ABN 27 106 808 986

Interim Financial Report

For the Half-Year ended
31 December 2013

This interim report incorporating Appendix 4D is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3

Contents

Appendix 4D under the ASX Listing Rule 4.2A.3

Results for announcement to the market

		Six months to 31 December 2012 $'000		**Six months to 31 December 2013 $'000**
Revenue from ordinary activities	Down 8% from	147,065	to	**135,276**
Profit\(loss) after tax from ordinary activities	Down 112 % from	33,229	to	**(4,024)**
Profit\(loss) after tax attributable to members	Down 113% from	28,888	to	**(3,831)**

Net tangible assets per share

	31 December 2013	31 December 2012
Net tangible assets per share	$1.0	$0.8

Dividends/Distributions

No interim dividend was paid or declared for the period ended 31 December 2013.

Details of entities over which control has been gained or lost during the year

Nil.

Explanation of results

See commentary on results in the Directors Report on pages 3-6.

Directors	Reginald Norman Gillard	Non-Executive Chairman
	Jeffrey Allan Quartermaine	Managing Director
	Colin John Carson	Executive Director
	Michael Andrew Bohm	Non-Executive Director
	Terence Sean Harvey	Non-Executive Director
Company Secretaries	Susmit Shah	
	Martijn Bosboom	
Registered and Corporate Office	Second Floor, 437 Roberts Road	
	Subiaco, Western Australia 6008	
	PO Box 1578	
	Subiaco, Western Australia 6904	
	Telephone:	(61 8) 6144 1700
	Facsimile:	(61 8) 6144 1799
	Email address:	info@perseusmining.com
	Website:	www.perseusmining.com
Ghanaian Office	4 Chancery Court	
	147A Giffard Road, East Cantonments	
	Accra - Ghana	
	PO Box CT2576	
	Cantonments	
	Accra - Ghana	
	Telephone:	(233) 302 760 530
	Facsimile:	(233) 302 760 528
Côte d'Ivoire Office	Cocody II Plateaux Vallons, Quartier Lemani	
	Lot 1846 ilot 169 derrière Pako Gourmand	
	28 BP 571 Abidjan 28, Côte d'Ivoire	
	Telephone:	(225) 22 41 9126
	Facsimile:	(225) 22 41 0925
Share Registry		
	Advanced Share Registry Limited	TMX Equity Transfer Services Inc.
	150 Stirling Highway	200 University Avenue, Suite 300
	Nedlands, Western Australia 6009	Toronto, Ontario M5H4H1
	Australia	Canada
	Telephone: (61 8) 9389 8033	Telephone: (1 866) 393 4891
	Facsimile: (61 8) 9389 7871	(1 416) 361 0930
	www.advancedshare.com.au	www.tmxequitytransferservices.com
Auditors	Ernst & Young	
	11 Mounts Bay Road	
	Perth Western Australia 6000	
Stock Exchange Listings	Australian Securities Exchange	(ASX – PRU)
	Toronto Stock Exchange	(TSX – PRU)
	Frankfurt Stock Exchange	(WKN: AOB7MN)

Your directors present their report on the consolidated entity (referred to hereafter as the "group") consisting of Perseus Mining Limited ("Perseus") and its controlled entities for the half-year ended 31 December 2013 (the "period"). Perseus is a company limited by shares that is incorporated and domiciled in Australia. Unless noted otherwise, all amounts stated are expressed in Australian dollars.

DIRECTORS

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

Reginald Norman Gillard	Non-Executive Chairman
Jeffrey Allan Quartermaine	Managing Director
Rhett Boudewyn Brans	Executive Director (resigned 15 November 2013)
Colin John Carson	Executive Director
Neil Christian Fearis	Non-Executive Director (retired 15 November 2013)
Terence Sean Harvey	Non-Executive Director
Michael Andrew Bohm	Non-Executive Director

RESULTS

The group's net loss after tax for the half-year ended 31 December 2013 was $4.024 million (31 December 2012: profit of $33.229 million). The deterioration in results is attributable primarily to the lower gold price environment compared to the previous half year. In addition to lower revenue as a direct result of the lower gold prices, Edikan Gold Mine ("EGM") has adjusted its mine plan for the 2014 financial year to suit market conditions with the aim of maximising net cash flow generated by the mine. Further information on the group's results can be found in the Statement of Comprehensive Income on page 9.

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS

During the period, the group continued to focus its activities on its two key projects, namely the EGM in Ghana and the "Sissingué Gold Project" or "SGP", in Côte d'Ivoire.

Edikan Gold Mine - Ghana

The group owns a 90% interest in the EGM, a producing gold mine located in Ghana. The remaining 10% interest in the EGM is a free carried interest owned by the Ghanaian government.

Mining and Processing Operations

Perseus revised its short term production plans for the EGM with the objective of producing gold at a rate that optimises the balance between gold production and cash margin generated by each ounce of gold produced, with the intention of maximising the net cash flow generated by the mine. Strategies included: reducing the mining rate to reduce the amount of waste removal needed; processing a blend of ore mined from the AF Gap and Fobinso pits with ore on the ROM stockpile; implementing a cost reduction program and reducing discretionary capital expenditure.

Operating results at the EGM for the 6 months to 31 December 2013 and the corresponding period in 2012 were as follows.

Key Operating Parameter	**Units**	**31 December 2013**	**31 December 2012**
Ore mined	tonnes	3,161,000	3,654,000
Ore milled	tonnes	3,420,000	2,642,000
Head grade	g/t gold	1.02	1.42
Recovery	%	83.90	85.90
Gold produced	oz	94,190	103,700

The 9% reduction in gold production relative to the corresponding period in 2012 is due to a lower average head grade as a result of the blending program mentioned above. Gold production for the period was 94,190 ounces at a total site cash cost (including production, royalties, development and sustaining capital) of US$1,283/oz.

During the period a total of 5,443,000 bcms of material was mined from the AF Gap and Fobinso open pits, including 3,161,000 tonnes of ore grading 1.0g/t plus 4,264,000 bcms of waste material. The ROM ore stockpiles that include both high and low grade ore (but not mineralised waste) plus crushed ore decreased by 390,000 tonnes to 3,922,000 tonnes grading 0.5g/t. The reduction in the stockpile reflected the plan to process stockpiled ore to offset a reduction in mining.

A total of 3,420,000 tonnes of ore grading 1.02 g/t of gold was milled during the period. Overall gold recovery of 83.9% resulted in the recovery of 94,190 ounces of gold of which 92,548 ounces of gold were poured during the period. A total of 93,686 ounces of gold was sold at a weighted average price of US$1,330 per ounce. A total of 46,000 ounces of gold were delivered into forward sales contracts at a weighted average price of US$1,259/oz while the balance of gold sales were made at prevailing spot prices for gold. A total of 124,000 ounces of gold were committed to forward sales contracts at a weighted average gold price of US$1,463/oz as at the end of the period.

Material improvements in the availability and usage of the process plant, including the primary crusher, oxide circuit and SAG Mill, during the period helped offset the decreased head grade.

Total all in site cash costs have reduced during the period as a range of business initiatives that were implemented at the beginning of the period start to be realised. While the impact of some initiatives has been immediate, it is expected that further significant efficiency gains and cost improvements will be recorded in future periods.

Material progress has been made towards resolution of an outstanding VAT liability owed to Perseus by the Ghanaian Government. Perseus has received GHS6.2 million to date and have mandated a Ghanaian legal firm that specialises in revenue law to intervene directly with the Government on the company's behalf.

This intervention has, subsequent to the end of the period, resulted in the Ghana Revenue Authority advising Perseus in writing of its decision to issue GHS60 million of treasury credit notes to cover that part of the obligation that has been formally audited and approved. In addition to this, discussions with the Government to include a cash component in the final settlement has reached an advanced stage, and negotiations are continuing to ensure that through administrative measures available to the Government, the VAT receivable does not increase in the future.

An updated Ore Reserve estimate for the EGM was completed during the period by independent mining consultants RungePincockMinarco indicating Proved and Probable Ore Reserves totalling 82.7Mt of ore grading 1.1 g/t of gold and containing 2.925M ounces of gold as at 1 July 2013.

Based on the updated Ore Reserve, a revised life of mine plan ("LOMP") for the EGM was prepared based on seven open pits designed using US$1,200/oz pit shells. Ore containing 6% less gold will be mined however total ore and waste movements will be reduced by 15% compared to the previous LOMP. The LOMP estimates average gold production of 230,000 ounces per year at an all-in site cash cost of US$937/oz from FY2014 to FY2024.

Sissingué Gold Project, Côte d'Ivoire

The group owns an 85% interest in the SGP, a development stage gold deposit at Sissingué located in the north of Côte d'Ivoire. The Company's 85% interest in the SGP reflects (as if it had been granted) a 10% free carried interest in favour of the Government of Côte d'Ivoire.

Perseus has deferred commencement of development of the SGP pending a reassessment of the mine plan in light of lower gold prices and clarification of a number of issues, including:

- Finalisation of the new mining code in Côte d'Ivoire;
- The granting of a request to extend the date for first production specified in the Sissingué Exploitation Permit beyond August 2014;
- Exploration of nearby exploration permit areas such as Mahalé with the view to delineating new gold deposits that could be processed at the proposed Sissingué gold facility; and
- Completion of a review of processing options, capital and operating cost estimates for Sissingué applying current cost and revenue expectations to revise mine planning scenarios.

Exploration

A total of 45,003 metres of drilling was completed in Côte d'Ivoire during the period resulting in significant drill intercepts at the Mahalé and Mbengué projects.

A total of 33,833 metres was drilled at the Bélé anomaly on the Mahalé licence during the period, including 3,872 of rotary air blast ("RAB") drilling, 17,048 metres of air core ("AC") drilling and 12,913 metres of reverse circulation ("RC") drilling following up on significant AC drilling results. The Bélé Prospect is located 40 kilometres west-southwest of the SGP.

Significant AC drilling intercepts on the Bélé Prospect were returned: 3m at 17.5g/t gold, including 1m at 48.2g/t gold and 3m at 1.7g/t gold; and 7m at 10.2g/t gold, including 4m at 23.2g/t gold and 9m at 5.8g/t gold. Significant RC intercepts included: 54m at 2.1g/t gold, including 4m at 11.8g/t gold and 2m at 30.2g/t gold; 14m at 6.2g/t gold, including 4m at 10.7g/t gold; and 10m at 14.7g/t gold, including 2m at 61.4g/t gold.

Further work at Bélé will commence in early 2014 with a program of ground geophysics, gradient IP and magnetic, before commencing further drilling.

A total of 10,802 metres was drilled at the Mbengué project during the period to follow up previous RC drilling on the K1 Prospect of the Kanadi anomaly and to test gold and arsenic anomalism in auger drilling along strike from K1. Highlights of the RC drilling included: 36m at 2.0g/t gold, including 2m at 8.5g/t gold; 58m at 1.5g/t gold, including 8m at 3.4g/t gold; and 6m at 6.0g/t gold, including 2m at 16.9g/t gold.

In addition, a 3,045 line kilometre high resolution helicopter-borne magnetic and radiometric survey covering an area of 273 km^2 and flown by New Resolution Geophysics of South Africa was completed over the Mbengué and Napié licences. Processing, imaging and interpretation products from these surveys were received late in the period and are under review to prioritise further exploration drilling on both projects.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the class order applies.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young, to provide the directors of Perseus with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on the next page and forms part of this directors' report for the half-year ended 31 December 2013.

Signed in accordance with a resolution of directors.

J A Quartermaine

Managing Director
Perth, 14 February 2014

***Competent Person and ASX Listing Rules Statement**:*

All Production targets for the Edikan Gold Mine (EGM) referred to in this report are underpinned by estimated Ore Reserves which have been prepared by competent persons in accordance with the requirements of the JORC Code.

The information in this report that relates to EGM Ore Reserves and Mineral Resources is based on, and fairly represents, information and supporting documentation compiled by Mr Kevin Thomson, a Competent Person who is a Professional Geoscientist with the Association of Professional Geoscientists of Ontario. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to exploration results at the Mbengué exploration licence in Côte d'Ivoire is based on, and fairly represents, information and supporting documentation prepared by Mr Kevin Thomson a Competent Person who is a Professional Geoscientist with the Association of Professional Geoscientists of Ontario. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Mr Thomson is a full time employee of the Company. Mr Thomson has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'") and to qualify as a "Qualified Person" under National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). Mr Thomson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. For a description of Perseus' data verification process, quality assurance and quality control measures, the effective date of the mineral resource and mineral reserve estimates contained herein, details of the key assumptions, parameters and methods used to estimate the mineral resources and reserves set out in this report and the extent to which the estimate of mineral resources or mineral reserves set out herein may be materially affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues, readers are directed to the technical report entitled "Technical Report - Central Ashanti Gold Project, Ghana" dated May 30, 2011 in relation to the Edikan Gold Mine (formerly the Central Ashanti Gold Project.

The information in this report that relates to exploration results at the Mahalé exploration licence in Côte d'Ivoire was first reported by the Company in compliance with JORC 2012 in its December 2013 Quarterly Activities Report dated 28 January 2014.The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcement referred to above.

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

In relation to our review of the consolidated financial report of Perseus Mining Limited for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
14 February 2014

GB:MM:PERSEUS:032

Contents

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

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

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

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the directors' report on pages 3 to 6, which is not part of these interim financial statements.

These interim financial statements were authorised for issue by the directors on 14 February 2014. The directors have the power to amend and reissue the interim financial statements.

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

Perseus Mining Limited
Statement of Comprehensive Income
For the half-year ended 31 December 2013

		CONSOLIDATED	
		Year to date (6months)	
	Notes	**31 Dec 2013**	31 Dec 2012* Restated
		$'000	$'000
Revenue		**135,276**	147,065
Other income	4	**85**	114
Changes in inventories of finished goods and work in progress		**5,358**	19,087
Direct costs of mining and processing		**(94,256)**	(60,627)
Royalties		**(8,507)**	(10,051)
Employee benefits expense		**(14,697)**	(10,539)
Depreciation and amortisation expense		**(20,712)**	(13,745)
Foreign exchange gain / (loss)		**151**	(8,099)
Finance cost		**(912)**	(1,567)
Impairment of investment in associate		**-**	(782)
Impairment of available-for-sale financial asset		**(2,225)**	-
Share of net losses of associate		**-**	(473)
Loss on derivative financial instruments		**-**	(68)
Other expenses		**(4,102)**	(3,044)
(Loss) / profit before income tax expense		**(4,541)**	57,271
Income tax benefit / (expense)	6	**517**	(24,042)
(Loss) / profit after income tax		**(4,024)**	33,229
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**8,345**	920
Net changes in fair value of cash flow hedges		**(1,163)**	(3,956)
Net changes in fair value of financial assets		**651**	-
Income tax benefit relating to cash flow hedges		**407**	1,384
Total comprehensive income for the period		**4,216**	31,577
(Loss) / profit attributable to:			
Owners of the parent		**(3,831)**	28,888
Non-controlling interests		**(193)**	4,341
		(4,024)	33,229
Total comprehensive income attributable to:			
Owners of the parent		**4,305**	27,530
Non-controlling interests		**(89)**	4,047
		4,216	31,577
Basic (loss) / profit per share		**(0.84) cents**	6.31 cents
Diluted (loss) / profit per share		**(0.84) cents**	6.31 cents

The accompanying notes form part of these financial statements.

* Certain amounts shown here do not correspond to the December 2012 financial statements and reflect adjustments made as detailed in Note 1.

Perseus Mining Limited
Statement of Financial Position
As at 31 December 2013

	Notes	31 Dec 2013 $'000	30 June 2013* Restated $'000
		CONSOLIDATED	
Current Assets			
Cash and cash equivalents	7	**16,016**	35,480
Receivables	8	**9,270**	8,203
Inventories	9	**43,208**	31,058
Other assets	10	**9,756**	10,345
Derivative financial instruments	12	**4,971**	2,548
Total current assets		**83,221**	87,634
Non-current assets			
Receivables	8	**55,050**	53,101
Other assets	10	**1,966**	4,181
Investments accounted for using the equity method	11	**652**	652
Property, plant and equipment		**215,499**	211,343
Mine properties		**183,109**	156,411
Mineral interest acquisition and exploration expenditure		**33,202**	47,311
Derivative financial instruments	12	**30,493**	29,747
Total non-current assets		**519,971**	502,746
Total assets		**603,192**	590,380
Current liabilities			
Payables		**61,624**	53,085
Total current liabilities		**61,624**	53,085
Non-current liabilities			
Provision		**7,983**	7,983
Deferred tax liability		**47,526**	47,468
Total non-current liabilities		**55,509**	55,451
Total liabilities		**117,133**	108,536
Net assets		**486,059**	481,844
Equity			
Issued capital	14	**445,404**	445,404
Reserves		**19,782**	11,659
Retained earnings		**11,838**	15,669
Parent entity interest		**477,024**	472,732
Non-controlling interest		**9,035**	9,112
Total Equity		**486,059**	481,844

The accompanying notes form part of these financial statements.

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

Perseus Mining Limited
Statement of Changes in Equity
For the half-year ended 31 December 2013

CONSOLIDATED

	Issued Capital	Retained Earnings / (Accumulated Losses)	Share Based Payments Reserve	Foreign Currency Translation Reserve	Asset Revaluation Reserve	Hedging Reserve	Non-controlling Interest's Reserve	Non-controlling Interest	Total Equity
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
6 months to 31 December 2013									
Balance at 1 July 2013	**445,404**	**15,267**	**18,865**	**(31,454)**	**(651)**	**24,631**	**218**	**9,062**	**481,342**
Changes in accounting policies (see note 1)	-	402	-	50	-	-	-	50	502
Balance at 1 July 2013 (restated)*	**445,404**	**15,669**	**18,865**	**(31,404)**	**(651)**	**24,631**	**218**	**9,112**	**481,844**
Loss for the period	-	(3,831)	-	-	-	-	-	(193)	(4,024)
Currency translation differences	-	-	-	8,166	-	-	-	179	8,345
Share of currency translation difference of associated entity	-	-	-	-	-	-	-	-	-
Net change in fair value of financial assets	-	-	-	-	651	-	-	-	651
Net change in fair value of cash flow hedges	-	-	-	-	-	(1,047)	-	(116)	(1,163)
Income tax relating to components of other comprehensive income / (loss)	-	-	-	-	-	366	-	41	407
Total comprehensive income/(loss) for the period	**-**	**(3,831)**	**-**	**8,166**	**651**	**(681)**	**-**	**(89)**	**4,216**
Shares issued during the period	-	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-	-
Exercise of options	-	-	-	-	-	-	-	-	-
Share based payments	-	-	(13)	-	-	-	-	12	(1)
Balance at 31 December 2013	**445,404**	**11,838**	**18,852**	**(23,238)**	**-**	**23,950**	**218**	**9,035**	**486,059**
6 months to 31 December 2012									
Balance at 1 July 2012	**445,450**	**(23,102)**	**18,449**	**(51,824)**	**-**	**(28,697)**	**218**	**(626)**	**359,868**
Profit for the period (restated* - see note 1)	-	28,888	-	-	-	-	-	4,341	33,229
Currency translation differences	-	-	-	1,060	-	-	-	(36)	1,024
Share of currency translation difference of associated entity	-	-	-	(104)	-	-	-	-	(104)
Net change in fair value of cash flow hedges	-	-	-	-	-	(3,560)	-	(396)	(3,956)
Income tax relating to components of other comprehensive income / (loss)	-	-	-	-	-	1,246	-	138	1,384
Total comprehensive income/(loss) for the period	**-**	**28,888**	**-**	**956**	**-**	**(2,314)**	**-**	**4,047**	**31,577**
Shares issued during the period	-	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-	-
Exercise of options	-	-	-	-	-	-	-	-	-
Share based payments	-	-	254	-	-	-	-	(9)	245
Balance at 31 December 2012	**445,450**	**5,786**	**18,703**	**(50,868)**	**-**	**(31,011)**	**218**	**3,412**	**391,690**

The accompanying notes form part of these financial statements.

* Certain amounts shown here do not correspond to the December 2012 and the June 2013 financial statements and reflect adjustments made as detailed in Note 1.

	Notes	CONSOLIDATED Year to date (6 months) 31 Dec 2013 $'000	31 Dec 2012 $'000
Operating activities			
Receipts in the course of operations		**130,962**	141,072
Payments to suppliers and employees		**(132,515)**	(107,319)
Interest received		**26**	163
Payments for borrowing costs		**(255)**	(2,111)
Net cash from / (used in) operating activities		**(1,782)**	31,805
Investing activities			
Payments for exploration and evaluation expenditure		**(5,164)**	(7,148)
Payments for acquisition of property, plant and equipment		**(344)**	(607)
Payments for acquisition of assets under construction		**(12,205)**	(18,735)
Proceeds on disposal of property, plant and equipment		**81**	-
Purchase of gold put options		**(179)**	-
Funds received / (Payments) for security deposits and bank guarantees		**-**	(6,914)
Net cash used in investing activities		**(17,811)**	(33,404)
Financing activities			
Proceeds from share issues		**-**	-
Proceeds from exercise of options		**-**	-
Repayment of borrowings		**-**	(60,729)
Share issue expenses		**-**	-
Net cash provided by / (used in) financing activities		**-**	(60,729)
Net increase / (decrease) in cash held		**(19,593)**	(62,328)
Cash and cash equivalents at the beginning of the financial period		**35,480**	105,497
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		**129**	(3,495)
Cash and cash equivalents at the end of the period		**16,016**	39,674

The accompanying notes form part of these financial statements.

Contents of the Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Preparation

Perseus Mining Limited is a listed public company, incorporated and domiciled in Australia. During the half year ended 31 December 2013 (the "period"), the consolidated entity conducted operations in Australia, Ghana and Côte d'Ivoire.

These consolidated interim financial statements of the consolidated entity for the period ended 31 December 2013 are general purpose condensed financial statements prepared in accordance with the requirements of the Australian *Corporations Act 2001 (Cth)* and AASB 134 'Interim Financial Reporting'.

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

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

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

From 1 July 2013 the group applied AASB Interpretation 20 *Stripping costs in the production phase of a surface mine*. The change in accounting policy has been applied to the earliest period presented and therefore there has been a restatement of certain 31 December 2012 and 30 June 2013 closing balances as follows:

As of and for half year ended 31 December 2012:
Decrease in inventories of $610,000
Increase in mine properties of $1,735,000
Increase in deferred tax liability of $394,000
Increase in changes in inventories of finished goods and work in progress of $610,000
Decrease in direct costs of mining and processing of $5,353,000
Increase in depreciation and amortisation expense of $3,618,000
Increase in income tax expense of $394,000
Increase in profit after tax of $733,000
The effect on earnings per share related to the restatement for the December 2012 period was an increase of $0.002.

As of and for the year ended 30 June 2013:
Increase in inventories of $381,000
Increase in mine properties of $391,000
Increase in deferred tax liability of $270,000
Increase in reserves of $50,000
Increase in retained earnings of $402,000
Increase in non-controlling interest of $50,000
The effect on earnings per share related to the restatement in 2013 was a reduction of $0.001.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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

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

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

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

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

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(i) Exploration and evaluation expenditure
Management determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. In determining this, assumptions, including the maintenance of title, ongoing expenditure and prospectivity are made.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – continued

(ii) Impairment of assets

In determining whether the recoverable amount of each cash generating unit is the higher of fair value less costs to sell or value-in-use against which asset impairment is to be considered, the group undertakes future cash flow calculations which are based on a number of critical estimates and assumptions including forward estimates of:

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

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

(iii) Share-based payment transactions

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

(iv) Restoration and rehabilitation provisions

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

(v) Derivative financial instruments

The group makes judgements on the effectiveness of all derivative financial instrument entered into, including forward metal contracts, metal options and foreign currency option contracts. Management's assessment is that, unless otherwise disclosed the derivatives have been highly effective in offsetting changes in the fair value of the future cash flows against which they have been designated and as such are compliant with the hedge effectiveness requirements of AASB 139. Further information on the group's use of derivative financial instruments, including carrying values, is set out in note 12.

(vi) Taxes

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

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

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

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

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – continued

(viii) Deferred stripping expenditure

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

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

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

(ix) Inventory

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

(x) Reserves and resources

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

3. SEGMENT INFORMATION

(a) Description of segments

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

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

The group operated principally in three geographical segments during the half-year ended 31 December 2013 being Australia and the West African countries of Ghana and Côte d'Ivoire. The segment information is prepared in conformity with the group's accounting policies.

The group comprises the following main segments:

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

3. SEGMENT INFORMATION – continued

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

	Six months ending							
	Australia 31 Dec 2013 $'000	Australia 31 Dec 2012 $'000	**Ghana 31 Dec 2013 $'000**	Ghana 31 Dec 2012 $'000	**Côte d'Ivoire 31 Dec 2013 $'000**	Côte d'Ivoire 31 Dec 2012 $'000	**Consolidated 31 Dec 2013 $'000**	Consolidated 31 Dec 2012 $'000
Total revenue								
Revenue	**-**	-	**135,276**	147,065	**-**	-	**135,276**	147,065
Other income	**18**	94	**67**	20	**-**	-	**85**	114
Reconciliation to total revenue and other income	**18**	94	**135,343**	147,085	**-**	-	**135,361**	147,179
Results								
Operating profit / (loss) before income tax	**(578)**	(12,154)	**(2,753)**	69,705	**(1,210)**	(280)	**(4,541)**	57,271
Income tax benefit / (expense)							**517**	(24,042)
Net profit							**(4,024)**	33,229
Included within segment results:								
Share of net profit loss of associate accounted for using the equity method	**-**	(473)	**-**	-	**-**	-	**-**	(473)
Impairment of investment in associate	**-**	(782)	**-**	-	**-**	-	**-**	(782)
Impairment of available-for-sale financial asset	**(2,225)**	-	**-**	-	**-**	-	**(2,225)**	-
Depreciation and amortisation	**(454)**	(444)	**(20,186)**	(13,262)	**(72)**	(39)	**(20,712)**	(13,745)
Gain / (loss) on derivative financial instruments	**-**	-	**-**	(68)	**-**	-	**-**	(68)
Revaluation / (devaluation) of gold put options	**-**	(47)	**(141)**	-	**-**	-	**(141)**	(47)
Share based payments to employees, Directors and consultants	**2**	(245)	**27**	-	**(2)**	-	**27**	(245)
Foreign exchange gain/(loss)	**7,631**	(5,304)	**(7,475)**	(2,882)	**(5)**	87	**151**	(8,099)
	As at 31 Dec 2013	As at 30 June 2013	**As at 31 Dec 2013**	As at 30 June 2013	**As at 31 Dec 2013**	As at 30 June 2013	**As at 31 Dec 2013**	As at 30 June 2013
Assets								
Segment assets	**28,304**	29,172	**508,618**	503,209	**66,269**	57,999	**603,192**	590,380
Total assets includes:								
Investments in associates	**652**	652	**-**	-	**-**	-	**652**	652
Additions to non-current assets (other than financial assets)	**335**	394	**15,998**	54,978	**2,851**	16,228	**19,184**	71,600
Liabilities								
Segment liabilities	**1,300**	2,480	**114,541**	104,654	**1,292**	1,402	**117,133**	108,536

4. OTHER INCOME

	Consolidated Year to date (6 months) 31 Dec 2013 $'000	31 Dec 2012 $'000
Interest income	**25**	114
Other	**60**	-
	85	114

5. EXPENSES

Profit before income tax has been determined after:

	31 Dec 2013 $'000	31 Dec 2012 $'000
Finance costs:		
Interest and finance charges	**912**	1,567
Other costs:		
Devaluation of gold put options	**141**	47
Loss on disposal of property, plant and equipment	**1,053**	-
Depreciation and amortisation:		
Amortisation of stripping asset	**8,401**	3,617
Other depreciation and amortisation	**12,311**	10,128
	20,712	13,745

6. INCOME TAX EXPENSE

The income tax benefit that has been recognised in the statement of comprehensive income comprises $517,137 primarily relating to the EGM loss for the period.

7. CASH AND CASH EQUIVALENTS

		Consolidated 31 Dec 2013 $'000	30 June 2013 $'000
Cash assets	(i)	**3,193**	18,959
Short term deposits	(ii)	**12,823**	16,521
		16,016	35,480

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

Risk exposure
The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

8. RECEIVABLES

		Consolidated	
		31 Dec 2013 $'000	30 June 2013 $'000
Current			
Trade debtors	(i)	**8,846**	7,975
Sundry debtors	(i)	**424**	228
		9,270	8,203
Non-current			
Other Receivable	(ii)	**44,416**	42,783
Security deposits	(iii)	**10,634**	10,318
		55,050	53,101

Terms relating to the above financial instruments:

(i) Trade and sundry debtors are non-interest bearing and generally on 30 day terms.
(ii) Other receivable relates to a VAT refund from the Ghana Revenue Authority ("GRA"). GRA has commenced repayment of this receivable to the group. The method of recovery of the remaining receivable is currently under negotiation.
(iii) At 31 December 2013, the group has US$9.4 million (approximately A$10.6 million) held in bank deposits which are subject to a lien and are collateral for a bank guarantee that has been issued to the Ghana Environmental Protection Agency in relation to environmental rehabilitation provisions concerning the EGM.

Fair value and foreign exchange and credit risk
Due to the short term nature of the current receivables, their carrying amount is assumed to approximate their fair value. Long term receivables are evaluated by the group based on parameters such as individual creditworthiness of the customer and specific country risk factors. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above.

The other receivable relating to a VAT refund from the GRA is immediately repayable on demand in Ghanaian Cedis ("GHS"), is unsecured and bears no interest. The GRA has confirmed the amount owing in GHS and has commenced repayment of this receivable to the group. Management is engaged in discussions with the GRA regarding the recovery of the remaining VAT refund and although no time frame has been agreed upon as yet, the directors are of the view that the debt will eventually be recovered. The fair value of the receivable, determined using a 10% discount rate and assuming it takes a year to recover the receivable in full, is approximately $40.4 million (30 June 2013: $38.9 million). Refer to Note 17 for subsequent developments.

9. INVENTORIES

Ore stockpiles – at cost	**4,527**	10,730
Ore stockpiles – at net realisable value	**10,807**	-
Gold in circuit	**3,183**	844
Bullion on hand	**3,970**	4,844
Materials and supplies	**20,721**	14,640
	43,208	31,058

Inventory expense
The inventory expense during the six month period ended 31 December 2013 was $119.0 million (30 June 2013: $204.0 million). The write up of inventories due to an increase in net realisable value recognised during the period ended 31 December 2013 amounted to $10.4 million (30 June 2013 write down: $21.2 million) and is included in 'changes in inventories of finished goods and work in progress' in the statement of comprehensive income.

10. OTHER ASSETS

		Consolidated	
		31 Dec 2013	30 June 2013
		$'000	$'000
Current			
Prepayments		**9,653**	10,345
Financial assets at fair value through profit and loss		**103**	-
		9,756	10,345
Non-current			
Prepayments		**230**	871
Available for sale financial assets	(i)	**1,736**	3,310
		1,966	4,181

Terms and conditions relating to the above financial instruments:
(i) The group's investment in Manas Resources Limited is recognised as an available for sale financial asset

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

			Ownership interest		Published fair value	
Name of associated entity:	**Principal activity**	**Country of incorporation**	**Dec 2013 %**	June 2013 %	**Dec 2013 $'000**	June 2013 $'000
Burey Gold Limited	Gold Exploration	Australia	**23.0**	23.0	**570**	652

Burey Gold Limited ("Burey")

	Consolidated	
	31 Dec 2013	30 June 2013
	$'000	$'000
Investment in associated entity - Burey	**652**	652

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated	
	31 Dec 2013	30 June 2013
	$'000	$'000
Current		
Cash flow hedge asset	**4,971**	2,548
Non-Current		
Cash flow hedge asset	**30,493**	29,747

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

Forward metal contracts – cash flow hedges:

The group uses cash flow designated USD forward metal contracts to hedge movements in USD precious metal prices on its anticipated sales of gold. At 31 December 2013 there were cash flow designated hedge contracts in place for 124,000 ounces of gold with settlements scheduled between March 2014 and December 2015. The portion of the gain or loss on these hedging instruments that are determined to be an effective hedge are recognised and retained directly in equity. The ineffective portion will be recognised in the statement of comprehensive income.

The amount reclassified during the year to the income statement was a gain of $1,989,616 (30 June 2013 loss: $22,829,232).

13. FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the group as at 31 December 2013:

	Loans and receivables	**Available-for-sale**	**Fair value through profit and loss**	**Fair value through other comprehensive income**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets:				
Receivables	9,270	-	-	-
Gold put option contracts	-	-	40	-
Gold forward contracts	-	-	63	-
Derivative financial instruments	-	-	-	4,971
Total current	**9,270**	**-**	**103**	**4,971**
Receivables	55,050	-	-	-
Equity instruments	-	1,736	-	-
Derivative financial instruments	-	-	-	30,493
Total non-current	**55,050**	**1,736**	**-**	**30,493**
Total	**64,320**	**1,736**	**103**	**35,464**
Financial liabilities:				
Payables	61,624	-	-	-
Total current	**61,624**	**-**	**-**	**-**
Total	**61,624**	**-**	**-**	**-**

13. FINANCIAL INSTURMENTS – continued

Fair values

Set out below is a comparison of the carrying amounts and fair values of financial instrument as at 31 December 2013:

	Carrying amount $'000	Fair value $'000
Financial assets:		
Receivables	9,270	9,270
Gold put option contracts	40	40
Gold forward contracts	63	63
Derivative financial instruments	4,971	4,971
Total current	**14,344**	**14,344**
Receivables	55,050	51,013
Equity instruments	1,736	1,736
Derivative financial instruments	30,493	30,493
Total non-current	**87,279**	**83,242**
Total	**101,623**	**97,586**
Financial liabilities:		
Payables	61,624	61,624
Total non-current	**61,624**	**61,624**
Total	**61,624**	**61,624**

Fair value hierarchy

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

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

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

There were no transfers between categories during the period.

13. FINANCIAL INSTURMENTS – continued

As at 31 December 2013, the group held the following financial instruments measured at fair value:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets:				
Gold put option contracts	-	40	-	**40**
Gold forward contracts	-	63	-	**63**
Equity instruments	1,736	-	-	**1,736**
Derivative financial instruments	-	35,464	-	**35,464**
Total	**1,736**	**35,567**	**-**	**37,303**

Valuation techniques

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

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

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

Specific valuation techniques used to value financial instruments include;

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

The net fair value of cash and cash equivalents and non-interest bearing financial assets and liabilities of the group approximate their carrying values. The carrying values (less impairment provision if provided) of trade receivables and payable are assumed to approximate their fair values due to their short-term nature. The carrying amount of financial liabilities approximates their fair values for which, for disclosure purposes, are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments. Information about the fair value of the other receivable of VAT is provided in note 8.

14. ISSUED CAPITAL AND RESERVES

(a) Issued and paid-up share capital

	Consolidated			
	31 Dec 2013		31 Dec 2012	
	$'000	**Number**	$'000	Number
Balance at the beginning of the period	**445,404**	**457,962,088**	445,450	457,962,088
Transaction costs arising from issue of securities for cash	**-**	**-**	-	-
Balance at the end of the period	**445,404**	**457,962,088**	445,450	457,962,088

(b) Share Options

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

Exercise Period	**Note**	**Exercise Price**	**Opening Balance 1 July 2013** *Number*	**Options Issued** *Number*	**Options Exercised/ Cancelled/ Expired** *Number*	**Closing Balance 31 Dec 2013** *Number*
On or before 6 October 2013		$3.00	250,000	-	(250,000)	-
On or before 3 November 2013		$3.20	200,000	-	(200,000)	-
On or before 15 June 2014		$3.00	1,540,000	-	-	1,540,000
			1,990,000	-	(450,000)	1,540,000

(c) Performance rights

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

Grant date	**Expiry date**	**Exercise price**	**Opening balance 1 July 2013** *Number*	**Performance rights issued** *Number*	**Performance rights exercised/ cancelled/ expired** *Number*	**Closing balance 31 Dec 2013** *Number*
25 November 2012	31 December 2015	$nil	600,000	-	(300,000)	300,000
1 January 2013	31 December 2015	$nil	2,435,629	-	(644,054)	1,791,575
			3,035,629	-	(944,054)	2,091,575

(d) Ordinary shares

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

15. CONTINGENCIES

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

There were no other known contingent liabilities identified as at 31 December 2013.

16. COMMITMENTS

(a) Exploration expenditure commitments

With respect to the group's mineral property interests in Ghana and Côte d'Ivoire, statutory expenditure commitments specified by the mining legislation are nominal in monetary terms. However, as part of mineral licence application and renewal requirements, the group submits budgeted exploration expenditure. In assessing subsequent renewal applications, the mining authorities review actual expenditure against budgets previously submitted. The group's budget expenditures for future periods are shown below. These amounts do not become legal obligations of the group and actual expenditure may and does vary depending on the outcome of actual exploration programs, and the costs and results from those programs.

	Consolidated	
	31 Dec 2013 $'000	30 June 2013 $'000
Within one year	**950**	950
One year or later and not later than five years	**1,750**	1,750
Later than five years	**1,000**	1,000
	3,700	3,700

(b) Capital commitments

The group is responsible for all rehabilitation of the EGM mining leases, which are currently estimated to cost approximately US$7.0 million and a provision has been recorded for this at balance date.

(c) Operating lease commitments

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

Future minimum lease payments payable under non-cancellable operating leases at 31 December 2013 are as follows:

	Consolidated	
	31 Dec 2013 $'000	30 June 2013 $'000
Within one year	**386**	379
One year or later and not later than five years	**924**	1,119
Later than five years	**-**	-
	1,310	1,498

17. EVENTS OCCURING AFTER THE END OF THE REPORTING PERIOD

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

a) 5,250,000 performance rights were issued to employees of the company under the terms of the company's Performance Rights Plan approved by shareholders in November 2012. These performance rights were issued at nil consideration with an effective issue date of 1 January 2014. Each performance right will convert to an ordinary share upon satisfaction of vesting criteria.

b) The company announced on 29 January 2014 the intention, subject to shareholder approval at the company's next General Meeting, to issue 725,000 performance rights to its Managing Director Jeff Quartermaine and 400,000 performance rights to Executive Director Colin Carson.

c) On 2 January 2014, the Ghana Revenue Authority has advised in writing its decision to issue GHC60M of Treasury Credit Notes to cover that part of the VAT refund that has been formally audited and approved. Discussions with the Government to include a cash component in the final settlement mix have reached an advanced stage and negotiations are continuing aimed at ensuring that through administrative measures available to the Government, the VAT receivable does not increase in future.

DIRECTORS' DECLARATION

In the opinion of the directors of Perseus Mining Limited (the 'Company'):

a. the accompanying financial statements, and notes are in accordance with the Corporations Act 2001 including:
   i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half year then ended; and
   ii. complying with Accounting Standards and the *Corporations Regulations 2001*; and

b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Pursuant to s.303(5) of the Corporations Act 2001, this declaration is signed in accordance with a resolution of the Board of Directors.

J A Quartermaine
Managing Director

Dated at Perth, 14 February 2014

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

To the members of Perseus Mining Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Perseus Mining Limited, which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Perseus Mining Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Perseus Mining Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
14 February 2014

GB:MM:PERSEUS:031