$10 million and a further \$11.5 million raising completed in August 2007.

As well, the entire holding of shares and options in ASX listed Monaro Mining NL were sold in November 2006 for net proceeds of just over \$2.1 million while retaining a 0.2% royalty interest and an ability to receive further shares. These securities were received earlier in 2006 as consideration for the sale of an interest in uranium properties in the Kyrgyz Republic.

As Perseus Mining moves toward becoming a producer, the Board has invested time in ensuring company policies and procedures are in place to support management.

Other developments of note in what has been an extremely busy year for Perseus include exercising the option to acquire the Ayanfuri project in Ghana after demonstrating its significant potential with a string of drilling successes and the farmout of the Savoyardy gold project in the Kyrgyz Republic to Kentor Gold NL.

On behalf of the Board and shareholders generally I would like to thank Mark Calderwood and his dedicated team for guiding the Company through a period of sustained exploration successes, significant resource upgrades and a tripling of market capitalisation since June 2006.

## Managing Director's Report > Mark Andrew Calderwood



**Mark Andrew Calderwood**  
Managing Director

Reflecting back to this time last year, our total resource base stood at just over two million ounces of gold, and there were high expectations that we would be able to upgrade that resource base during FY2006-07. Twelve months later, I am pleased to report that our resource base is now over 3.6 million ounces with an additional resource upgrade imminent.

Perseus Mining has targeted five million ounces by December 2007 and expects that figure to grow again during 2008.

- Progress on the projects over the 2006 – 2007 financial year was significant. Some of the highlights include: Purchasing the rights to two mining leases and a prospecting licence at Ayanfuri;
- High grade drill intercepts at Tengrela in the Ivory Coast (Côte d'Ivoire);
- The significant resource upgrade for the Ayanfuri Project;
- Feasibility studies commissioned for the Grumesa and Ayanfuri Projects;
- Discovery of a significant new gold deposit at Ayanfuri;
- Discovery of significant soil anomaly at the Shambesai prospect in the Kyrgyz Republic; and
- The purchase of a heap leach plant in Ghana for the Grumesa project.

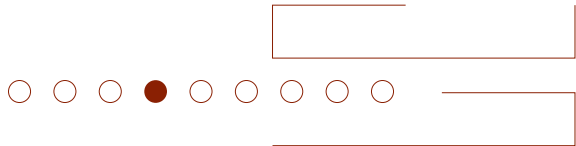
Work will continue into next year to grow the resource base on the lead projects and to characterize the potential of other prospects. Monthly drilling production rates are again expected to increase in the last half of 2007 as the number of targets continues to grow.

The coming financial year will be a defining one for Perseus Mining; we will have a clearer understanding of our resource potential in Ghana, and have completed feasibility studies for Ayanfuri and Grumesa.

In the Ivory Coast, we will be very busy following up the spectacular intercepts made at the Tengrela project and testing the other anomalies there.

The Kyrgyz Republic will increase levels of activity following up significant prospects outside the Obdilla prospect.

Another busy year!



## Review of Operations

During the year ended 30 June 2007 Perseus Mining Limited (“Perseus” or the “Company”) successfully progressed exploration in the three operating countries, Ghana and Ivory Coast in West Africa and the Kyrgyz Republic in Central Asia. The level of exploration has enabled another year of significant increases to our resource base from 1.06Moz in June 2006 to 3.26Moz in June 2007, a 208% increase. Subsequently the resource base increased again in July 2007 to 3.6Moz and will be further upgraded in October 2007.

The Company is undertaking production feasibility studies on the Grumesa and Ayanfuri projects in Ghana and expects to commence refurbishment of its heap leach plant, located in Ghana, in early 2008.

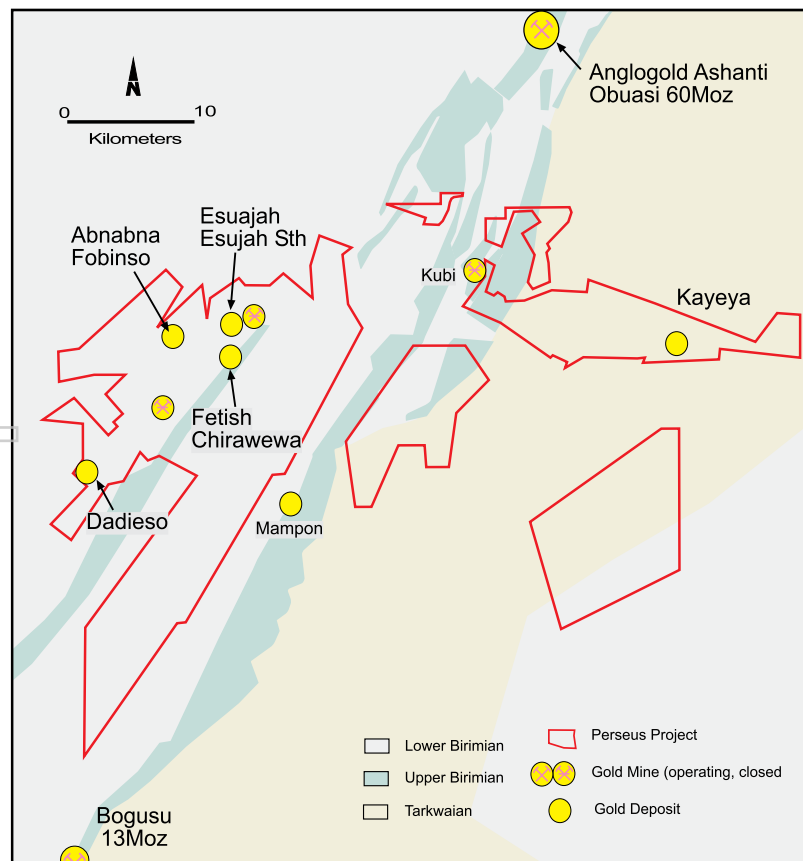
### • • Ghana

Ghana, one of the first countries in Africa to gain independence, is a stable democracy praised for its impressive macroeconomic management. Ghana is the tenth largest gold producer in the World and the second largest in Africa.

Ghana’s economy grew by 5.9% in 2005, with gold, timber, and cocoa production the major sources of foreign exchange. Agriculture accounts for 35% of GDP and employs 50% of the work force, mainly small landholders. Industry accounts for approximately 25% of GDP, of which mining contributes 6%.

Due to its long exposure to modern gold mining techniques, Ghana’s mining industry is amongst the most skilled in Africa and is renowned for exporting skills internationally.

Ghana was ranked next to Australia in a recent risk surveyed.



### Operations

Perseus’s Central Ashanti Belt Projects comprise 650sq km of tenements located from 30km south west and south east of the 60Moz Obuasi gold deposit. Most of the tenements remain under-explored, but substantial resources have been delineated on the Grumesa and Ayanfuri projects. Perseus lifted its gold resources for these projects from 1.06Moz in June 2006 to 3Moz in July 2007 – largely on the back of very good results from the Ayanfuri Project, which Perseus acquired in March 2007.

### Ayanfuri

Located 25–65kms south-west of Obuasi, on the Ashanti Gold Belt in Ghana, Ayanfuri is clearly demonstrating its bright future, with the Company identifying 2.19Moz of gold resources in just 12 months of drilling.

## Review of Operations

### Ayanfuri Gold Project Resources

Deposit	Indicated			Inferred			Total		
	Tonnes	g/t	Ounces	Tonnes	g/t	Ounces	Tonnes	g/t	Ounces
Esujah North <sup>(1,5)</sup>	5,381,000	1.2	205,900	8,160,000	1.3	327,800	13,541,000	1.2	533,700
Esujah South <sup>(1,4)</sup>	2,932,000	1.5	141,700	4,990,000	2.4	385,800	7,922,000	2.1	527,500
Abnabna-Fobinso <sup>(1,6)</sup>				10,940,000	1.4	502,800	10,940,000	1.4	502,800
Ataasi <sup>(2)</sup>	340,000	2.6	28,500	200,000	2.8	18,000	540,000	2.7	46,500
Chirawewa <sup>(2)</sup>				1,200,000	1.6	65,000	1,200,000	1.7	65,000
Dadieso <sup>(3,7)</sup>				2,720,000	1.8	153,400	2,720,000	1.8	153,400
Fetish <sup>(1,8)</sup>				7,594,000	1.5	360,000	7,594,000	1.5	360,000
<b>Totals</b>	<b>8,953,000</b>	<b>1.4</b>	<b>376,100</b>	<b>35,804,000</b>	<b>1.6</b>	<b>1,812,800</b>	<b>44,757,000</b>	<b>1.5</b>	<b>2,188,900</b>

### Notes

- 1 Resource Evaluations May 2007 Estimate based on Perseus, Cluff and AGC drill data
- 2 Perseus Mining May 2006 Estimate based on Cluff and AGC drill data
- 3 Perseus Mining June 2007 Estimate based on Perseus and AGC drill data
- 4 Excludes low grade mineralisation of 4.4Mt at 1.0g/t Au
- 5 Excludes low grade mineralisation of 7.3Mt at 0.6g/t Au
- 6 Excludes low grade mineralisation of 1.3Mt at 0.7g/t Au
- 7 Excludes low grade mineralisation of 1.1Mt at 0.9g/t Au
- 8 Excludes low grade mineralisation of 4.1Mt at 0.7g/t Au
- 9 Rounding applied to totals

Resource estimates for Ayanfuri have to date come from only 7 of the 23 deposits previously mined at the Project, indicating considerable up-side potential for further resources and discoveries. The Company will undertake a detailed airborne electromagnetic survey over 21sq km in October 2007 to test for more granite intrusives, the host of most of the gold mineralisation at Ayanfuri.



## Review of Operations



The Company is planning to increase the number of drill rigs on the project from 2 to 4 to fast track infill resource and exploration drilling. Concurrently the company is undertaking an updated Environmental base line study and comprehensive metallurgical testwork. Exploration at Ayanfuri is aimed at delineating reserves for a +10 year mine life at a potential of 100-200,000oz of gold production annually.

An options study for Ayanfuri commenced during 2007 is expected to be completed by December 2007. The study will compare the operating and capital costs for CIL processing plants of 2,3,4 and 5 mtpa capacity. After completing the options study the Company plans to progress to the completion of a bankable feasibility study in 2008.

The Ayanfuri project has existing mining licences and the Company is in the process of issuing environmental bonds. A number of substantial community development programs are planned for the Ayanfuri area.

### Grumesa

Located 33kms east of Ayanfuri, The Kayeya deposit on the Grumesa gold project is well placed to be the first Perseus Mining Deposit into production, with existing resources standing at 30.4Mt at 0.8g/t Au for 814,000 ounces of gold.

Perseus purchased a heap leach plant and equipment for use on the project in February 2007 and is in the advanced stages of a feasibility study with the view to deployment of the plant to site. The plant requires refurbishment but is expected to provide significant savings in the development of the project and be a low cost and faster development alternative to the acquisition of new plant given increasing lead times for all types of mining equipment globally.

The Company has employed a highly experienced expatriate maintenance superintendent and a maintenance supervisor for the refurbishment project and the eventual plant operations. Detailed planning for the refurbishment should start in November 2007 and physical work on major equipment items is expected to commence in Ghana in early January 2008.

The Company has a high degree of confidence that the full feasibility for the Kayeya heap leach will be positive, given the current strong gold price environment.

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## Review of Operations

### Kayeya Deposit (Grumesa) Resources

Deposit	Indicated			Inferred			Total		
	Tonnes	g/t	Ounces	Tonnes	g/t	Ounces	Tonnes	g/t	Ounces
Southern(1)	7,118,000	0.9	195,000	1,900,000	0.8	46,000	9,018,000	0.8	241,000
Northern(2)				21,400,000	0.8	573,000	21,400,000	0.8	557,300
Totals(3)	7,118,000	0.9	195,000	23,300,000	0.8	619,000	30,418,000	0.8	814,000

### Notes

- 1 Resource Evaluations April 2007 Estimate
- 2 Perseus Mining September 2006
- 3 Rounding applied to totals

### • Ivory Coast (Côte d'Ivoire)

Ivory Coast is one of Africa's best developed countries, with good infrastructure and relatively sophisticated bureaucracy.

Ivory Coast's agricultural industry dominates over mining, even though it has the largest share of greenstone belts prospective for gold in West Africa. Equigold's Bonikro mine, currently under construction, will in 2008 become the first significant gold producer for the under-explored country.

The Country's expected GDP growth is modest, at 1.4% in 2007, rising to just 2% in 2008 as it emerges out of an era of political standoff into elections in 2008. Inflation will remain low, forecast to be 2% in 2007 and 1.8% in 2008, reflecting improved travel and trade conditions. The current-account surplus is expected to fall from 8.3% of GDP in 2007 to 5.6% of GDP in 2008, in line with movements in the trade balance.

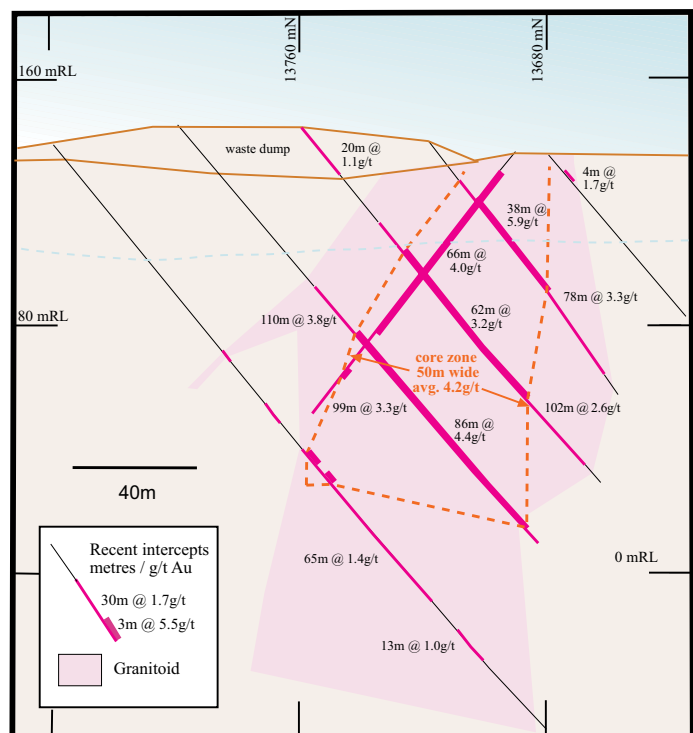
### Tengrela

The 885sq km Tengrela project is located in Ivory Coast on the border with Mali 30km SSE of the 6.4Moz Syama gold mine in Mali. The project lies 150km SSE of the Morila gold mine (7Moz) and 65km WNW of the Tongon deposit (3Moz).

Perseus has a net 80% interest in the Tengrela project, with 10% held by a local partner and 10% reserved for the Government at the mining stage.

The geology of the Syama gold belt within the Tengrela permits has many similarities to the better-explored Ashanti gold belt in neighbouring Ghana to the east.

The Company's RAB rig has drilled more than 500 holes over 12km of strike length on three of nine significant soil anomalies tested to date with considerable success, having located anomalous to significant mineralisation on every traverse completed. Two prospects of note are Sissingue and Kanakono, both located in the same 20km long corridor immediately south of the Malian border.



## Review of Operations

### Sissingue

RC drilling has tested a number of targets identified by RAB drilling over a 3.9km strike of the 7km long Sissingue soil anomaly. The first significant resource target identified to date is referred as Sissingue Eastern zone where early intercepts include 8m at 113.8 g/t, 4m at 175g/t, 64m at 3.1g/t, 24m at 4.3g/t and 16m at 4.9g/ Au.

The size of the Sissingue Eastern zone, the style of mineralisation, the presence of multiple zones of gold mineralisation and the fact that this is just a small portion of one of the nine regional gold anomalies to be tested by Perseus highlights the potential of the Tengrela gold project.

The Sissingue East deposit has a similar size footprint to 6.4Moz Syama mine along strike to the north. Perseus is targeting at least 1Moz resource from drilling completed at Sissingue in 2007 and a third rig was recently mobilised to site to help test the depth extensions.

### Kanakono

RAB drilling has commenced on the next anomaly, the four kilometre long Kanakono prospect located south of Sissingue.



### • • Kyrgyz Republic

The Kyrgyz Republic is located in Central Asia. Landlocked and mountainous, it borders Kazakhstan to the north, Uzbekistan to the west, and the People's Republic of China to the southeast.

The Kyrgyz Republic is often called the Switzerland of Central Asia for both its scenic beauty and fiscal appeal. The country has made considerable progress in attaining macroeconomic stability in the past few years with an average GDP growth of about 5 percent a year since 1996.

A democratic country, it has a stable economy, stable currency and an excellent fiscal regime with low tax rates - 10% income tax and a royalty of five percent for the gold industry.

It is a member of the World Trade Organisation (WTO) and has a free market economy with freedom to transfer funds and exchange currency.

The Kyrgyz Republic covers a significant portion of the Tien Shan gold belt which is considered to be second only to the Witwatersrand of South Africa in terms of global gold endowment.

In 2005 Perseus discovered a "Carlin Style" gold deposit on the Tolubay licence which prompted the acquisition of the 3,807sq km of tenements known as the Southern Kyrgyz Gold Project south of the Fergana Valley and 74kms west south west of the ancient city of Osh.

The mines of the Carlin Trend in Nevada were the main driving force for the growth of Newmont and Barrick Gold.

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## Review of Operations

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### Tolubay

The 2km long Obdilla prospect is one of five Carlin Style prospects identified on the Tolubay licence. Last year the Company released a resource estimate of 10.4Mt grading 1.9 g/t for 618,000 ounces of gold for a 400m portion of the deposit drilled in 2005-2006.

Extensional drilling to the west has been difficult. Only about 4,600m of core drilling was completed in the last year due to the poor quality and availability of drilling equipment and ground conditions with many holes abandoned or awaiting completion. Drilling has been successful in tracing mineralisation westwards for another 800m, though mineralisation appears more complex than and not as strong as in the current resources area.

An electro-magnetic survey conducted over 11.3km strike of the mineralised limestone shale contact Tolubay has located a number of strongly polarisable conductors, notably, the Chatyrman prospect, located immediately east of Obdilla, which represents an early drill target.

The Company has four rigs currently on site at Obdilla with, one rig will be moved from Obdilla to Chatyrman and another will be moved to the recently discovered Shambesai prospect located 7km south of Obdilla.

Metallurgical test work undertaken on Obdilla material confirms the difficult refractory characteristics typical of many sulphide Carlin ores. At Obdilla gold bearing sulphides can be concentrated by floatation but the concentrates grades are not high. Scoping work is not yet complete but results to date indicate that substantially more tonnage, at moderate grades (+2g/t), or lower tonnages at higher grades (+3g/t) are required. The potential for increased tonnages remains high.

### Isfairamsai

The 387sq km Isfairamsai licence, located immediately to the south of the Tolubay licence, was acquired after recognising an extensive area of the same geological contact that hosts the Obdilla deposit.

Results received from stream sediment sampling highlighted a large number of gold anomalies which are currently being followed up. The first stream anomaly tested resulted in the recent discovery of the Shambesai prospect, located 7km south of Obdilla, when a single spot rock chip sample returned 3.76 g/t gold. A single trench dug across the most exposed stratigraphy returned 11m at 3.70g/t gold (open-ended).

Subsequent broad spaced soil sampling has extended the target of this second Carlin Style prospect to an area 1km long by 170m wide. Gold grades in soil samples analysed to date range from 115ppb to 9,170ppb, averaging 1,960ppb Au, which is extremely encouraging given background on the licence is about 4 to 8ppb Au.

The Shambesai prospect is located on the same lithological contact as Obdilla, where it is exposed at surface by thrusting. Stratigraphy, alteration and degree of brecciation at Shambesai are similar to Obdilla but the topography at Shambesai is relatively subdued and is more accessible for drilling.

The Shambesai discovery highlights the potential of the 3,807 sq km Southern Kyrgyz Gold Project, which is at a very early stage of exploration

# Review of Operations

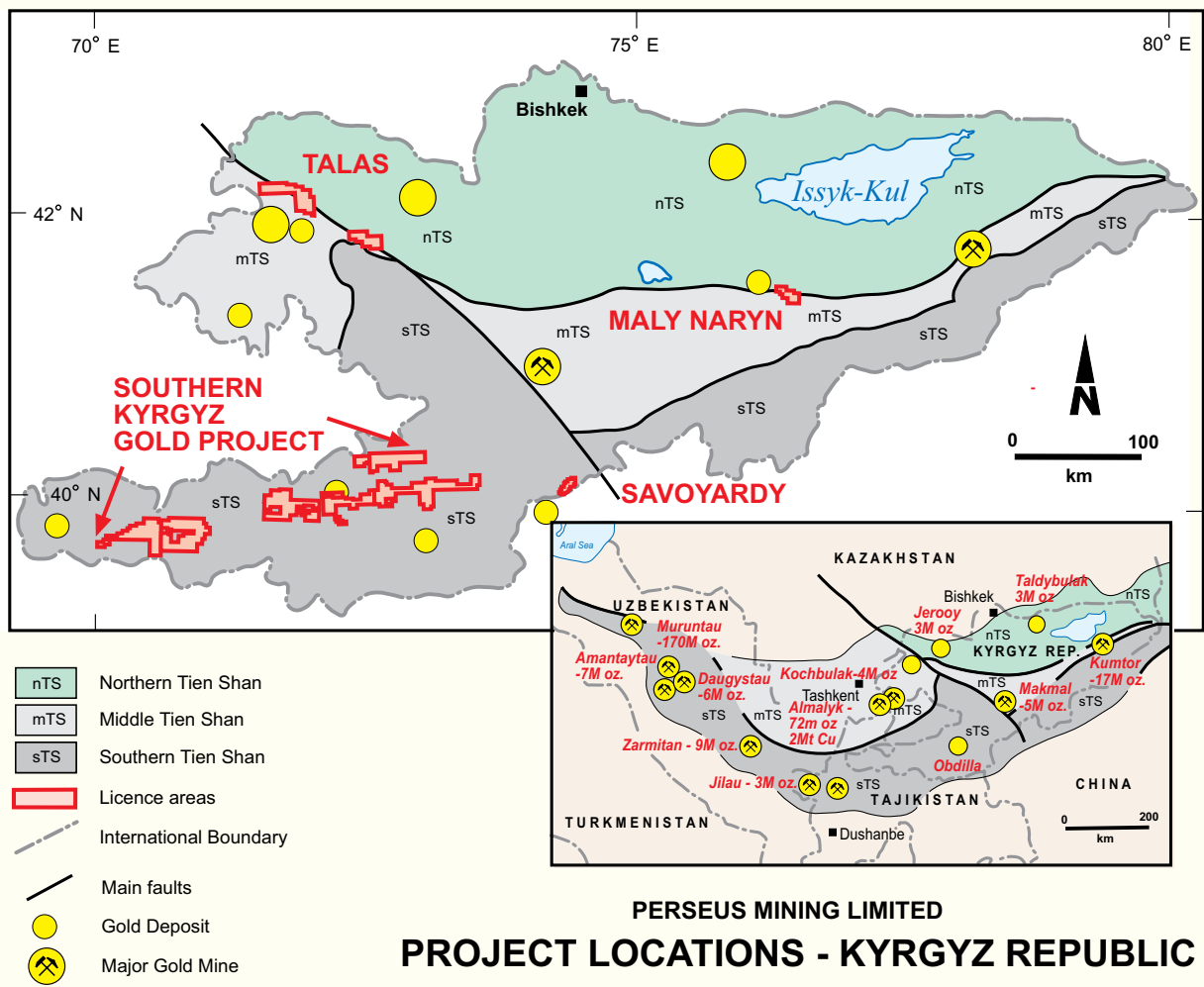
## Savoyardy Gold Project Joint Venture

Late in the financial year Perseus farmed out the Savoyardy project to ASX listed Kentor Gold Limited ("Kentor") to allow it to focus on its large Southern Kyrgyz Gold Project and its more advanced projects in Ghana and Ivory Coast in West Africa. Kentor is established in the Kyrgyz Republic and has extensive experience in the country.

Perseus presently has a 100% interest in the 84.5sq km Savoyardy licence located in southern Kyrgyz Republic, adjacent to the border with China. Key terms of the joint venture are as follows:

- Kentor can earn a 70% interest by incurring exploration expenditure of at least US\$6 million over a 5 year period up to 31 March 2012.
- Kentor is required to spend at least US\$500,000 by 31 March 2008, inclusive of 1,000 metres of drilling, before it can withdraw from the joint venture.

Kentor has started diamond drilling at Savoyardy, has made significant progress in the rehabilitation of the soviet adits and is planning additional soil sampling.



## Review of Operations

### Perseus Group (all projects) Resources

Project/ Country	Indicated			Inferred			Total			Max Equity <sup>(4)</sup>	Equity Ounces
	Tonnes	g/t	Ounces	Tonnes	g/t	Ounces	Tonnes	g/t	Ounces		
Ayanfuri Ghana <sup>(1)</sup>	8,953,000	1.4	376,100	35,804,000	1.6	1,812,800	44,757,000	1.5	2,188,900	90%	1,970,010
Grumesa Ghana <sup>(2)</sup>	7,118,000	0.9	195,000	23,300,000	0.8	619,000	30,418,000	0.8	814,000	90%	732,600
Tolubay Kyrgyz Republic <sup>(3)</sup>				10,400,000	1.9	618,000	10,400,000	1.9	618,000	100%	618,000

### Notes

- 1 Last updated 25/7/2007
- 2 Last updated 30/4/2007
- 3 Last updated 27/9/2006

Maximum available equity to the Company allowing for Government equity right at the commencement of mining

## Directors' Report

Your Directors present their report together with the financial report of Perseus Mining Limited and its controlled entities (collectively referred to as the "consolidated entity") for the year ended 30 June 2007 and the auditor's report thereon. In order to comply with the provisions of the Corporations Act, the Directors report as follows:

### • • DIRECTORS

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

#### Names, qualifications, experience and special responsibilities

#### 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, Reg Gillard now focuses on corporate management, corporate governance and the evaluation and acquisition of resource projects. Mr Gillard also serves on the audit committee of the Company. During the past three years he has also served as a director of the following listed companies:

Caspian Oil & Gas Limited *	
Aspen Group Limited *	
Lafayette Mining Limited *	
Pioneer Nickel Limited *	appointed 17 March 2005
Eneabba Gas Limited *	appointed 2 August 2005
Tiger Resources Limited *	appointed 9 December 2005
Elemental Minerals Limited *	appointed 6 June 2006
Moto Goldmines Limited	ceased 17 August 2005
* denotes current directorship	

#### Mark Andrew Calderwood AusIMM - Managing Director

(Appointed 23/01/2004)

Mark Calderwood is a member of the Australasian Institute of Mining and Metallurgy and has extensive experience in exploring for and mining gold. He has over 10 years' experience in the West African region and has a network of contacts throughout the region. During the past three years he has also served as a director of the following listed company:

Caspian Oil & Gas Limited	ceased 8 July 2004.
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## Directors' Report

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### Names, qualifications, experience and special responsibilities - continued

#### Colin John Carson CPA FCIS FCIM - Executive Director

(Appointed 24/10/2003)

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

Caspian Oil & Gas Limited \*

#### Rhett Boudewyn Brans MIEAUST CPENG - Non-Executive Director

(Appointed 26/05/2004)

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

Mr Brans has operated a consultancy providing project management services to the mining industry for the past 14 years. In this capacity, he has managed the development of gold and base metal projects. His experience extends across the full range from mining feasibility studies through to commissioning operations. Mr Brans has over 30 years' experience in the design and construction of mineral treatment facilities. Mr Brans also serves on the audit committee of the Company. During the past three years he has not served as a director of any other listed company.

#### Neil Christian Fearis LL.B.(Hons) MAICD F FIN - Non-Executive Director

(Appointed 26/05/2004)

Neil Fearis has 30 years' experience as a commercial lawyer in the UK and Australia. He practises principally in the area of mergers and acquisitions, takeovers, public flotations, and other forms of capital raising.

Mr Fearis is a member of several professional bodies associated with commerce and the law and also serves as Chairman of the Company's audit committee. During the past three years he has also served as a director of the following listed companies:

Kresta Holdings Limited \*

Carnarvon Petroleum Limited \*

Liberty Resources NL\* (appointed 25 June 2007)

\* denotes current directorship

#### • • COMPANY SECRETARY

#### Susmit Mohanlal Shah BSc Econ CA

(Appointed 24/10/03)

Susmit Shah is a chartered accountant with over 20 years' experience. Over the last 13 years, Mr Shah has been involved with a diverse range of Australian public listed companies in company secretarial and financial roles

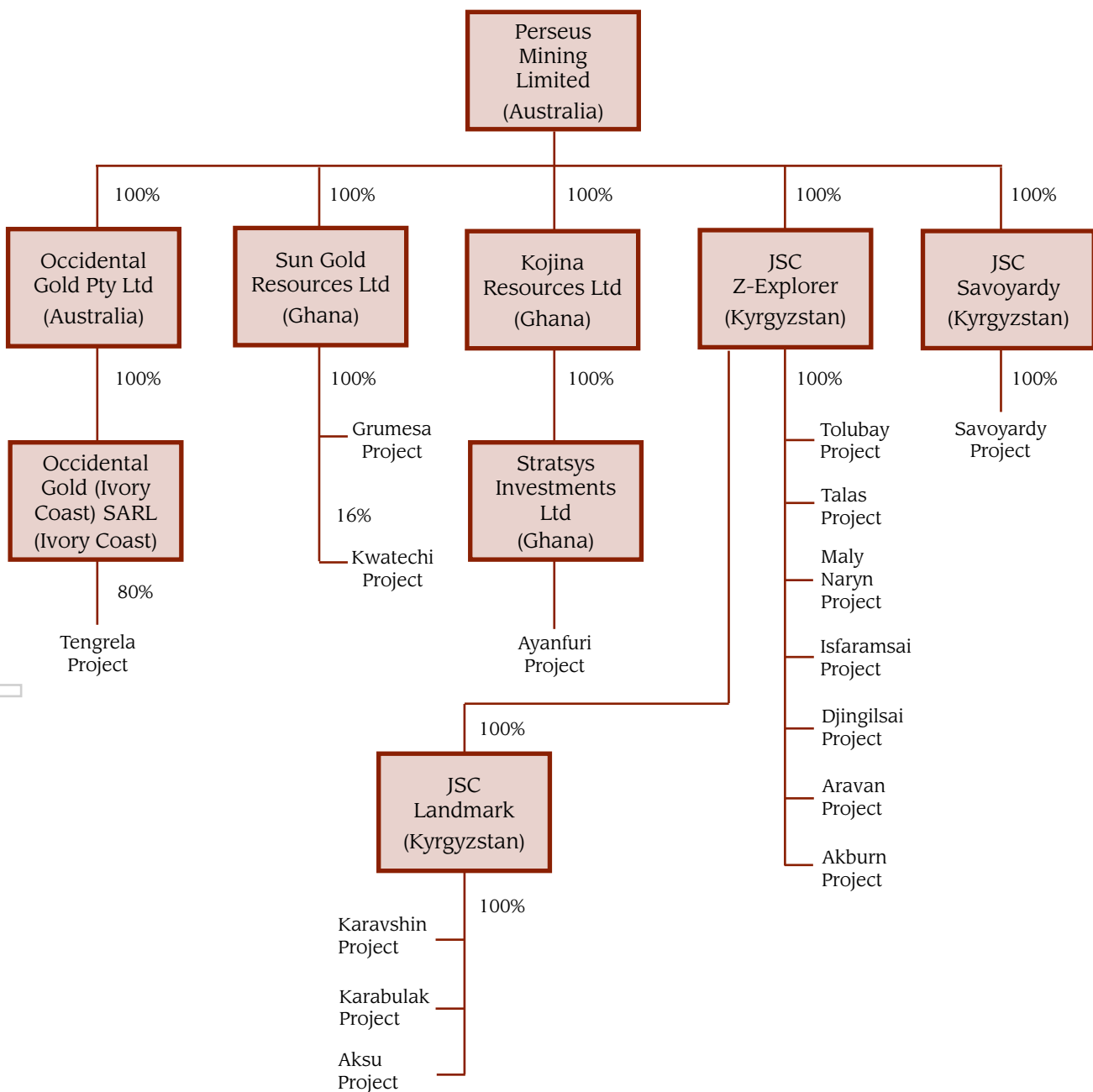
# Directors' Report

## • • CORPORATE INFORMATION

### Corporate Structure

Perseus Mining Limited is a limited liability company that is incorporated and domiciled in Australia. It has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in the following illustration of the group's corporate structure.

#### PERSEUS MINING LIMITED – GROUP STRUCTURE AT JUNE 2007







## Directors' Report

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### PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial year were mineral exploration and project development in West Africa and the Kyrgyz Republic in Central Asia.

### RESULTS AND DIVIDENDS

The consolidated loss after tax for the year ended 30 June 2007 was \$521,491 (2006: \$1,015,782). No dividends were paid during the year and the Directors do not recommend payment of a dividend.

### EARNINGS PER SHARE

Basic loss per share for the year was 0.5 cents (2006: 1.4 cents).

### REVIEW OF OPERATIONS

A review of operations of the consolidated entity during the year ended 30 June 2007 is provided in the section headed "Review of Operations" immediately preceding this Directors' Report.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

- The Company received a net cash injection of \$2.1 million from the sale of its holding in Monaro Mining NL.
- In February 2007, the Company completed a capital raising of \$10,060,000 by issuing 25,150,000 shares at \$0.40 each, together with 12,575,000 free attaching options exercisable at \$0.50 each on or before 29 February 2008. The Company also issued 1,400,000 shares at \$0.40 each in part consideration for the acquisition of heap leach plant and equipment.
- In March 2007, after an extended due diligence process, the Company exercised its option to acquire 100% of the issued capital in Stratsys Investments Ltd ("Stratsys"), the holder of the Ayanfuri Gold Project in Ghana. The Company is required to issue 2.5 million shares and 2.5 million options (exercisable at 40 cents on or before 28 February 2009) as initial purchase consideration, followed by a further 2 million shares and 2 million options (exercisable at 60 cents with a 2 year term) if 500,000 ounces of gold are classified as reserves on the Stratsys properties.

At balance date, the initial purchase consideration had not been issued by the Company. This consideration will not be issued until such time as receipt of all necessary Ghana Government approvals for, amongst other things, the transfer of Stratsys shares and the Ayanfuri Mine Licences from the present licence holder, AngloGold Ashanti to Stratsys under the terms of a sale agreement between AngloGold Ashanti and Stratsys. However, at balance date a liability of approximately \$1.5 million has been recognised for this outstanding purchase consideration. Also included in liabilities at balance date is a rehabilitation provision estimated at \$2.75 million with respect to mining previously carried out on the Ayanfuri Project.

### EVENTS SUBSEQUENT TO BALANCE DATE

Since the end of the financial year and to the date of this report no matter or circumstance has arisen which 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 the matters referred to below:

- In July 2007, the Company completed a placement of 10,000,000 shares at an issue price of \$1.15 each to raise \$11.5 million (before expenses) for the purposes of funding exploration and feasibility activities on its gold projects in Ghana, Ivory Coast and the Kyrgyz Republic

## Directors' Report

### LIKELY DEVELOPMENTS

The Company's focus over the next financial year will be on its key projects, Ayanfuri, Grumesa, Tengrela and Tolubay. Further commentary on planned activities in these projects over the forthcoming year is provided in the "Review of Operations". The Company will also assess new opportunities where these have synergies with existing projects.

### DIRECTORS' MEETINGS

The number of meetings of the Directors and the number of meetings attended by each Director during the year ended 30 June 2007 were:

	Directors' meetings held during period of office	Directors' meetings attended
R N Gillard	6	6
M A Calderwood	6	6
C J Carson	6	6
R B Brans	6	6
N C Fearis	6	6

The audit committee consists of N C Fearis (Chairman), R N Gillard and R B Brans. There was one audit committee meeting during the year ended 30 June 2007 with all members in attendance.

### DIRECTORS' INTERESTS

The interests of each Director in the shares and options of the Company at the date of this Report are as follows:

	Fully Paid Ordinary Shares	Options Over Ordinary Shares
R N Gillard	210,000	470,000
M A Calderwood	1,370,000	3,070,000
C J Carson	751,423	250,000
R B Brans	150,000	425,000
N C Fearis	100,000	300,000

## Directors' Report

### *Options granted to directors' and officers and analysis of share-based payments granted as remuneration*

The Company has not granted any options over unissued ordinary shares during or since the end of the financial year to any Directors or officers as part of their remuneration.

During or since the end of the financial year, no options over unissued ordinary shares in the Company were forfeited or exercised by Directors or officers of the Company except for the exercise of 100,000 options by Mr N C Fearis in May 2007 at an exercise price of 20 cents per share.

The market value of the Company's shares at 30 June 2007 was \$1.16.

### SHARE OPTIONS

As at the date of this report, there are 37,807,800 options over unissued ordinary shares in the Company outstanding, summarised as follows:

	Number	Exercise Price (dollars)	Expiry Date
Listed Options	20,437,800	\$0.20	31 March 2009
Unlisted Options	3,700,000	\$0.20	31 March 2009
Unlisted Options	770,000	\$0.26	1 December 2008
Unlisted Options	400,000	\$0.45	6 June 2009
Unlisted Options	400,000	\$0.50	6 June 2009
Unlisted Options	10,740,000	\$0.50	29 February 2008
Unlisted Options	600,000	\$0.50	1 April 2010
Unlisted Options	150,000	\$0.65	30 May 2010
Unlisted Options	610,000	\$1.00	12 July 2010

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

Options issued during the year are as follows:

- In February 2007, the Company completed a capital raising of \$10,060,000 by issuing 25,150,000 shares at \$0.40 each, together with 12,575,000 free attaching options exercisable at \$0.50 each on or before 29 February 2008.
- In June 2007, 750,000 options were issued under the terms of the Perseus Mining Limited Employee Option Plan.

Options issued after 30 June 2007 and up to the date of this report are as follows:

- In July 2007, 610,000 options were issued under the terms of the Perseus Mining Limited Employee Option Plan.

### *Shares issued on exercise of options*

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows (there was no amount unpaid on the shares issued):

Number of shares	Amount paid on each share (\$)
3,682,200	0.20
365,000	0.26
1,835,000	0.50

## Directors' Report

### REMUNERATION REPORT (AUDITED)

This report outlays the remuneration arrangements in place for the Directors of Perseus Mining Limited. The consolidated entity does not have any relevant group executives as defined under section 300A of the Corporations Act 2001 (other than executives who are also directors).

It also provides the remuneration disclosures required by paragraphs Aus 25.4 to Aus 25.7.2 of AASB 124 "Related Party Disclosures", which have been transferred to the Remuneration Report in accordance with Corporations Regulations and have been audited.

### Remuneration philosophy

The Board reviews the remuneration packages applicable to the executive Directors and non-executive Directors on an annual basis. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and level of performance and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Independent advice on the appropriateness of remuneration packages is obtained, where necessary.

### Remuneration committee

The Company has a formally constituted remuneration committee of the Board, comprising Mr Gillard, Mr Brans and Mr Fearis. The Committee's charter includes the following duties:

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

Equity components of remuneration, including the issue of options, are required to be approved by shareholders prior to award.

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

### Remuneration structure

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

### Non-executive Directors' remuneration

#### *Objective*

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

#### *Structure*

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by the shareholders in general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at a general meeting on 21 November 2003 when shareholders approved an aggregate remuneration of \$200,000 per year.

The Board reviews the remuneration packages applicable to the non-executive Directors on an annual basis. The Board considers fees paid to non-executive Directors of comparable companies when undertaking the annual review process.



## Directors' Report

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### REMUNERATION REPORT - CONTINUED

The remuneration of the non-executive Directors for the year ending 30 June 2007 is detailed in Table 1 of this report.

#### Executive Directors' remuneration

##### *Objective*

The Company aims to reward the Executive Directors with a level of remuneration commensurate with their position and responsibilities within the Company and so as to:

- align the interests of the Executive Directors with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

##### *Structure*

Remuneration consists of the following key elements:

- Fixed remuneration
- Variable remuneration

#### Fixed remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Board and the process consists of a review of companywide, business unit and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practice. Independent advice on the appropriateness of remuneration packages is obtained, where necessary.

The fixed component of the Executive Directors' remuneration for the year ending 30 June 2007 is detailed in Table 1 of this report.

#### Variable remuneration – Long Term Incentive ('LTI')

##### *Objective*

The objective of the LTI plan is to reward executives and senior managers in a manner which aligns this element of remuneration with the creation of shareholder wealth.

As such LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance.

##### *Structure*

LTI grants to executives are delivered in the form of options. The issue of options as part of the remuneration packages of executive and non-executive Directors is an established practice of junior public listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding each of the Directors.

The remuneration of the Executive Directors for the year ending 30 June 2007 is detailed in Table 1 of this report.

## Directors' Report

### REMUNERATION REPORT - CONTINUED

#### Employment agreements

Mark Calderwood has entered into an agreement with the Company to be employed as Managing Director. The contract commenced on 1 January 2004 and there is no specific termination date.

The terms of the arrangement during the year included remuneration of \$250,000 per annum, with superannuation contributions by the Company being capped based on the statutory maximum earnings. Either party can terminate the agreement by giving six months' written notice.

Colin Carson has entered into an agreement with the Company to be employed as an Executive Director. The contract commenced on 22 September 2004, which was the listing date of the Company on the ASX, and there is no specific termination date. The terms of the present arrangement include remuneration of \$100,000 per annum with superannuation contributions by the Company being capped based on the statutory maximum earnings, and is on the basis that Mr Carson dedicates on average around 80 hours per month for 11 months per annum to the affairs of the Company. A pro rata adjustment will be made if Mr Carson dedicates a greater or lesser amount of time to the Company.

**Table 1 Director remuneration for the year ended 30 June 2007**

<i>Directors :</i>	Primary Director's Salary / Fees \$	Post Employment Superannuation \$	EquityValue of Options \$	Total \$
Reginald Gillard				
2007	42,917	3,864	-	46,781
2006	40,000	3,600	-	43,600
Mark Calderwood				
2007	208,433	12,217	-	220,650
2006	175,000	-	-	175,000
Colin Carson				
2007	87,508	7,876	-	95,384
2006	61,001	5,490	-	66,491
Rhett Brans				
2007	32,917	2,964	-	35,881
2006	30,000	2,700	-	32,700
Neil Fearis				
2007	32,917	-	-	32,917
2006	30,000	-	-	30,000
Alexander Becker (Resigned 12 October 2005)				
2007	-	-	-	-
2006	8,468	-	-	8,468
<b>Total, all specified Directors</b>				
<b>2007</b>	<b>404,692</b>	<b>26,921</b>		<b>431,613</b>
2006	344,469	11,790	-	356,259

## Directors' Report

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### INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

The Company's Constitution requires it to indemnify Directors and officers of any entity within the consolidated entity against liabilities incurred to third parties and against costs and expenses incurred in defending civil or criminal proceedings, except in certain circumstances. An indemnity is also provided to the Company's auditors under the terms of their engagement. Subsequent to the end of the year, Directors and officers of the consolidated entity have been insured against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The insurance premium, amounting to \$13,234, relates to:

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

### ENVIRONMENTAL REGULATIONS

The consolidated entity's operations are not subject to any significant Australian environmental laws but its exploration and development activities in West Africa and the Kyrgyz Republic are subject to environmental laws, regulations and permit conditions. There have been no known breaches of environmental laws or permit conditions while conducting operations in West Africa or the Kyrgyz Republic during the year.

### NON-AUDIT SERVICES

There have been no non-audit services provided by the Company's auditor during the year (2006: nil).

### AUDITORS' INDEPENDENCE DECLARATION

The auditor, HLB Mann Judd, has provided the Board of Directors with an independence declaration in accordance with section 307C of the Corporations Act 2001.

The independence declaration is attached to and forms part of this Directors' Report.

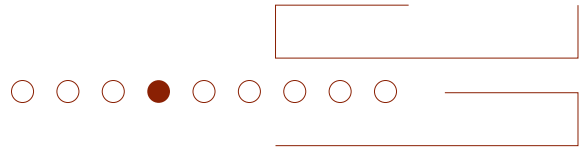
Signed in accordance with a resolution of Directors.



**M A Calderwood**

Managing Director

Perth, Western Australia  
28 September 2007



## Directors' Report

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### Auditors' Independence Declaration



As lead auditor for the audit of the financial report of Perseus Mining Limited for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Perseus Mining Limited.

**N. G. Neill**  
Partner, HLB Mann Judd


Perth, Western Australia  
28 September 2007

B Mann Judd (WA Partnership)

15 Rheola Street West Perth 6005. PO Box 263 West Perth 6872 Western Australia. DX 238 (Perth) Telephone +61 (08) 9481 0977. Fax +61 (08) 9481 3686.

Email: [hlb@hlbwa.com.au](mailto:hlb@hlbwa.com.au). Website: <http://www.hlb.com.au>

Partners: Terry M Blenkinsop, Litsa Christodoulou, Wayne M Clark, Lucio Di Giallonardo, Colin D Emmott, Trevor G Hoddy, Norman G Neill, Peter J Speechley

HLB Mann Judd (WA Partnership) is a member of  International and the HLB Mann Judd National Association of independent accounting firms





## Statement of Corporate Government Practices

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The Board of Directors of Perseus Mining Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

In accordance with the Australian Securities Exchange Corporate Governance Council's ("CGC") "Principles of Good Corporate Governance and Best Practice Recommendations" the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed together with the reasons for the departure.

The Company's corporate governance practices were in place throughout the financial year ended 30 June 2007 and were compliant, unless otherwise stated, with the CGC's principles and recommendations, which are noted below. The Board as a whole is involved in matters where larger Boards would ordinarily operate through sub-committees. For these reasons, some of the best practices recommended by CGC are not cost effective for adoption in a small company environment.

<b>Principle 1.</b>	Lay solid foundations for management and oversight
<b>Principle 2.</b>	Structure the board to add value
<b>Principle 3.</b>	Promote ethical and responsible decision making
<b>Principle 4.</b>	Safeguard integrity in financial reporting
<b>Principle 5.</b>	Make timely and balanced disclosure
<b>Principle 6.</b>	Respect the rights of shareholders
<b>Principle 7.</b>	Recognise and manage risk
<b>Principle 8.</b>	Encourage enhanced performance
<b>Principle 9.</b>	Remunerate fairly and responsibly
<b>Principle 10.</b>	Recognise the legitimate interests of stakeholders

### Structure and Composition of the Board

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise at least three Directors and should maintain a majority of non-executive directors;
- the Board should comprise Directors with an appropriate range of qualifications and expertise;
- the Board shall meet at least quarterly; and
- the selection of the Board members shall always be for the purpose of their ability to add value to Perseus.

The Company's Constitution provides that one-third of the Directors, excluding the Managing Director, shall retire by rotation annually. Retiring Directors are eligible for re-election at the annual general meeting. The Directors are not required to hold any qualifying shares.

### Review of Board Performance

The Board meets once a year to review its own performance. The Chairman reviews the performance of the Managing Director annually. Evaluations are based on specific criteria, including whether strategic and operational objectives are being met

## Statement of Corporate Governance Practices - continued

The Board has established a framework for the management of the consolidated entity including a system of internal control, a business risk management process, and the establishment of appropriate ethical standards.

The full Board holds regular meetings to discuss operational matters, plus strategy meetings and any extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise.

The Board reviews its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, 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 CGC's "Principles of Good Corporate Governance and Best Practice Recommendations" recommends the appointment of a Nomination Committee for prospective Board appointments. The Board considers that the Company and the Board are currently not of sufficient size to justify the establishment of a Nomination Committee.

The terms and conditions of the appointment and retirement of directors are not formally set out in a letter of appointment. 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 directors, who are experienced public company directors.

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Director's Report. Directors of the Company 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 judgement.

The following Directors of the Company are considered to be independent:

Name	Position
N Fearis	Non-Executive Director
R Brans	Non-Executive Director

Each Director has the right to seek independent professional advice at the Company's expense. However, prior approval of the Chairman will be required, which will not be unreasonably withheld.

The term in office of each Director in office at the date of this report is as follows:

Name	Term in Office
R Gillard	3 years 11 months
M Calderwood	3 years 8 months
C Carson	3 years 11 months
N Fearis	3 years 4 months
R Brans	3 years 4 months



## Statement of Governance Practices – continued

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### Responsibilities of the Board

The Board is responsible for setting the strategic direction and establishing the policies of the consolidated entity. It is responsible for overseeing the financial position, and for monitoring the business and affairs on behalf of the shareholders, by whom the Directors are elected and to whom they are accountable. The Board also addresses issues relating to internal controls and approaches to risk management.

### Ethical standards

The Board acknowledges the need for continued maintenance of the highest standards of corporate governance practice and ethical conduct by all Directors and employees of the consolidated entity. A fundamental theme of the consolidated entity's code of ethics is that all business affairs are conducted legally, ethically and with the strict observance of the highest standards of integrity and propriety. The Directors and management have the responsibility to carry out their functions with a view to maximising financial performance of the consolidated entity.

All Directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity.

### Trading in Company securities by Directors and employees

Due to the potential impact on the price of the Company's securities of the release of exploration activity reports and financial information reports at the end of each calendar quarter, Directors, senior management and certain employees of Perseus with access to sensitive financial information who trade near the end of a calendar quarter incur the risk of being party to a future lawsuit based on an allegation that they are trading on inside information. In order to provide a measure of protection, the Company has instituted periods ("Black-Out Periods") during which Directors, employees and consultants of the Company and entities over which those persons have control are not permitted to buy, sell or otherwise trade in securities of the Company.

### Continuous Disclosure and Communication with Shareholders

The Chairman is responsible, in consultation with the Board, for interpreting and monitoring the Company's compliance with the continuous disclosure requirements of the Australian Securities Exchange (ASX) whilst the Company Secretary is responsible for all communications with the ASX. It is not considered necessary to commit procedures and processes for compliance with the ASX listing rules in writing given the small size of the Company, its workforce and the relatively simple nature of its activities. All Directors and senior employees have a general understanding of the continuous disclosure requirements under the ASX listing rules, particularly as they relate to identification of matters that may have a material effect on the price of the Company's securities.

Communication with shareholders is conducted through the following mechanisms:

- Announcements lodged with the ASX;
- Half Yearly and Preliminary Final Reports;
- Annual Reports;
- Annual General Meetings; and
- Shareholder Updates

The Company also posts corporate information in the investor section of its Company website at [www.perseusmining.com](http://www.perseusmining.com).

## Statement of Governance Practices – continued

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### Remuneration

The CGC's "Principles of Good Corporate Governance and Best Practice Recommendations" recommend the appointment of a Remuneration Committee for focusing the Company on appropriate remuneration policies, which are designed to meet the needs of the Company and to enhance corporate and individual performance. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and level of performance, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Details on the amount of remuneration and all monetary and non-monetary components for each of the Directors and executives is provided in the Directors' Report. In relation to the payments of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of the Company and the performance of the individual during the period.

There were no loans made to Directors or executives during the period and there are no amounts owing by Directors and executives at the year end.

### Risk Management

The Board monitors and receives advice on areas of operational and financial risk and the control framework, and considers strategies for appropriate risk management arrangements. The Directors recognise that mineral exploration is inherently risky and that many of the regions in which the Company operates are prone to greater sovereign risk.

### Financial reporting

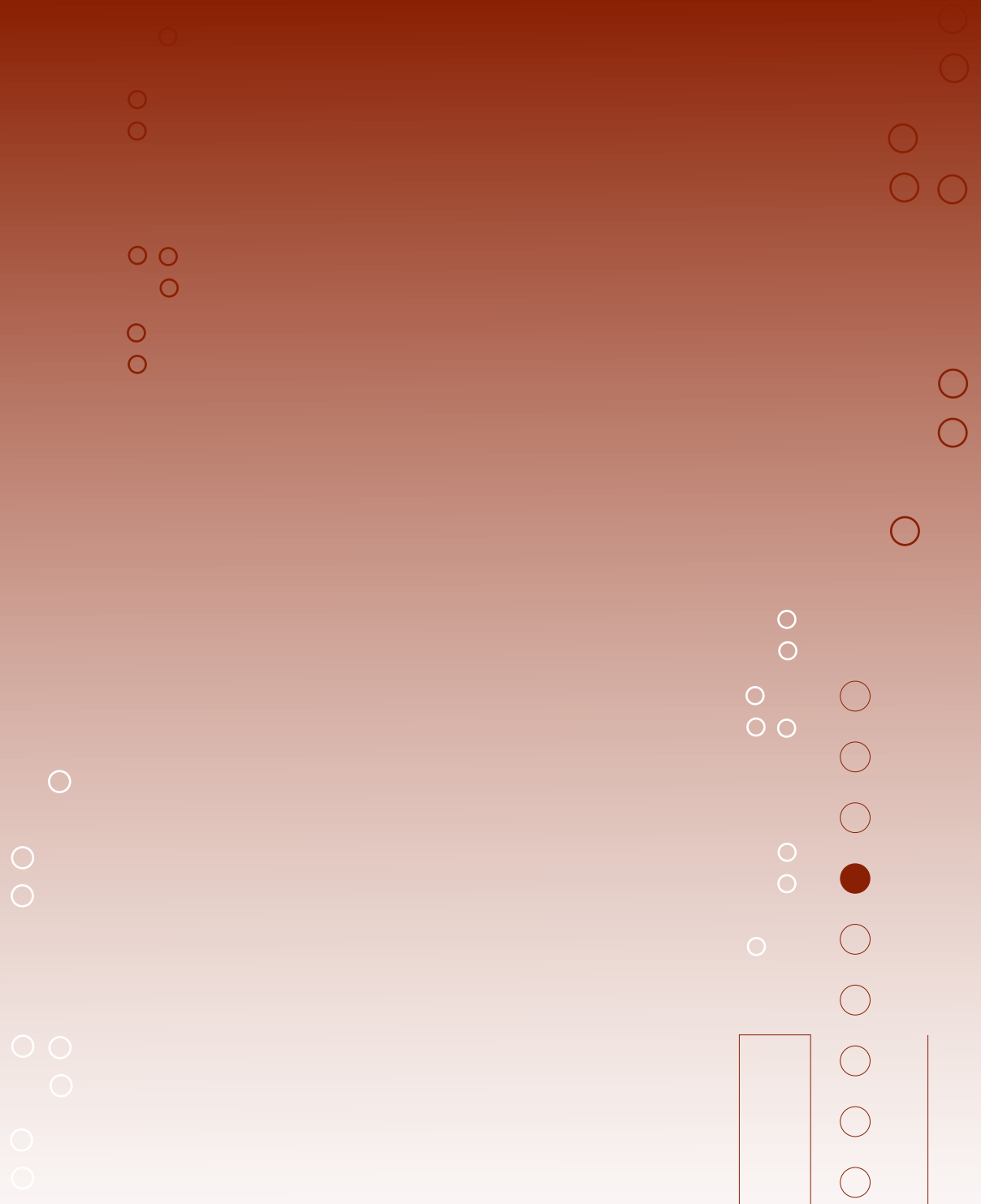
The Managing Director and Company Secretary have declared to the Board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.



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Perseus Mining Limited  
**Financials Section 2007**

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## Income Statements

For the Year ended 30 June 2007

	Notes	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
<b>Revenue</b>					
Finance revenue		381,648	127,378	380,577	127,233
Other revenue		1,407,583	669,012	1,383,082	829,283
<b>Total revenue</b>	2	<b>1,789,231</b>	796,390	<b>1,763,659</b>	956,516
Expenses from ordinary activities					
Depreciation expense	3	(61,565)	(33,975)	(9,830)	(3,729)
Employee, Directors and consultants costs		(1,286,746)	(1,112,093)	(1,184,584)	(980,772)
Exploration expenditure written off		(20,839)	(131,116)	-	(129,981)
Impairment of loans to and investments in subsidiaries	3	-	-	(276,989)	(442,454)
Foreign exchange losses		(335,577)	-	(2,042,179)	-
West African administration and overhead costs		(142,133)	(186,574)	-	-
Kyrgyz Republic administration and overhead costs		(33,796)	(37,380)	-	-
Stock Exchange Listing, Compliance and Listing Fees		(128,136)	(66,553)	(128,136)	(66,341)
Travel expenses		(123,533)	(93,472)	(123,533)	(93,472)
Other expenses from ordinary activities	3	(178,397)	(151,009)	(179,480)	(128,061)
<b>Expenses from ordinary activities</b>		<b>(2,310,722)</b>	(1,812,172)	<b>(3,944,731)</b>	(1,844,810)
<b>Loss from ordinary activities before related income tax expense</b>		<b>(521,491)</b>	(1,015,782)	<b>(2,181,072)</b>	(888,294)
Income tax (expense)/benefit relating to ordinary activities	5	-	-	-	-
<b>Net loss attributable to members of the parent entity</b>		<b>(521,491)</b>	(1,015,782)	<b>(2,181,072)</b>	(888,294)
Basic earnings/(loss) per share	6	(0.5) cents	(1.4) cents		

## Balance Sheets

For the Year ended 30 June 2007

	Notes	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
<b>Current Assets</b>					
Cash and cash equivalents	8	5,390,895	5,999,909	4,938,164	5,734,140
Receivables	9	137,654	330,003	57,360	64,128
Other	10	56,753	15,468	-	-
<b>Total Current Assets</b>		<b>5,585,302</b>	<b>6,345,380</b>	<b>4,995,524</b>	<b>5,798,268</b>
<b>Non-Current Assets</b>					
Receivables	9	1,178,134	-	18,603,318	6,772,205
Other financial assets	11	-	-	34,316	34,316
Available for sale investments	12	-	1,276,000	-	1,276,000
Property, plant and equipment	13	1,178,303	510,382	19,160	22,151
Mineral interest acquisition, exploration and development expenditure	14	19,170,593	5,993,610	-	-
<b>Total Non-Current Assets</b>		<b>21,527,030</b>	<b>7,779,992</b>	<b>18,656,794</b>	<b>8,104,672</b>
<b>Total Assets</b>		<b>27,112,332</b>	<b>14,125,372</b>	<b>23,652,318</b>	<b>13,902,940</b>
<b>Current Liabilities</b>					
Payables	15	2,412,377	382,618	1,702,363	160,186
<b>Total Current Liabilities</b>		<b>2,412,377</b>	<b>382,618</b>	<b>1,702,363</b>	<b>160,186</b>
<b>Non-Current Liabilities</b>					
Provision	15	2,750,000	-	-	-
<b>Total Non-Current Liabilities</b>		<b>2,750,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>5,162,377</b>	<b>382,618</b>	<b>1,702,363</b>	<b>160,186</b>
<b>Net Assets</b>		<b>21,949,955</b>	<b>13,742,754</b>	<b>21,949,955</b>	<b>13,742,754</b>
<b>Equity</b>					
Issued capital	16	25,235,460	14,571,167	25,235,460	14,571,167
Option premium reserve	16	1,046,449	773,069	1,046,449	773,069
Foreign currency translation reserve	16	(1,626,145)	33,436	-	-
Financial assets reserve	16	-	549,400	-	549,400
Accumulated losses		(2,705,809)	(2,184,318)	(4,331,954)	(2,150,882)
<b>Total Equity</b>		<b>21,949,955</b>	<b>13,742,754</b>	<b>21,949,955</b>	<b>13,742,754</b>



## Statements of Changes in Equity

For the Year ended 30 June 2007

	Consolidated					
	Issued Capital	Retained Earnings	Option Premium Reserve	Foreign Currency Translation Reserve	Financial Assets Review	Total Equity
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2005</b>	5,886,067	(1,168,536)	479,940	(91,561)	-	5,105,910
Shares issued during the year	8,640,000	-	-	-	-	8,640,000
Exercise of options	242,500	-	-	-	-	242,500
Currency translation differences	-	-	-	124,997	-	124,997
Loss attributable to members of the parent entity	-	(1,015,782)	-	-	-	(1,015,782)
Share issue expenses	(332,400)	-	-	-	-	(332,400)
Fair value of options and shares issued	135,000	-	293,129	-	-	428,129
Revaluation of available for sale financial assets	-	-	-	-	549,400	549,400
<b>Balance at 30 June 2006</b>	<b>14,571,167</b>	<b>(2,184,318)</b>	<b>773,069</b>	<b>33,436</b>	<b>549,400</b>	<b>13,742,754</b>
<b>Balance at 1 July 2006</b>	14,571,167	(2,184,318)	773,069	33,436	549,400	13,742,754
Shares issued during the year	10,620,000	-	-	-	-	10,620,000
Exercise of options	577,843	-	-	-	-	577,843
Currency translation differences	-	-	-	(1,659,581)	-	(1,659,581)
Loss attributable to members of the parent entity	-	(521,491)	-	-	-	(521,491)
Share issue expenses	(533,550)	-	-	-	-	(533,550)
Fair value of options issued	-	-	273,380	-	-	273,380
Disposal of available for sale financial assets	-	-	-	-	(549,400)	(549,400)
<b>Balance at 30 June 2007</b>	<b>25,235,460</b>	<b>(2,705,809)</b>	<b>1,046,449</b>	<b>(1,626,145)</b>	<b>-</b>	<b>21,949,955</b>

## Statements of Changes in Equity

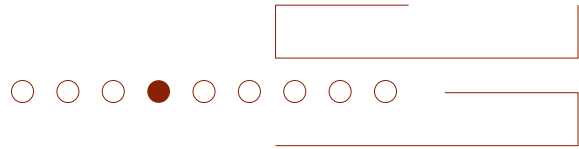
For the Year ended 30 June 2007

	Company				
	Issued Capital	Retained Earnings	Option Premium Reserve	Financial Assets Review	Total Equity
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2005</b>	5,886,067	(1,262,588)	479,940	-	5,103,419
Shares issued during the year	8,640,000	-	-	-	8,640,000
Exercise of options	242,500	-	-	-	242,500
Loss attributable to members of the parent entity	-	(888,294)	-	-	(888,294)
Share issue expenses	(332,400)	-	-	-	(332,400)
Fair value of options and shares issued	135,000	-	293,129	-	428,129
Revaluation of available for sale financial assets	-	-	-	549,400	549,400
<b>Balance at 30 June 2006</b>	<b>14,571,167</b>	<b>(2,150,882)</b>	<b>773,069</b>	<b>549,400</b>	<b>13,742,754</b>
<b>Balance at 1 July 2006</b>	14,571,167	(2,150,882)	773,069	549,400	13,742,754
Shares issued during the year	10,620,000	-	-	-	10,620,000
Exercise of options	577,843	-	-	-	577,843
Loss attributable to members of the parent entity	-	(2,181,072)	-	-	(2,181,072)
Share issue expenses	(533,550)	-	-	-	(533,550)
Fair value of options issued	-	-	273,380	-	273,380
Disposal of available for sale financial assets	-	-	-	(549,400)	(549,400)
<b>Balance at 30 June 2007</b>	<b>25,235,460</b>	<b>(4,331,954)</b>	<b>1,046,449</b>	<b>-</b>	<b>21,949,955</b>

## Statements of Cash Flows

For the Year ended 30 June 2007

Cash Flows from Operating Activities	Notes	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
Cash payments in the course of operations		(1,693,339)	(1,437,791)	(1,346,042)	(811,756)
Interest received		375,871	108,745	374,800	108,600
Other income		22,195	-	-	-
<b>Net Cash used in Operating Activities</b>	21 (a)	<b>(1,295,273)</b>	<b>(1,329,046)</b>	<b>(971,242)</b>	<b>(703,156)</b>
<b>Cash Flows from Investing Activities</b>					
Payments for exploration and development expenditure		(9,652,060)	(2,877,505)	-	(5,350)
Payments for property, plant and equipment		(345,107)	(243,784)	(6,839)	(19,639)
Proceeds on disposal of property, plant and equipment		4,670	-	-	-
Repayments to other entities		(20,508)	(55,547)	-	(18,650)
Repayments from/ (advances to) Joint Ventures		-	19,305	-	-
Payments for investments		(600,000)	(5,725)	(600,000)	(5,725)
Proceeds on disposal of investments		2,709,682	-	2,709,682	-
Advances to controlled entities		-	-	(10,512,301)	(3,920,910)
Security deposit for bank guarantee		(1,178,134)	-	(1,178,134)	-
<b>Net Cash used in Investing Activities</b>		<b>(9,081,457)</b>	<b>(3,163,256)</b>	<b>(9,587,592)</b>	<b>(3,970,274)</b>
<b>Cash Flows from Financing Activities</b>					
Proceeds from share issues		10,060,000	8,640,000	10,060,000	8,640,000
Proceeds from exercise of options		576,843	242,500	576,843	242,500
Share issue expenses		(533,550)	(332,400)	(533,550)	(332,400)
<b>Net Cash provided by Financing Activities</b>		<b>10,103,293</b>	<b>8,550,100</b>	<b>10,103,293</b>	<b>8,550,100</b>
<b>Net Increase in Cash Held</b>		<b>(273,437)</b>	<b>4,057,798</b>	<b>(455,541)</b>	<b>3,876,670</b>
Cash and cash equivalents at the beginning of the financial year		5,999,909	1,917,368	5,734,140	1,832,727
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		(335,577)	24,743	(340,435)	24,743
<b>Cash and cash equivalents at the end of the Financial Year</b>	8	<b>5,390,895</b>	<b>5,999,909</b>	<b>4,938,164</b>	<b>5,734,140</b>



# Notes to the Financial Statements

For the Year ended 30 June 2007

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. The financial report has also been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars.

The company is a listed public company, incorporated and domiciled in Australia and operating in Australia, Ghana, Ivory Coast and the Kyrgyz Republic.

### Adoption of new and revised standards

In the year ended 30 June 2007, the consolidated entity has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2006. It has been determined by the consolidated entity that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to consolidated entity accounting policies.

### Statement of compliance

The financial report was authorised for issue on 27 September 2007

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

### Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and subsidiaries, and the Company as an individual entity.

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

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

### Significant accounting judgments, estimates and assumptions

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



# Notes to the Financial Statements

For the Year ended 30 June 2007

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### Significant accounting judgements, estimates and assumptions - continued

#### *Exploration and evaluation expenditure*

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

#### *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 are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in Note 17.

### Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the consolidated entity and the revenue is capable of being reliably measured.

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

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

### Cash and cash equivalents

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

### Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

### Foreign currency transactions and balances

The functional and presentation currency of the Company is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

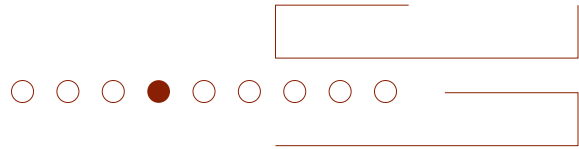
All differences in the consolidated financial report are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of a net investment, at which time they are recognised in the income statement.

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

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value was determined.

The functional currencies of the overseas subsidiaries are as follows:

Ghanaian subsidiaries	Ghanaian cedis (GHC);
Ivory Coast subsidiary	CFA francs (BCEAO – XOF)
Kyrgyz subsidiaries	SOMS (KGS)



# Notes to the Financial Statements

For the Year ended 30 June 2007

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### Foreign currency transactions and balances - continued

As at the reporting date, the assets and liabilities of these overseas subsidiaries are translated into the reporting currency of the Company at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period.

The exchange differences on the retranslation are taken directly to a separate component of equity.

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

### Taxes

#### *Income tax*

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

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

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

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

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

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

#### *Goods and Services Tax (GST)*

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

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

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

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



## Notes to the Financial Statements

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For the Year ended 30 June 2007

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### **Investments and other financial assets**

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

During the year, the consolidated entity has held loans and receivables and available-for-sale investments.

#### *Loans and receivables*

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

#### *Available-for-sale investments*

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as financial assets held for trading ("financial assets at fair value"), investments intended to be held to maturity or loans and receivables. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

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

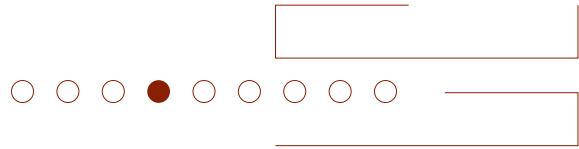
#### **Property, Plant and Equipment**

Items of plant and equipment are carried at cost less accumulated depreciation and impairment losses (see accounting policy (impairment testing)).

#### *Plant and equipment*

Plant and equipment acquired is initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

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



# Notes to the Financial Statements

For the Year ended 30 June 2007

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### Property, Plant and Equipment - continued

#### *Depreciation*

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

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

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

### Mineral interest acquisition, exploration and development expenditure

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

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

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

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

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.





## Notes to the Financial Statements

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For the Year ended 30 June 2007

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### Share-based payment transactions

##### *Equity settled transactions:*

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

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

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, further details of which are given in Note 17.

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

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

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

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

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

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

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

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

# Notes to the Financial Statements

For the Year ended 30 June 2007

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### Impairment testing

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

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

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

### Joint Ventures

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

Where part of a joint venture is farmed out and in consideration the farminee undertakes to carry out further expenditure in the joint venture area of interest, expenditure incurred prior to farmout is carried forward without adjustment unless the terms of the farmout 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.

### Payables

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

### Provisions

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

### Employee Benefits

#### *Wages, salaries and annual leave*

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

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



## Notes to the Financial Statements

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For the Year ended 30 June 2007

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### Share-based payment transactions - continued

##### *Equity settled transactions: - continued*

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

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

#### Issued Capital

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

#### Earnings per Share

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

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

#### Segment Reporting

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists.

Segment assets include all assets used by a segment and consist principally of cash, receivables, property, plant and equipment net of accumulated depreciation and mineral interest acquisitions, exploration and development expenditure. Whilst most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of accounts payable, employee entitlements, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

Where segment revenues and expenses include transfers between segments, these are at the same rates which would apply to parties outside the consolidated entity on an arm's length basis. These transfers are eliminated on consolidation.

## Notes to the Financial Statements

For the Year ended 30 June 2007

Notes	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
<b>2. REVENUE</b>				
Finance revenue - interest income	381,648	127,378	380,577	127,233
Gain on disposal of investments	1,383,082	654,027	1,383,082	654,027
Gain on disposal of property, plant and equipment	2,306	-	-	-
Other income	22,195	-	-	-
Foreign currency exchange gains	-	14,985	-	175,256
	<b>1,789,231</b>	<b>796,390</b>	<b>1,763,659</b>	<b>956,516</b>
<b>3. LOSS FROM ORDINARY ACTIVITIES</b>				
Loss from ordinary activities before income tax has been determined after:				
<b>Expenses</b>				
Depreciation of plant and equipment	61,565	33,975	9,830	3,729
Impairment of loans to and investments in subsidiaries	-	-	276,989	442,454
Share based payments to consultants and employees	273,380	428,129	273,380	428,129
<i>Other expenses include:</i>				
Corporate promotion and advertising	57,001	30,236	57,001	30,236
Conferences and seminars	25,061	22,218	25,061	22,191
Legal expenses	4,896	7,727	4,896	7,727
Evaluation costs written off	-	17,006	-	17,006
Printing & Stationery	32,793	12,439	32,793	12,439
Write off of fixed assets	-	18,324	-	-
<b>4. AUDITORS' REMUNERATION</b>				
Audit services:				
- Auditors of the company-HLB Mann Judd	30,500	29,500	30,500	29,500
- Other auditors	28,817	20,384	-	-
	<b>59,317</b>	<b>49,884</b>	<b>30,500</b>	<b>29,500</b>

## Notes to the Financial Statements

For the Year ended 30 June 2007

Notes	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
<b>5. INCOME TAX EXPENSE</b>				
(a) The prima facie tax benefit at 30% on loss from ordinary activities is reconciled to the income tax provided in the financial statements as follows:				
Loss from ordinary activities	521,491	1,015,782	2,181,072	888,294
Prima facie income tax benefit @ 30%	156,447	304,735	654,322	266,488
Tax effect of permanent differences:				
- Provision for non-recovery of loans and write-down in investments in controlled entities	-	-	(83,097)	(132,736)
- Foreign exchange gains / (losses) not deductible	-	4,496	(510,523)	52,577
- Share based payments to consultants and employees	(82,014)	-	(82,014)	-
- Other non-deductible items	(1,755)	(35,333)	(57,170)	(32,084)
Income tax benefit / (expense) adjusted for permanent differences	72,678	273,898	(78,482)	154,245
Deferred tax asset not brought to account	(72,678)	(273,898)	78,482	(154,245)
Income tax attributable to operating losses	-	-	-	-
(b) The potential deferred tax asset arising from tax losses and temporary differences have not been recognised as an asset because recovery of tax losses is not yet considered sufficiently probable.				
Australian tax losses	223,669	328,265	223,669	328,265

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

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

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

## Notes to the Financial Statements

For the Year ended 30 June 2007

	Consolidated	
	2007 cents	2006 cents
<b>6. EARNINGS PER SHARE</b>		
Basic earnings/(loss) per share	(0.5)	(1.4)
	<b>2007 Number</b>	<b>2006 Number</b>
Weighted average number of ordinary shares used in the calculation of basic earnings per share	99,441,749	71,042,662

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

### 7. SEGMENT INFORMATION

The consolidated entity's primary reporting format is geographical segments as the consolidated entity's risks and rates of return are affected predominantly by differences in the geographical areas in which it operates.

The consolidated entity operated principally in three geographical segments (primary reporting segments) being Australia, West Africa and Central Asia, and two business segments (secondary reporting segments), namely investing and mineral exploration. The segment information is prepared in conformity with the accounting policies described in Note 1.

#### Geographical Segments (Primary Segment)

The consolidated entity comprises the following main geographical segments:

Australia	Investing activities and corporate management.
West Africa	Mineral exploration activities.
Central Asia	Mineral exploration activities.

#### Business Segments (Secondary Segment)

In presenting information on the basis of business segments, segment revenue, expenses and assets are based on the business nature of the operations.

The consolidated entity operates in the following business segments:

Investing	Investing in equities, cash management and corporate management.
Mineral Exploration	Mineral exploration, predominantly for gold in West Africa and Central Asia.

## Notes to the Financial Statements

For the Year ended 30 June 2007

### 7. Segment Information - continued

	Australia		West Africa		West Africa		Central Asia		Central Asia		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
<b>Geographical segments</b>												
<b>(Primary Segment) Revenue</b>												
Finance revenue	380,577	127,233	1,071	145	-	-	-	-	381,648	127,378		
Other external revenue	1,383,082	678,263	24,443	163	58	(9,414)			1,407,583	669,012		
<b>Total segment revenue</b>	<b>1,763,659</b>	<b>805,496</b>	<b>25,514</b>	<b>308</b>	<b>58</b>	<b>(9,414)</b>			<b>1,789,231</b>	<b>796,390</b>		
<b>Results</b>												
Operating loss before income tax	(202,339)	(483,594)	(202,112)	(315,965)	(117,040)	(216,223)			(521,491)	(1,015,782)		
Income tax expense												
Net loss									(521,491)	(1,015,782)		
<b>Non-Cash Expenses</b>												
Depreciation	9,830	3,729	48,041	26,867	3,694	3,379			61,565	33,975		
Non-cash expenses other than depreciation	640,633	-	(24,070)	-	40,985	131,116			657,548	131,116		
<b>Assets</b>												
Segment assets	6,192,818	7,096,419	17,609,887	4,919,967	3,309,627	2,108,986			27,112,332	14,125,372		
Non-current assets acquired	606,839	25,364	13,239,483	1,451,819	1,384,258	1,446,149			15,230,580	2,923,332		
<b>Liabilities</b>												
Segment liabilities	1,702,363	160,185	3,365,142	75,677	94,872	146,756			5,162,377	382,618		
<b>Business segments</b>												
<b>(Secondary Segment)</b>												
Segment revenue	1,763,659	805,496	6,192	7,096,419	20,919,514	7,028,953			1,789,231	796,390		
Segment assets	6,192	7,096,419	20,919,514	7,028,953	27,112,332	14,125,372			27,112,332	14,125,372		

## Notes to the Financial Statements

For the Year ended 30 June 2007

Notes	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
<b>8. CASH AND CASH EQUIVALENTS</b>				
Cash assets	499,426	284,429	46,695	18,660
Deposits at call	4,891,469	5,715,480	4,891,469	5,715,480
	<b>5,390,895</b>	<b>5,999,909</b>	<b>4,938,164</b>	<b>5,734,140</b>
- Cash at bank earns interest at floating rates based on daily bank deposit rates.				
<b>9. RECEIVABLES</b>				
<b>Current</b>				
Sundry debtors	104,091	316,948	57,360	64,128
Sundry debtors – amounts due from related entities	33,563	13,055	-	-
	<b>137,654</b>	<b>330,003</b>	<b>57,360</b>	<b>64,128</b>
<b>Non-current</b>				
Security deposit (i)	1,178,134	-	1,178,134	-
	<b>1,178,134</b>	<b>-</b>	<b>1,178,134</b>	<b>-</b>
Loans to subsidiaries	-	-	19,317,007	8,387,039
Impairment of loans to subsidiaries (ii)	-	-	(1,891,823)	(1,614,834)
	-	-	<b>17,425,184</b>	<b>6,772,205</b>
	<b>1,178,134</b>	<b>-</b>	<b>18,603,318</b>	<b>6,772,205</b>

Terms and conditions relating to the above financial instruments:

- Trade and sundry debtors are non-interest bearing and generally on 30 day terms.
  - Loan advances have been made to subsidiaries. The loans are interest free, unsecured and repayable only when the borrower's cash flow permits.
- (i) At 30 June 2007, the Company had US\$1 million (approximately AUD\$1.178m) held in a bank deposit which is subject to a lien and is collateral for a bank guarantee that has, subsequent to the year end, been issued to the Ghana Environmental Protection Agency in relation to environmental rehabilitation provisions concerning a Ghana mineral permit.
- (ii) An impairment loss has been recognised against the loans to subsidiaries on the basis that the subsidiaries have incurred losses during the year and it is considered prudent to provide for the possibility of these loans not being recoverable to the extent of those losses. The impairment loss has been eliminated on consolidation.



## Notes to the Financial Statements

For the Year ended 30 June 2007

Notes	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
<b>10. OTHER</b>				
<b>Current</b>				
Prepayments	56,753	15,468	-	-
<b>11. OTHER FINANCIAL ASSETS</b>				
Investment in subsidiaries – unlisted shares at cost (refer 11 (a))	-	-	51,179	51,179
Impairment loss	-	-	(16,863)	(16,863)
	-	-	34,316	34,316

### (a) Particulars in relation to subsidiaries

Name of subsidiary	Notes	Place of Incorporation	Consolidated Entity Interest 2007 %	Consolidated Entity Interest 2006 %
<b>Parent Entity</b>				
Perseus Mining Limited		Australia		
<b>Subsidiaries</b>				
Occidental Gold Pty Ltd (i)		Australia	100	100
Sun Gold Resources Ltd	(a)	Ghana	100	100
Kojina Resources Ltd (ii)	(a)	Ghana	100	100
JSC Z-Explorer (iii)	(a)	Kyrgyzstan	100	100
JSC Savoyardy	(a)	Kyrgyzstan	100	100
<i>(i) Subsidiaries of Occidental Gold Pty Ltd</i>				
Occidental Gold (Ivory Coast) sarl	(a)	Ivory Coast	100	100
<i>(ii) Subsidiaries of Kojina Resources Ltd</i>				
Stratsys Investments Ltd	(a)	Ghana	100	-
<i>(iii) Subsidiaries of JSC Z-Explorer</i>				
JSC Landmark	(a)	Kyrgyzstan	100	100

Notes: a) Not audited by HLB Mann Judd.

Notes	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
<b>12. AVAILABLE FOR SALE INVESTMENTS</b>				
<i>At fair value:</i>				
Listed shares	-	637,000	-	637,000
Unlisted options	-	639,000	-	639,000
	-	1,276,000	-	1,276,000

Available-for-sale investments consisted of investments in ordinary shares and unlisted options over ordinary shares, and therefore have no fixed maturity date or coupon rate. The investment was disposed during the financial year.

## Notes to the Financial Statements

For the Year ended 30 June 2007

Notes	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
<b>13. PROPERTY, PLANT AND EQUIPMENT</b>				
Plant and equipment-at cost	1,362,613	615,116	33,983	27,144
Accumulated depreciation	(184,310)	(104,734)	(14,823)	(4,993)
Total property, plant and equipment net book value	1,178,303	510,382	19,160	22,151
<i>Reconciliation:</i>				
Balance at the beginning of the year	510,382	340,879	22,151	6,240
Additions	905,107	243,784	6,839	19,640
Depreciation	(61,565)	(33,975)	(9,830)	(3,729)
Depreciation capitalised to Exploration expenditure	(42,563)	(31,897)	-	-
Disposals	(2,364)	-	-	-
Assets written off	-	(18,324)	-	-
Translation difference movement	(130,694)	9,915	-	-
Carrying amount at the end of the year	1,178,303	510,382	19,160	22,151
<b>14. MINERAL INTEREST ACQUISITION, EXPLORATION AND DEVELOPMENT EXPENDITURE</b>				
Balance at the beginning of the year	5,993,610	3,218,728	-	119,697
Purchase price for mineral interests	4,423,228	195,863	-	-
Expenditure incurred during the period	9,976,368	2,628,976	-	10,284
Costs written-off	(20,839)	(131,116)	-	(129,981)
Translation difference movement	(1,201,774)	81,159	-	-
Carried forward	19,170,593	5,993,610	-	-

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

## Notes to the Financial Statements

For the Year ended 30 June 2007

	Notes	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
<b>15. PAYABLES AND PROVISIONS</b>					
<b>Current</b>					
Trade creditors and accruals		836,370	356,114	138,125	144,515
Amount due for acquisition of subsidiary entity		1,521,750	-	1,521,750	-
Employee benefits		54,257	26,504	42,488	15,671
		<b>2,412,377</b>	<b>382,618</b>	<b>1,702,363</b>	<b>160,186</b>

Terms and conditions relating to the above financial instruments:

- Trade and other creditors are non-interest bearing and are normally settled on 30 day terms.
- The Company is required to issue 2.5 million shares and 2.5 million options (exercisable at 40 cents on or before 28 February 2009) as initial purchase consideration for Stratsys Investments Ltd. The initial purchase consideration was valued at \$1,521,750, at the date of exercise of the option to acquire this investment, using the Black-Scholes valuation methodology. The payment of the purchase consideration is deferred until all necessary Ghana Government approvals have been received.

### Non-Current

Provision for rehabilitation work		2,750,000	-	-	-
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The provision for rehabilitation work relates to the Ayanfuri project area in Ghana and forms part of the liabilities of Stratsys Investments Ltd at the time of its acquisition by the consolidated entity during the year. The obligation arises as a result of gold mining previously conducted on the project area by the former owner, AngloGold Ashanti (Ghana) Ltd.

# Notes to the Financial Statements

For the Year ended 30 June 2007

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
<b>16. ISSUED CAPITAL AND RESERVES</b>				
<b>(a) Issued and paid-up share capital</b>				
117,573,166 (2006: 88,880,950) ordinary shares, fully paid	<b>25,235,460</b>	14,571,167	<b>25,235,460</b>	14,571,167
<i>Movements in Ordinary Shares:</i>	<b>Number</b>	Number	<b>\$</b>	\$
Balance at the beginning of the year	<b>88,880,950</b>	59,518,450	<b>14,571,167</b>	5,886,067
Share placements at issue price of 20 cents each on 8 September and 25 October 2005	-	12,500,000	-	2,500,000
Shares issued pursuant to exercise of options	-	1,212,500	-	242,500
Shares issued for corporate promotion services	-	300,000	-	135,000
Share placements at issue price of 40 cents each in May 2006	-	15,350,000	-	6,140,000
Shares issued pursuant to exercise of options	<b>2,142,216</b>	-	<b>577,843</b>	-
Share placements at issue price of 40 cents each on 12 February and 13 February 2007	<b>25,150,000</b>	-	<b>10,060,000</b>	-
Shares issued as consideration for plant	<b>1,400,000</b>	-	<b>560,000</b>	-
Transaction costs arising from issue of securities for cash	-	-	<b>(533,550)</b>	(332,400)
Balance at the end of the year	<b>117,573,166</b>	88,880,950	<b>25,235,460</b>	14,571,167

## 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 2006	Options Issued 2006/07	Options Exercised/Cancelled/Expired 2006/07	Closing Balance 30 June 2007
			<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
On or before 31 March 2009	(i)	\$0.20	27,820,000	-	(1,492,216)	26,327,784
On or before 1 December 2008	(ii)	\$0.26	1,185,000	-	(240,000)	945,000
On or before 31 March 2007		\$0.35	1,000,000	-	(1,000,000)	-
On or before 6 June 2009		\$0.45	400,000	-	-	400,000
On or before 6 June 2009		\$0.50	400,000	-	-	400,000
On or before 29 February 2008	(iii-v)	\$0.50	-	12,575,000	(460,000)	12,115,000
On or before 1 April 2010	(vi)	\$0.50	-	600,000	-	600,000
On or before 6 June 2009	(vi)	\$0.50	-	150,000	-	150,000
			<b>30,805,000</b>	<b>13,325,000</b>	<b>(3,192,216)</b>	<b>40,937,784</b>

- (i) 1,492,216 options were exercised at 20 cents each to acquire shares in the Company during the financial year raising \$298,443.
- (ii) 190,000 options were exercised at 26 cents each to acquire shares in the Company during the financial year raising \$49,400. 50,000 options were cancelled during the year ending 30 June 2007 as an employee had ceased working for the Company during the period.



## Notes to the Financial Statements

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For the Year ended 30 June 2007

### 16. ISSUED CAPITAL AND RESERVES - CONTINUED

- (iii) 8,125,000 options were issued as part of a placement of 16,250,000 fully paid ordinary shares and 8,125,000 free attaching options for a total subscription amount of \$6,500,000. The placement was approved by shareholders in January 2007 and completed in February 2007.
- (iv) 4,450,000 options were issued as part of a prospectus offer of 8,900,000 fully paid ordinary shares and 4,450,000 free attaching options for a total subscription amount of \$3,560,000. The offer was completed in February 2007.
- (v) 460,000 options were exercised at 50 cents each to acquire shares in the Company during the financial year raising \$230,000.
- (vi) 750,000 options were issued under the terms of the Perseus Mining Limited Employee Option Plan.

#### (c) Terms and conditions of contributed equity

##### *Ordinary Shares:*

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

#### Nature and purpose of reserves

##### *Option Premium Reserve*

The option premium reserve is used to record the fair value of options issued but not exercised. The reserve is transferred to accumulated losses upon expiry or recognised as share capital if 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.

##### *Financial Assets Reserve*

The financial assets reserve is used to record fair value changes on available-for-sale investments.

### 17. SHARE-BASED PAYMENT PLANS

#### *Employee Share Option Plan*

In November 2005, the Company adopted the Perseus Mining Limited Employee Option Plan ("Plan"). The Plan is designed to provide incentives, assist in the recruitment, reward, retention of employees and provide opportunities for employees (both present and future) to participate directly in the equity of the Company. The contractual life of each option granted is three years. There are no cash settlement alternatives.

#### *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 Perseus Mining Limited Employee Option Plan does not allow for the issue of options to Directors of the Company.

The expense recognised in the income statement in relation to share-based payments is disclosed in Note 3.

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

## Notes to the Financial Statements

For the Year ended 30 June 2007

### 17. SHARE BASED PAYMENT PLANS - CONTINUED

	2007 Number of options	2007 Weighted average exercise price	2006 Number of options	2006 Weighted average exercise price
Outstanding at the beginning of the year	1,985,000	35 cents	-	-
Granted during the year	750,000	53 cents	1,985,000	35 cents
Forfeited during the year	(50,000)	26 cents	-	-
Exercised during the year	(190,000)	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,495,000	41 cents	1,985,000	35 cents
Exercisable at the end of the year	1,745,000			

The outstanding balance as at 30 June 2007 is represented by:

Number	Exercise period	Exercise price - cents
945,000	01/12/2006 to 01/12/2008	26
400,000	06/06/2007 to 06/06/2009	45
400,000	06/06/2007 to 06/06/2009	50
600,000	01/04/2008 to 01/04/2010	50
150,000	30/05/2008 to 30/05/2010	65
<u>2,495,000</u>		

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

	2007	2006	2007	2006
Ordinary shares as a fee for corporate and investor relations services	-	-	300,000	135,000
Options as a fee for corporate and investor relations services	-	-	1,000,000	170,000

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

The following table lists the inputs to the model used for the years ended 30 June 2006 and 30 June 2007:

	2007	2006
Volatility (%) - range	45% to 60%	50% to 65%
Risk-free interest rate (%) - range	6.25%	5.5%
Expected life of option (years)	2 to 3 years	1 to 3 years
Exercise price (cents)	50-65	26-50
Weighted average share price at grant date (cents)	52	41

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

As noted elsewhere in March 2007 the Company exercised its option to acquire 100% of the share capital in Stratsys Investments Ltd. The purchase consideration payable of 2.5 million shares and 2.5 million unquoted options has been valued on the basis of the market price of shares on ASX in March 2007 and by using the Black-Scholes valuation model in the case of options

# Notes to the Financial Statements

For the Year ended 30 June 2007

## 18. FINANCIAL INSTRUMENTS

### (a) Interest Rate Risk Exposures

The consolidated entity may be exposed to interest rate risk through primary financial assets and liabilities. The following table summarises interest rate risk for the consolidated entity, together with effective interest rates as at balance date.

2007	Weighted average effective interest rate	Floating interest rate	Non-interest bearing	Total
<b>Financial Assets:</b>		\$	\$	\$
Current:				
Cash at bank	4.79%	4,936,645	454,250	5,390,895
Receivables		-	137,654	137,654
Non current:				
Security deposit	5.32%	1,178,134	-	1,178,134
<b>Total Financial Assets</b>		<b>6,114,779</b>	<b>591,904</b>	<b>6,706,683</b>
<b>Financial Liabilities:</b>				
Current:				
Accounts payable		-	2,260,899	2,260,899
<b>Total Financial Liabilities</b>		<b>-</b>	<b>2,260,899</b>	<b>2,260,899</b>
<b>2006</b>	<b>Weighted average effective interest rate</b>	<b>Floating interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
<b>Financial Assets:</b>		\$	\$	\$
Current:				
Cash at bank	4.79%	5,734,130	265,779	5,999,909
Receivables		-	330,003	330,003
Non current:				
Available for sale investments		-	1,276,000	1,276,000
<b>Total Financial Assets</b>		<b>5,734,130</b>	<b>1,871,782</b>	<b>7,605,912</b>
<b>Financial Liabilities:</b>				
Current:				
Accounts payable		-	382,618	382,618
<b>Total Financial Liabilities</b>		<b>-</b>	<b>382,618</b>	<b>382,618</b>

### (b) Net fair values

The aggregate net fair value of financial assets and financial liabilities approximate the carrying amount of the financial assets and financial liabilities as indicated in the Balance Sheets. There are no unrecognised financial assets or financial liabilities at year-end.

### (c) Credit risk exposures

The consolidated entity's maximum exposures to credit risk at year end in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Balance Sheets.

## Notes to the Financial Statements

For the Year ended 30 June 2007

### 18. FINANCIAL INSTRUMENTS - CONTINUED

#### (d) Concentration of credit risk

As the consolidated entity is exclusively involved in exploration rather than trading there is currently very little credit risk. The risk is considered immaterial to the operations of the consolidated entity.

#### (e) Exchange rate exposures

The Company has not entered into any general or specific contracts to hedge against losses that may arise from exchange rate fluctuations. The Company may suffer such exchange rate fluctuation losses as it has a number of assets and liabilities denominated in foreign currencies, particularly US dollars.

### 19. COMMITMENTS

#### (a) Exploration expenditure commitments

For those mineral concessions where the consolidated entity is not the titleholder, the earning of equity interest is by incurring exploration expenditure of specified amounts by certain dates. Where the consolidated entity or its joint venture partners are the concession holder, renewal will be subject to satisfying the relevant authority as to the adequacy of exploration programs by comparison to work programs submitted at the time of grant of the concession. It is estimated that the consolidated entity is required to make the following outlays to satisfy joint venture and exploration permit conditions. These commitments are subject to variation dependent upon matters such as the results of exploration on the mineral concessions.

Should parties with whom the parent entity has farm-in agreements fail to contribute to their share of farm in agreement obligations, the Company will become liable to meet additional expenditure commitments. At balance date, the Directors were not aware of any such commitments.

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Within one year	940,000	707,250	-	-
One year or later and not later than five years	2,765,000	2,025,000	-	-
Later than five years	2,765,000	2,025,000	-	-
	6,470,000	4,757,250	-	-

#### (b) Capital commitments

(i) In March 2007, the Company's subsidiary, Kojina Resources Limited ("Kojina"), exercised an option to purchase all of the issued capital of Stratsys Investments Ltd ("Stratsys"), a Ghanaian company which holds two reconnaissance licences, and which has entered into an agreement to acquire the Ayanfuri Mine Licences (two mining leases and a prospecting licence) from AngloGold Ashanti (Ghana) Ltd (AGC). The consideration payable to the vendor, Strategic Systems Pty Ltd, to acquire the Stratsys shares is 2,500,000 Perseus shares and 2,500,000 unlisted options to acquire Perseus shares, exercisable at 40 cents each on or before 28 February 2009. This consideration had not been issued as at the balance date, although a liability has been recorded for it. The consideration is payable when all necessary Ghana Government approvals have been received with respect to the transaction. If, in the future, a mining reserve on the project of at least 500,000 ounces of gold is established, then further consideration is payable comprising 2 million Perseus shares and 2 million unlisted options to acquire Perseus shares, exercisable at 60 cents each with a 2 year life and a royalty of 0.25% of gold produced from the Ayanfuri Mine Licences and the Reconnaissance Licences.



## Notes to the Financial Statements

For the Year ended 30 June 2007

### 19. COMMITMENTS - CONTINUED

Under the contract to purchase the Ayanfuri Mine Licences, Stratsys is required to pay AGC:

- US\$125,000 when all government consents validating the transaction are received (a liability has been recorded for this amount in the accounts of the consolidated entity at balance date);
- US\$50,000 on completion of a bankable feasibility study; and
- a royalty on gold production of 2% if the gold price is below US\$350/oz, 2.5% if the gold price is over US\$350 but below US\$500/oz and 3% if the gold price exceeds US\$500/oz on existing resources on the Ayanfuri Mining Licences, or a royalty at half of those rates on new resources identified by Stratsys on those licences.

Stratsys also assumes all rehabilitation responsibilities for the Ayanfuri Mine Licences, which are estimated to cost approximately US\$2.25 million and a provision has been recorded for this at balance date.

#### (c) Remuneration commitments

Mark Calderwood had entered into an agreement whereby either party can terminate the agreement by giving six months written notice.

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Within one year	125,000	87,500	125,000	87,500
One year or later and not later than five years	-	-	-	-
Later than five years	-	-	-	-
	125,000	87,500	125,000	87,500

### 20. CONTINGENT LIABILITIES

There were no contingent liabilities of the consolidated entity not provided for in the financial statements at 30 June 2007.

## Notice to the Financial Statements

For the Year ended 30 June 2007

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
<b>21. STATEMENT OF CASH FLOWS</b>				
<b>(a) Reconciliation of the loss from ordinary activities to net cash used in operating activities</b>				
Loss from ordinary activities after income tax	(521,491)	(1,015,782)	(2,181,072)	(888,294)
Add back non-cash items:				
Depreciation	61,565	33,975	9,830	3,729
Provision for non-recovery of investments in and loans to controlled entities	-	-	276,989	442,454
Employee benefits provision	27,752	18,667	26,818	12,105
Foreign currency loss/(gain)	335,577	(14,985)	2,042,179	(175,256)
Employee options	273,380	123,129	273,380	123,129
Consultants fees satisfied by issue of shares and options	-	305,000	-	305,000
Gain on sale of investments	(1,383,082)	(654,027)	(1,383,082)	(654,027)
Gain on sale of property, plant and equipment	(2,306)	-	-	-
Assets written off	-	18,324	-	-
Exploration Costs written-off	20,839	131,116	-	129,981
Change in assets and liabilities:				
(Increase) in receivables	(26,697)	(298,600)	7,768	(53,214)
(Increase) in other assets	(41,284)	(8,629)	-	-
Increase in payables	(39,526)	32,766	(44,052)	51,237
<b>Net cash used in operating activities</b>	<b>(1,295,273)</b>	<b>(1,329,046)</b>	<b>(971,242)</b>	<b>(703,156)</b>

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## Notes to the Financial Statements

For the Year ended 30 June 2007

### 21. STATEMENTS OF CASH FLOWS - CONTINUED

#### (b) Acquisition of controlled entities

On 13 March 2007, the Company exercised an option to acquire 100% of the issued capital in Stratsys Investments Ltd ("Stratsys"). The initial purchase consideration will be satisfied by the issue of 2.5 million ordinary shares at 45 cents each and 2.5 million options (exercisable at 40 cents each on or before 28 February 2009) at a deemed price of 15.87 cents each. The initial purchase consideration will not be issued by the Company until such time as all necessary Ghana Government approvals have been received with respect to the transaction.

	CONSOLIDATED \$
<b>The purchase price was allocated as follows:</b>	
Purchase consideration – fair value of securities to be granted at the date of exercise of the option to acquire Stratsys	1,521,750
Cash consideration	-
	<u>1,521,750</u>
<b>Assets and liabilities acquired at acquisition date:</b>	
Exploration and evaluation expenditure – fair value of mineral properties acquired	4,423,228
Current liabilities	<u>(151,478)</u>
Non-current provision for rehabilitation work	<u>(2,750,000)</u>
Total	<u>1,521,750</u>
<b>The cash outflow on acquisition is as follows:</b>	
Net cash acquired with subsidiary	-
Cash paid	-
Net cash outflow	<u>-</u>

The assets and liabilities arising from the acquisition are recognised at fair value which is equal to their carrying value at acquisition date.

#### *Operations of acquired controlled entities*

Stratsys has rights to two mining leases and a prospecting licence at Ayanfuri (the "Ayanfuri Mine Licences") and the Nsuaem and the Dunkwa reconnaissance licences (together the "Reconnaissance Licences"), covering a project area of approximately 500 sq km located south west of Obuasi on the Ashanti Gold Belt in Ghana.

#### (c) Non-Cash Financing and Investing Activities

During the year, the Company purchased heap leach plant and equipment for the Grumesa gold project in Ghana for a consideration comprising 1,400,000 ordinary shares at an issue price of 40 cents each and US\$25,000 cash. Perseus also assumed responsibility for the vendor's security staff and their employee entitlements up to a limit of US\$5,000.

## Notice to the Financial Statements

For the Year ended 30 June 2007

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
<b>22. EMPLOYEE BENEFITS</b>				
The aggregate employee benefit liability is comprised of:				
Accrued wages, salaries and on costs - current	-	11,486	-	
Annual leave provision - current	52,457	26,504	42,488	15,671
	<b>52,457</b>	<b>37,990</b>	<b>42,488</b>	<b>15,671</b>
	No.	No.	No.	No.
- Number of employees at year end	48	9	3	3

### 23. DIRECTOR AND EXECUTIVE DISCLOSURES

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non Executive Directors	Executive Directors
Mr Reginald Gillard	Mr Mark Calderwood
Mr Rhett Brans	Mr Colin Carson
Mr Neil Fearis	

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

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Short-term employee benefits	404,692	344,469	404,692	344,469
Post-employment benefits	26,921	11,790	26,921	11,790
Share-based payments	-	-	-	-
	<b>431,613</b>	<b>356,259</b>	<b>431,613</b>	<b>356,259</b>

There have been no changes of the CEO or key management personnel after reporting date and the date the financial report was authorised for issue.

#### *Individual directors and executives compensation disclosures*

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

#### *Loans to key management personnel and their related parties*

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

# Notes to the Financial Statements

For the Year ended 30 June 2007

## 23. DIRECTOR AND EXECUTIVE DISCLOSURES (CONTINUED)

### Other key management personnel transactions

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

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
a) Accounting, secretarial and corporate service fees paid or payable to Corporate Consultants Pty Ltd, a company in which Mr Gillard and the company secretary, Mr Susmit Shah, are directors and have beneficial interests.	116,355	141,618	116,355	141,618
(b) Rent paid or payable to Ledger Road Partnership, an entity in which Mr Gillard and Mr Carson both have a beneficial interest.	12,512	6,870	12,512	6,870
(c) Taxation services paid or payable to Icon Financial Management Pty Ltd, an entity in which Mr Gillard is a director and has a beneficial interest.	4,855	575	4,855	575
<i>Balances due to Directors and Director Related Entities at year end</i>				
- included in trade creditors and accruals	33,339	97,762	33,339	97,762

### Shareholdings

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

30 June 2007	Balance at 30 June 2006	Received as Remuneration	Options Exercised	Other Movements	Balance at 30 June 2007
<i>Parent entity directors</i>					
Reginald Gillard	210,000	-	-	-	210,000
Mark Calderwood	1,370,000	-	-	-	1,370,000
Colin Carson	1,151,423	-	-	(400,000)	751,423
Rhett Brans	150,000	-	-	-	150,000
Neil Fearis	100,000	-	100,000	(100,000)	100,000
30 June 2006	Balance at 30 June 2005	Received as Remuneration	Options Exercised	Other Movements	Balance at 30 June 2006
<i>Parent entity directors</i>					
Reginald Gillard	210,000	-	-	-	210,000
Mark Calderwood	710,000	-	-	660,000	1,370,000
Colin Carson	945,000	-	-	206,423	1,151,423
Alexander Becker *	1,407,254	-	-	-	N/A
Rhett Brans	50,000	-	-	100,000	150,000
Neil Fearis	100,000	-	-	-	100,000

Mr Becker resigned on 12 October 2005.

# Notes to the Financial Statements

For the Year ended 30 June 2007

## 23. DIRECTOR AND EXECUTIVE DISCLOSURES - CONTINUED

### Option holdings

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

30 June 2007	Balance at 30 June 2006	Received as Remuneration	Options Exercised	Other Movements	Balance at 30 June 2007	Vested and exercisable at year end
<i>Parent entity directors</i>						
Reginald Gillard	470,000	-	-	-	470,000	470,000
Mark Calderwood	3,070,000	-	-	-	3,070,000	3,070,000
Colin Carson	250,000	-	-	-	250,000	250,000
Rhett Brans	425,000	-	-	-	425,000	425,000
Neil Fearis	400,000	-	(100,000)	-	300,000	300,000
<i>30 June 2006</i>						
30 June 2006	Balance at 30 June 2005	Received as Remuneration	Options Exercised	Other Movements	Balance at 30 June 2006	Vested and exercisable at year end
<i>Parent entity directors</i>						
Reginald Gillard	470,000	-	-	-	470,000	470,000
Mark Calderwood	2,495,000	-	-	575,000	3,070,000	3,070,000
Colin Carson	245,000	-	-	5,000	250,000	250,000
Alexander Becker *	800,000	-	-	-	N/A	N/A
Rhett Brans	425,000	-	-	-	425,000	425,000
Neil Fearis	450,000	-	-	(50,000)	400,000	400,000

Mr Becker resigned on 12 October 2005.

### Other transactions with Directors

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

#### (a) Transactions with Related Parties - Subsidiaries

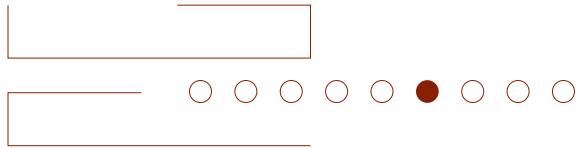
##### *Wholly Owned Consolidated Entity*

The Company incurs exploration expenditure on behalf of the subsidiaries. Investments in and loans to wholly owned subsidiaries are disclosed in Notes 11 and 9 respectively.

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

#### (b) Transactions with Other Related Parties

There were no transactions with other related parties during the financial year, except for the purchase of heap leach plant and equipment from an associate entity, Caspian Oil & Gas Ltd. The purchase consideration comprised the issue of 1,400,000 ordinary shares in the Company at an issue price of 40 cents each and US\$25,000 cash. The Company also assumed responsibility for the vendor's security staff and their employee entitlements up to a limit of US\$5,000.



## Notes to the Financial Statements

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For the Year ended 30 June 2007

### 24. EVENTS OCCURRING AFTER THE REPORTING DATE

Other than the matter referred to below, there are no matters or circumstances that have arisen since 30 June 2007 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial years.

In July 2007, the Company completed a placement offer of 10,000,000 shares at an issue price of \$1.15 each to raise \$11.5 million for the purposes of funding exploration and feasibility activities on its gold projects.

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## Directors' Declaration

For the Year ended 30 June 2007

In the opinion of the Directors of Perseus Mining Limited ("the Company"):

- (a) The financial statements and the notes and the additional disclosures included in the directors' report designated as audited of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (i) Giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the period ended that date; and
  - (ii) Complying with Accounting Standards and Corporations Regulations 2001; and
- b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- c) 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 period ended 30 June 2007.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors



**M A Calderwood**  
Managing Director

Dated at Perth, Western Australia  
28 September 2007

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# Independent Auditors' Report

For the Year ended 30 June 2007



To the members of

**PERSEUS MINING LIMITED**

We have audited the accompanying financial report of Perseus Mining Limited ("the company"), which comprises the balance sheet as at 30 June 2007, the income statement, statement of changes in equity, cash flow statement and notes to the financial statements for the year then ended for both the company and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the end of the financial year or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading "remuneration report" in the directors' report and not in the financial report. We have audited these remuneration disclosures.

## **Directors' Responsibility for the Financial Report**

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

In Note 1(c), the directors state that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

## **Auditor's Responsibility**


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

B Mann Judd (WA Partnership)

15 Rheola Street West Perth 6005. PO Box 263 West Perth 6872 Western Australia. DX 238 (Perth) Telephone +61 (08) 9481 0977. Fax +61 (08) 9481 3686.

Email: [hib@hlbwa.com.au](mailto:hib@hlbwa.com.au). Website: <http://www.hlb.com.au>

Partners: Terry M Blenkinsop, Litsa Christodoulou, Wayne M Clark, Lucio Di Giallonardo, Colin D Emmott, Trevor G Hoddy, Norman G Neill, Peter J Speechley

HLB Mann Judd (WA Partnership) is a member of  International and the HLB Mann Judd National Association of independent accounting firms

## Independent Auditors' Report

### For the Year ended 30 June 2007

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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.

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

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

#### Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Perseus Mining Limited and included in the Directors' Report, would be on the same terms if provided to the directors as at the date of this auditor's report.

#### Auditor's Opinion

In our opinion:

- (a) the financial report of Perseus Mining Limited is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year then ended; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

#### Auditor's Opinion on the AASB 124 Disclosures Contained in the Directors' Report

In our opinion the remuneration disclosures that are contained in the directors' report comply with Accounting Standard AASB 124.



**HLB MANN JUDD**  
Chartered Accountants



**N G NEILL**  
Partner

Perth, Western Australia  
28 September 2007

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## Mineral Concession Interests

For the Year ended 30 June 2007

### Consolidated Entity Mineral Concession Interests at 25 September 2007

<i>Location</i>	<i>Concession name and type</i>	<i>Registered Holder</i>	<i>File Number</i>	<i>Perseus's current equity interest</i>	<i>Maximum equity interest capable of being earned</i>	<i>Notes</i>
						<i>1</i>
Ghana	Grumesa-Awisam Prospecting Licence	Sun Gold Resources Limited	PL2/30	90%	90%	3
	Kwatechi Prospecting Licence	Tropical Exploration and Mining Company Limited	PL3/64	16%	76%	2
	Ayanfuri Mining Leases and Prospecting Licence	Anglogold Ashanti Limited	1110/1994	90%	90%	4,5
	Nsuaem Reconnaissance Licence	Stratsys Investments Ltd	RL3/26	90%	90%	4
	Dunkwa Reconnaissance Licence	Stratsys Investments Ltd	RL3/27	90%	90%	4
	Nkotumso Reconnaissance Licence	W.D. Mining Limited	RL3/29	0%	90%	6
Ivory Coast	Tengrela East Research Permit	Occidental Gold (Ivory Coast) s.a.r.l	145	80%	80%	3,7,8
	Tengrela South Research Permit	Societe Miniere de Côte d'Ivoire	146	80%	80%	3,7
Kyrgyz Republic	Savoyardy Exploration Licence	JSC Savoyardy	Ап-87-04	100%	100%	3,9
	Maly Naryn Exploration Licence	JSC Z-Explorer	Ап-161-03	100%	100%	
	Talas Exploration Licence	JSC Z-Explorer	Ап-188-03	100%	100%	
	Tolubay Exploration Licence	JSC Z-Explorer	Ап-171-02	100%	100%	
	Isfaramsai Exploration Licence	JSC Z-Explorer	Ап-235	100%	100%	
	Djingilsai Exploration Licence	JSC Z-Explorer	Ап-236	100%	100%	
	Aravan Exploration Licence	JSC Z-Explorer	Ап-449	100%	100%	
	Akbura Exploration Licence	JSC Z-Explorer	Ап-448	100%	100%	
	Karavshin Exploration Licence	JSC LandMark	Ап-458	100%	100%	
	Karabulak Exploration Licence	JSC LandMark	Ап-459	100%	100%	
	Aksu Exploration Licence	JSC LandMark	Ап-460	100%	100%	

## Mineral Concession Interests

For the Year ended 30 June 2007

### •• Notes

1. The Governments of West African countries in which the Company operates are entitled to equity in mining companies owning projects as follows – Ghana and Ivory Coast 10%. 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. In addition, production royalties are payable to the Ghana (between 3% and 6%), Ivory Coast (3%) and Kyrgyz (5%) Governments.
2. The Company has the right to earn a 76% interest in the property by funding the development of the project to profitable production. 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.
3. A royalty of 0.5% of the value of minerals recovered from the licence is payable to the vendors of the exploration licence.
4. Perseus's subsidiary Kojina Resources Limited has exercised an option to purchase all of the issued capital of Stratsys Investments Ltd (Stratsys), a Ghanaian company which holds the Nsuaem and Dunkwa Reconnaissance Licences, and which has entered into an agreement to acquire the Ayanfuri Mine Licences (1110/1994) from AngloGold Ashanti Ltd ("AGC"). The purchase remains conditional upon receipt of necessary Government approvals. The consideration to acquire the Stratsys shares is: on satisfaction of the outstanding conditions – 2.5 million Perseus shares and 2.5 million unlisted options to acquire Perseus shares, exercisable at 40 cents each on or before 28 February 2009, all subject to voluntary escrow for six months from the date of their issue; on announcement of mining reserves on the project of at least 500,000 ounces of gold – a further 2 million Perseus shares and 2 million unlisted options to acquire Perseus shares, exercisable at 60 cents each with a 2 year life; and a royalty of 0.25% of gold produced from the Ayanfuri Mine Licences and the Reconnaissance Licences.
5. Under the contract to purchase the Ayanfuri Mine Licences, Stratsys is required to pay AGC: US\$125,000 when all government consents validating the transaction are received; US\$50,000 on completion of a bankable feasibility study; and a royalty on gold production of: 2% if the gold price is below US\$350/oz; 2.5% if the gold price is over US\$350 and below US\$500/oz; and 3% if the gold price exceeds US\$500/oz, on existing resources on the Ayanfuri Mine Licences, or a royalty at half of those rates on new resources identified by Stratsys on those licences.
6. The Company has an option exercisable on or before 6 July 2009 to purchase the Nkotumso prospecting licence for US\$250,000 plus US\$5 per ounce royalty of gold produced in excess of 100,000 ounces. A US\$20,000 option fee is payable by the Company to maintain the option beyond 6 July 2008.
7. The joint venture partner is free carried to production with its share of costs subsequently recoverable by Perseus from production.
8. A royalty of US\$0.80 per ounce of gold produced from the licence is payable.
9. The Savoyardy exploration licence has been farmed out to Kentor Gold NL, which can earn a 70% equity in the project company by spending US\$6,000,000 by 31 March 2012 on a staged basis, with a minimum of US\$500,000 by 31 March 2008.

## Additional Shareholder Information

### For the Year ended 30 June 2007

The shareholder information set out below was applicable as at 21 September 2007.

#### Substantial Shareholders

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

Name of Holder	Number of Ordinary Shares
Caspian Oil & Gas Limited	24,685,135
Macquarie Bank Limited	14,700,000

#### Distribution of Holders of Equity Securities

Size of Holding	Ordinary Shares	Options (PRUO)
1 to 1,000	54	3
1,001 to 5,000	222	66
5,001 to 10,000	205	27
10,001 to 100,000	471	130
100,001 and over	93	38
	1,045	264

The number of shareholdings comprising less than a marketable parcel was 4.

#### 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.

## Additional Shareholder Information

For the Year ended 30 June 2007

### Twenty Largest Shareholders as at 21 September 2007

	Number of Shares	% Held
ANZ Nominees Limited	29,627,381	22.572
Caspian Oil & Gas Ltd	24,685,135	18.806
Macquarie Bank Limited	14,700,000	11.199
HSBC Custody Nominees (Australia) Limited	9,905,470	7.546
National Nominees Limited	3,708,793	2.826
Citicorp Nominees Pty Limited	1,441,362	1.098
Waldemar Karl Mueller	1,266,278	0.965
Mark Andrew Calderwood	1,230,000	0.937
Sancoast Pty Ltd	1,200,000	0.914
Cogent Nominees Pty Limited	1,031,206	0.786
Topspeed Pty Ltd	1,005,000	0.766
James Bremner Skinner & Janice Ivy Skinner	1,000,000	0.762
Franway Pty Ltd	970,000	0.739
Alexander Novak	959,650	0.731
Sergei Shestaev	939,650	0.716
Bell Potter Nominees Ltd	831,500	0.633
R J Peters Pty Ltd	785,000	0.598
Reginald George Maddock & Julie Dianne Maddock	598,630	0.456
Mandel Pty Ltd	570,000	0.434
Toltec Holdings Pty Ltd 29,627,381	500,000	0.381
	96,955,055	73.865

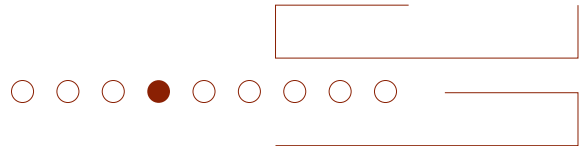


## Additional Shareholder Information

For the Year ended 30 June 2007

### Twenty Largest Optionholders as at 21 September 2007 Options Expiring 31 March 2009 (ASX code: PRUO)

	Number of Options	% Held
Macquarie Bank Limited	1,750,000	8.556
Mark Kennard Connell	1,510,000	7.383
Topspeed Pty Ltd	1,500,000	7.334
James Bremner Skinner & Janice Ivy Skinner	1,000,000	4.889
Mark Andrew Calderwood	670,000	3.276
Michael William Atkins	655,000	3.202
Terrance John Connell	644,000	3.149
Kay Hooi Lim	550,000	2.689
Walthamstow Pty Ltd	500,000	2.445
Toro De Plata Pty Ltd	406,000	1.985
Ross Lloyd Gregory	403,500	1.973
Fortis Clearing Nominees Pty Ltd	357,128	1.746
John William Anderberg	340,000	1.662
Karema Capital Pty Ltd	328,000	1.604
Blackmort Nominees Pty Ltd	300,000	1.467
Court Securities Pty Ltd	300,000	1.467
Henry Wiechecki	290,797	1.422
Vivien Mary Dwyer	250,000	1.222
Stephen McCullan	229,311	1.121
ANZ Nominees Limited	207,500	1.015
	12,191,236	59.607



## Additional Shareholder Information

For the Year ended 30 June 2007

### Unquoted Options

Unquoted options on issue at 21 September 2007 were as follows:

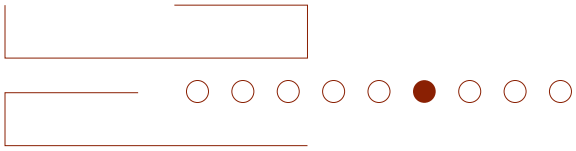
Refer Note	Number of Options	Exercise Price	Exercise Periods/Expiry Dates	Number of Holders
1	3,700,000	20 cents	On or before 31 March 2009	5
2	820,000	26 cents	On or before 1 December 2008	10
3	400,000	45 cents	On or before 6 June 2009	1
4	400,000	50 cents	On or before 6 June 2009	1
5	10,778,750	50 cents	On or before 29 February 2008	176
6	600,000	50 cents	On or before 1 April 2010	1
7	150,000	65 cents	On or before 30 May 2010	1
8	610,000	\$1.00	On or before 12 July 2010	10

The names of the holders of 20% or more options in these unquoted securities are listed below:

Note	Name	Number of Options Held
1	M A Calderwood	2,400,000
2	A Archangelski	250,000
3 & 4	S Shelton	800,000
5	ADM Investor Services International Limited	3,600,000
6	K Thomson	600,000
7	R Taylor	150,000
8	K Thomson	200,000

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• • **NOTES**

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For the Year ended 30 June 2007

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**Perseus Mining Limited**

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**Corporate Office**

30 Ledger Road Balcatta,  
Western Australia, 6021 Australia  
ACN 106 808 986  
ABN 27 106 808 986

Telephone: +61 8 9240 6344  
Facsimile: +61 8 9240 2406

[www.perseusmining.com](http://www.perseusmining.com)

