



ABN 27 106 808 986

NOTICE OF MEETING

AND

EXPLANATORY MEMORANDUM

AND

MANAGEMENT INFORMATION CIRCULAR
in respect of the

ANNUAL GENERAL MEETING OF SHAREHOLDERS

to be held on Friday, 23 November 2012 at 3p.m. (Perth time), Perth, Western Australia

As at and dated 19 October 2012

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.



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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**Meeting**”) of holders of ordinary shares (the “**Shareholders**”) of Perseus Mining Limited (the “**Company**”) will be held at the Rydges Hotel, 815 Hay Street, Perth, Western Australia on Friday, 23 November, 2012 at 3.00 p.m. (Perth time) for the purpose of transacting the business set out below.

The enclosed explanatory memorandum (“**Explanatory Memorandum**”) and management information circular (“**Management Information Circular**”) accompany and form part of this Notice of Meeting.

AGENDA

ORDINARY BUSINESS

1. Financial Report for the Year Ended 30 June 2012

To receive and consider the financial report of the Company for the year ended 30 June 2012, together with the reports by the directors and auditors thereon.

2. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution in accordance with section 250R(2) of the *Corporations Act 2001 (Cth)* (the “**Corporations Act**”):

“That the Remuneration Report as set out in the Directors’ Report section of the 2012 Annual Report of the Company be adopted.”

Note: The vote on this resolution is advisory only and does not bind the directors or the Company.

Voting Exclusion applies and is described below.

3. Resolution 2 - Re-Election of Mr. Rhett Brans as a Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That Mr. Rhett Brans, who retires in accordance with Clause 3.6 of the Constitution of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company.”

4. Resolution 3 - Re-Election of Mr. Sean Harvey as a Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That Mr. Sean Harvey, who retires in accordance with Clause 3.6 of the Constitution of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company.”

5. Resolution 4 – Adoption of Perseus Mining Limited Performance Rights Plan

To consider and, if thought fit, to pass the following as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.2, Exception 9(b), section 613 of the TSX Company Manual, and all other purposes, the performance rights plan of the Company known as the “Perseus Mining Limited Performance Rights Plan” (the “Plan”), a summary of which is set out in the Explanatory Memorandum accompanying this Notice, and the grant of Performance Rights and the issue of shares thereunder, be and is hereby approved as an exception to ASX Listing Rule 7.1, provided that the Company shall only have the ability to issue Performance Rights thereunder until November 23, 2015, whereupon the Plan must be re-approved by Shareholders.”



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Voting Exclusion applies and is described below.

6. Resolution 5 –Approval of Issue of Performance Rights to Mr. Calderwood

Subject to Resolution 4 being passed, to consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 10.14 and for all other purposes, the issue of Performance Rights under the Plan to Mr. Mark Calderwood on the terms set out in the Explanatory Memorandum accompanying this Notice, be and is hereby approved.”

Voting Exclusion applies and is described below.

7. Resolution 6 –Approval of Issue of Performance Rights to Mr. Carson

Subject to Resolution 4 being passed, to consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 10.14 and for all other purposes, the issue of Performance Rights under the Plan to Mr. Colin Carson on the terms set out in the Explanatory Memorandum accompanying this Notice, be and is hereby approved.”

Voting Exclusion applies and is described below.

8. Resolution 7 –Approval of Issue of Performance Rights to Mr. Brans

Subject to Resolution 4 being passed, to consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 10.14 and for all other purposes, the issue of Performance Rights under the Plan to Mr. Rhett Brans on the terms set out in the Explanatory Memorandum accompanying this Notice, be and is hereby approved.”

Voting Exclusion applies and is described below.

GENERAL BUSINESS

9. To transact any other business which may lawfully be brought forward.

Accompanying this Notice of Meeting is (i) an explanatory memorandum and management information circular, which provide additional information relating to the matters to be dealt with at the Meeting; and (ii) a Form of Proxy or a Voting Instruction Form (“VIF”).

Voting Exclusions and Explanatory Notes

Voting restrictions apply to Resolution 1 under the Corporations Act and to Resolutions 4, 5 and 6 under both the ASX Listing Rules and the Corporations Act.

A vote on Resolutions 1, 4, 5, 6 and 7 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the key management personnel, details of whose remuneration are included in the Remuneration Report;
- (b) a Closely Related Party of such a member.



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However, a person (the “Voter”) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the Voter is the chair of the Meeting and the appointment of the chair as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

Additionally, in compliance with the ASX listing rules, the directors (who form part of the key management personnel in any case) or any of their associates must not cast votes in relation to Resolutions 4, 5, 6 and 7 except as a proxy in the circumstances described above.

Lastly, pursuant to the TSX Company Manual, the votes attached to the Shares held by any person that is an “insider” of the Company for the purposes of the TSX Company Manual and eligible to participate in the proposed Performance Rights Plan (“Eligible Insiders”) must be excluded from any vote in respect of Resolution 4. As of the date of this Explanatory Memorandum and Management Information Circular, 8,429,682 Shares held by Eligible Insiders will be excluded from the vote on Resolution 4.

If you wish to appoint a member of the key management personnel (which includes each of the directors and the Chair) as your proxy, please read the voting exclusion above and in the proxy form carefully. Shareholders are encouraged to direct their proxies how to vote.

How the Chair will vote available proxies

The Chair of the Meeting intends to vote all available proxies in favour of all of the resolutions set out in the Notice. The proxy form expressly authorises the Chair to exercise undirected proxies in favour of remuneration related resolutions (Resolutions 1, 4, 5, 6 and 7).

Default to the Chair

Any directed proxies that are not voted on a poll at the Meeting will automatically default to the Chair of the Meeting, who is required to vote those proxies as directed.

Registered Shareholders

A registered Shareholder may attend the Meeting in person or may be represented thereat by proxy. In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- the proxy need not be a shareholder of the Company;
- each Shareholder may specify the way in which the proxy is to vote on each resolution or may allow the proxy to vote at his discretion; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise half of the votes.

Accordingly, if you are a registered Shareholder of the Company and are unable to attend the Meeting in person, please date and execute the accompanying form of proxy in accordance with the instructions contained in the form and return it in accordance with the following:



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1. **in respect of Shareholders registered on the Company's Australian share register**, prior to 3pm. (Perth time) on Wednesday, 21 November 2012:
 - (i) by mail to Advanced Share Registry Limited, PO Box 1156, Nedlands, Western Australia 6909
 - (ii) by facsimile to +61 (0) 8 9389 7871;
 - (iii) by voting online at www.advancedshare.com.au (you will need your SRN or HIN to log in)

2. **in respect of Shareholders registered on the Company's Canadian register**, not later than 48 hours prior to the Meeting, by mail to Equity Financial Trust Company, attention Proxy Department, at 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1 or by facsimile at +1 416 595-9593.

Beneficial Shareholders

If you are a beneficial Shareholder of the Company and receive these materials through your broker or through another intermediary, please complete and return the VIF or proxy in accordance with the instructions provided to you, by your broker, or by the other intermediary.

The board of directors of the Company (the "**Board**") has fixed the close of business on 15 October 2012 as the record date for determining the registered Shareholders of the Company entitled to receive the Notice of Meeting and 5pm (Perth time) on Wednesday, 21 November 2012 as the record date for determining the Shareholders of the Company entitled to vote at the Meeting. However, any shareholder who acquires shares in the Company after 15 October 2012 can obtain a copy of the Notice of the Meeting and a Proxy Form by contacting the Company.

By Order of the Board of Directors

S M Shah
Company Secretary
Perth, Western Australia

Dated: 19 October 2012



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EXPLANATORY MEMORANDUM AND MANAGEMENT INFORMATION CIRCULAR

This Explanatory Memorandum and Management Information Circular is furnished in connection with the solicitation of proxies by Perseus Mining Limited (“**Perseus**” or the “**Company**”) for use at the annual general meeting of the holders of the ordinary shares (the “**Shares**”) of the Company (the “**Shareholders**”) to be held on Friday, 23 November 2012 at 3:00 p.m. (Perth time), and any adjournment thereof (the “**Meeting**”), at the place and for the purposes set forth in the accompanying notice of meeting (the “**Notice**”).

In this Management Information Circular and Explanatory Memorandum, unless otherwise indicated all dollar amounts are expressed in Australian dollars. Unless otherwise stated, the information contained in this Management Information Circular and Explanatory Memorandum is as of the date of this Notice.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the matters set forth in the Notice attached hereto for approval at the Meeting. The directors recommend that Shareholders read this Explanatory Memorandum and Management Information Circular in full before making any decision regarding the matters set forth in the Notice.

1. Financial Statements and Reports

In accordance with the requirements of the Company’s Constitution and the *Corporations Act 2001 (Cth)* Australia (the “**Corporations Act**”), the audited consolidated financial statements for the financial year ended 30 June 2012, together with the report of the auditor thereon and the Directors’ Report (the “**Annual Report**”), will be tabled at the Meeting. Shareholders will have the opportunity at the Meeting to discuss the Annual Report, make comments and raise queries in relation to the Annual Report.

Representatives of the Company’s auditors, Ernst & Young, will be present to take questions and comments from Shareholders about the conduct of the audit and the preparation and content of the audit report.

Companies are no longer required to mail out a hard copy of their annual report to shareholders except to those shareholders who have elected to receive a hard copy and notified the Company to that effect. Shareholders who have not already made such an election may obtain a hard copy of the Annual Report by contacting the Company. Alternatively, the Annual Report is available on the Company’s website at www.perseusmining.com and may be downloaded or read online.

2. Resolution 1 - Adoption of Remuneration Report

Pursuant to section 250R(2) of the Corporations Act, the Company submits to Shareholders for consideration and adoption, by way of a non-binding resolution, its remuneration report for the year ended 30 June 2012 (the “**Remuneration Report**”). The Remuneration Report is a distinct section of the Annual Report which deals with the remuneration of directors and executives of the Company.

By way of summary, the Remuneration Report:

- (a) explains the Company’s remuneration policy and the process for determining the remuneration of its directors and executive officers;
- (b) addresses the relationship between the Company’s remuneration policy and the Company’s performance;
and



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- (c) sets out the remuneration details for each director and executive officer named in the Remuneration Report for the financial year ended 30 June 2012.

The directors recommend that Shareholders vote in favour of the adoption of the Remuneration Report. As previously stated, this resolution is advisory only and does not bind the Company. However, the Board will take the outcome of the vote on this resolution into consideration when reviewing the remuneration practices and policies of the Company in the future.

The Chairman of the Meeting will provide Shareholders with reasonable opportunity at the Meeting to ask questions about, or to make comments on, the Remuneration Report.

Under changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Meeting, and then again at the Company's 2013 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting to consider the appointment of new directors of the Company ("**Spill Resolution**").

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene a general meeting ("**Spill Meeting**") within 90 days of the Company's 2013 annual general meeting. All of the directors who are in office when the Company's 2013 Directors' Report is approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where Shareholders have appointed the Chair of the Meeting as their proxy, the Chair will vote in favour of Resolution 1 "Adoption of Remuneration Report" unless the Shareholder has expressly indicated a different voting intention. This is so notwithstanding that the resolution is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chair.

3. Resolutions 2 and 3 - Re-Election of Rhett Brans and Sean Harvey as Directors

In accordance with the requirements of the Company's Constitution and the ASX Listing Rules, one-third of the directors of the Company (excluding the managing director), and those who were last re-elected more than three years ago, must retire from office at the Meeting but if they are eligible, may offer themselves for re-election. In accordance with these requirements, Mr. Brans and Mr. Harvey must retire at the Meeting but, being eligible, offer themselves for re-election. Details of their qualifications and experience are available in the Annual Report.

Director Information

The following table sets out the names of the nominees for election as a director of the Company and each other person whose term of office as a director will continue after the Meeting, the province or state and the country in which each is resident, all positions with the Company now held by each of them, their present principal occupation, business or employment in the five preceding years, the period of time for which each has served as a director of the Company, and the number of Shares of the Company or its subsidiaries beneficially owned or controlled or directed, directly or indirectly, by such person as at the date hereof.



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Name and Residence	Position(s) with Perseus	Principal Occupation During Past Five Years	Director Since	Number of Shares Controlled or Directed
REGINALD N. GILLARD ⁽¹⁾⁽²⁾ Western Australia, Australia	Non-executive chair	Acting as director of various public companies	2003	802,250
MARK A. CALDERWOOD Western Australia, Australia	Managing director	Managing director, Perseus (2004 to present)	2004	3,600,000
COLIN J. CARSON Western Australia, Australia	Executive director	Executive director, Perseus (2003 to present); Executive director, Caspian Oil & Gas Ltd., mineral explorer from 1996 to 30 September 2012, but non-executive thereafter.	2003	453,200
RHETT B. BRANS* Western Australia, Australia	Executive director	Managing director, Proman Consulting Engineers (2008 to 2009, 1992 to 2005); General Manager, Engineering and Construction, Straits Resources Limited, a diversified resources company (1992 to 2005)	2004	950,000
NEIL C. FEARIS ⁽¹⁾⁽²⁾ Western Australia, Australia	Non-executive director	Legal practitioner	2004	477,732
T. SEAN HARVEY ⁽¹⁾ * Ontario, Canada	Non-executive director	Self-employed consultant (June 2006 to present); Chairman, Andina Minerals Inc., a precious metal exploration and development company (2004 to present); President & Chief Executive Officer, Orvana Minerals Corp., a gold producing company (April 2005 to June 2006); Self-employed consultant (January 2004 to April 2005)	2009	500,000
MICHAEL A. BOHM ⁽²⁾ Western Australia, Australia	Non-executive director	Managing director, Herencia Resources plc, a mineral exploration and development company from January 2009 to 30 June 2012 but non-executive thereafter; Chief Development Officer and managing director (Asia), Mineral Securities Operations Ltd., a resource evaluation and exploration company (August 2005 to December 2008); Consultant/Project director/ Operations director, Sally Malay Mining Limited, a nickel production company (September 2001 to March 2005)	2009	420,000

Notes:

(1) Member of the Audit Committee.

(2) Member of the Remuneration Committee.

* Denotes candidates eligible for election as directors.

The directors recommend that Shareholders vote in favour of the election of Mr. Brans and Mr. Harvey.

No proposed director of the Company is, as at the date hereof or has been within the ten years prior to the date hereof, a director, chief executive officer or chief financial officer of any company (including Perseus) that was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, issued: (1) while that person was acting as director, chief executive officer or chief financial officer; or (2) after the proposed director ceased to be a director, chief executive officer or chief financial officer but which resulted from an event that occurred while that person was acting in that capacity.



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Other than as described below, no proposed director (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including Perseus) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such proposed director.

From November 1996 to June 2008, Mr. Gillard was a director of Voyager Resources Limited (“**Voyager**”) (previously Lafayette Mining Limited), an issuer listed on the ASX. On December 18, 2007, Voyager entered into voluntary administration under the provisions of the Corporations Act. In April 2008, Voyager entered into a deed of company arrangement with the consent of its creditors. In August 2009, the deed of company arrangement was effected, completing the term of the deed administrator. Voyager’s securities were reinstated to quotation on the ASX in September 2009.

From August 2005 to November 2008, Mr. Bohm was a director of certain unlisted subsidiaries of Mineral Securities Limited, an ASX listed company, including Mineral Securities Operations Limited, Kadina Pty Ltd, Platmin Holdings Pty Ltd and Mineral Securities Holdings Pty Ltd, (collectively, the “**CopperCo Subsidiaries**”). In August 2008, CopperCo Limited (“**CopperCo**”), an ASX listed company, acquired Mineral Securities Limited and the CopperCo Subsidiaries.

In late November 2008, CopperCo and a number of its subsidiaries, including the CopperCo Subsidiaries, were placed in voluntary administration and receivership. Mr. Bohm resigned as a director of the CopperCo Subsidiaries immediately prior to the CopperCo Subsidiaries being placed in voluntary administration and receivership. The CopperCo Subsidiaries subsequently became wholly-owned subsidiaries of Cape Lambert Iron Ore Ltd. and as of the date hereof, are no longer in voluntary administration and receivership.

4. Resolution 4 - Adoption of Perseus Mining Limited Performance Rights Plan

The Board is proposing the adoption of the “Perseus Mining Limited Performance Rights Plan” (the “**Performance Rights Plan**”), to more closely align rewards for performance with the achievement of the Company’s growth and strategic objectives for 2012 and beyond.

A Performance Right is a right to be issued a Share upon satisfaction of certain performance conditions and the expiry of a vesting period as determined by the Board. The adoption of the Performance Rights Plan is consistent with the current trend in Australia to replace employee share option plans with performance rights plans. The Company’s existing employee option plan will continue to be used in appropriate circumstances at the Board’s discretion, primarily for non-managerial staff where it would be difficult and cost ineffective to set specific and relevant performance criteria.

The Performance Rights Plan provides for the issue of Performance Rights which, upon a determination by the Board that the performance conditions attached thereto have been met and subject to the terms of the Performance Rights Plan, convert into fully paid ordinary shares.

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue or agree to issue during any 12 month period ordinary shares representing 15% or more of the number of ordinary shares on issue at the commencement of that 12 month period. The Company wishes to exempt the issue of securities under the Performance Rights Plan from contributing towards the said 15% limit by obtaining shareholder approval of the Performance Rights Plan under ASX Listing Rule 7.2, Exception 9(b). Shareholder approval of the Performance Rights Plan is also required pursuant to the TSX Company Manual.



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No securities have been issued under the Performance Rights Plan and the Performance Rights Plan has not previously been approved by Shareholders. However, upon shareholder approval of Resolution 4, Performance Rights will be issued, subject to separate shareholder approval under Resolutions 5, 6 and 7 under the Performance Rights Plan to executive directors, Mr. Calderwood, Mr. Colin Carson and Mr. Rhett Brans, upon the terms set out in this Explanatory Memorandum.

Pursuant to the rules of the ASX and TSX, Shareholders must re-approve the Performance Rights Plan every three years. A copy of the full terms and conditions of the Performance Rights Plan can be obtained by contacting the Company Secretary and will be posted to the Company's website at www.perseusmining.com.

Reasons for the Performance Rights Plan

The Board believes that the grant of Performance Rights under the Performance Rights Plan to eligible participants will underpin the employment strategy of attracting and retaining high calibre staff capable of executing the Company's strategic plans, and will maximise the retention of key management and operational staff; enhance the Company's ability to attract quality staff in the future, link the rewards of key staff with the achievement of strategic goals and the long term performance objectives of the Company, and provide incentive to participants of the Performance Rights Plan to deliver superior performance that in turn creates Shareholder value.

How the Performance Rights Plan Works

Details of the Performance Rights Plan can be found below under the section titled "Summary of the Key Terms of the Plan", including provisions on ceasing to be an employee and the effect of a change of control.

The Board intends to implement the Performance Rights Plan, and set the performance conditions, in a manner designed to incentivise and reward high level executive and employee performance. The Performance Rights Plan will allow the Board a great degree of flexibility in setting performance conditions that are relevant to each participant's role and responsibilities within the Company. Where the participant is a director or related party of the Company, specific shareholder approval will have to be sought under the ASX Listing Rules prior to the grant of performance rights to such an individual.

Summary of the Key Terms of the Performance Rights Plan

The following is a summary of the key terms of the Performance Rights Plan, which is qualified in its entirety by the rules of the Performance Rights Plan. Unless defined herein, defined terms have the meaning set out in the Performance Rights Plan.

- (i) **Participation:** The Performance Rights Plan is available to Eligible Participants, as defined below, of the Company and its related bodies corporate, as such term is defined in the Corporations Act (collectively, the "**Group**" and each a "**Group Member**"). Eligible Participants are full and part-time employees and directors of a Group Member, and Eligible Contractors (collectively, "**Eligible Participants**"). An Eligible Contractor means an individual, or company, that has performed work for a Group Member for more than 12 months and received 80% or more of its income from a Group Member. No payment is required for a grant of Performance Rights, nor for the conversion of the Performance Rights to ordinary shares.
- (ii) **Maximum Number Issuable:** An invitation to apply for Performance Rights will not be made where the grant of Performance Rights contemplated by the invitation would result in the Company exceeding the limit that applies under ASIC Class Order 03/184 or any subsequent or replacement class order in respect of new issues of securities under employee share schemes. The limit that currently applies under Class Order 03/184 is 5% of the issued capital of the Company. To date, no Performance Rights have been issued under the Performance Rights Plan, and 3,730,000 options are outstanding under the Company's ESOP (as defined below), exercisable for Shares equal to 0.8% of the currently issued and outstanding Shares. As the Company currently has 457,962,088 Shares outstanding, an aggregate of



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22.89 million Performance Rights and options may be granted under the Company's existing share-based compensation arrangements, without exceeding the aforementioned 5% limit [it is not the Company's intention to grant Performance Rights and / or options up to the full amount of this limit]. The Performance Rights Plan also provides that the maximum number of Shares that may be issuable pursuant to Performance Rights under the Performance Rights Plan, together with all of the Company's other previously established or proposed security based compensation arrangements, shall not exceed 10% of the Company's total issued shares from time to time. The Performance Rights Plan does not set out a maximum number of Performance Rights that may be granted to insiders of the Company or to any one person or company.

- (iii) Vesting: Vesting conditions may be determined by the Board at the time an invitation is made, and may include a minimum employment term. Performance Rights may not be exercised until vesting conditions, as specified in the invitation, have been met. The Board has the discretion not to impose vesting conditions. As described further in item (xi) below, the Board has the power to amend or waive vesting conditions.
- (iv) Lapse: Unless the Board determines otherwise in its absolute discretion, a Performance Right will lapse on the earliest to occur of: (a) a purported transfer, assignment, mortgage, charge, disposition of or encumbrance of the Performance Right, other than with the prior written consent of the Board; (b) the holder of such Performance Right (a "**Performance Rights Holder**") ceasing to be an Eligible Person for any reason, subject to the provisions described below; (c) a determination by the Board that a Performance Rights Holder has acted fraudulently or dishonestly or is in breach of his or her obligations to any Group Member; (d) subject to any automatic vesting in accordance with the Performance Rights Plan, if applicable vesting conditions have not been met in the prescribed period; (e) the expiry date set out in the related invitation; or (f) the seventh anniversary of the grant of the Performance Right.
- (v) Cessation of Entitlement – Death or Ill Health: Subject to any invitation's terms and conditions, if a holder of a Performance Right ceases to be an Eligible Person due to ill health or death, then (a) if all relevant vesting conditions are met or no vesting conditions are imposed, Performance Rights may be exercised (by the personal representatives in the case of death) until it lapses in accordance with the terms of the Performance Rights Plan; or (b) if any relevant vesting conditions have not been met, the Performance Rights will automatically lapse immediately upon the Performance Rights Holder ceasing to be an Eligible Participant, unless the Board determines otherwise that all or a portion of those Performance Rights immediately vest, notwithstanding non-fulfilment of the vesting conditions.
- (vi) Cessation of Entitlement – Termination for Cause: Subject to any invitation's terms and conditions, if the holder of a Performance Right is terminated for cause, then (a) if all relevant vesting conditions are met or no vesting conditions are imposed, the right to exercise Performance Rights is immediately suspended for a period of 10 Business Days, during which period the Board may determine to lift the suspension and allow such Performance Rights to be exercisable for a period of 20 Business Days after the holder ceases to be an Eligible Participant, following which such Performance Rights will lapse (however, if the Board does not determine to lift the suspension, the Performance Rights will automatically lapse at the end of the 10 Business Day suspension); or (b) if any relevant vesting conditions have not been met, the Performance Rights will lapse on the day the holder ceases to be an Eligible Participant.
- (vii) Cessation of Entitlement – Termination by Consent or Cessation of Employment for Other Reasons: Subject to any invitation's terms and conditions, if a holder of a Performance Right ceases to be an Eligible Participant (a) by their own volition, with the written consent of the Board; (b) by reason of redundancy; or (c) for reasons other than ill health or death, termination for cause or by consent, or redundancy, then: (A) if all relevant vesting conditions are met or no vesting conditions are imposed, the Performance Rights may be exercised for a period of 20 Business Days after the holder ceases to be an Eligible Person, following which such Performance Rights will lapse; or (B) if any relevant vesting conditions have not been met, the Performance Rights will lapse on the day the Performance Rights



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Holder ceases to be an Eligible Participant, unless the Board determines otherwise that all or a portion of those Performance Rights immediately vest, notwithstanding non-fulfilment of the vesting condition.

- (viii) **Change of Control:** Subject to the terms and conditions of a grant of a Performance Right, the Board may in its absolute discretion determine that all or a portion of the unvested Performance Rights automatically vest and are automatically exercised on the occurrence of a change of control.
- (ix) **Winding up/Reorganisation:** The Board may, in its absolute discretion, permit the exercise of Performance Rights, irrespective of whether the relevant vesting conditions have been met, during such period as the Board determines where the Company passes a resolution for voluntary winding up or an order is made for the Company's compulsory winding up. In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued shares, the number of Performance Rights to which each Performance Rights Holder is entitled will be adjusted in the manner provided for in the listing rules applicable at the time the reorganisation comes into effect.
- (x) **Assignability:** Performance Rights will be transferable or assignable only with the prior written consent of the Board, which may be withheld in its absolute discretion. If a holder of a Performance Right purports to transfer, assign, mortgage, charge or otherwise dispose of or encumber any Performance Rights without Board consent, the Performance Rights immediately lapse. Performance Rights are transferable to the extent necessary to allow exercise by personal representatives pursuant to the Performance Rights Plan in the event of death of the holder.
- (xi) **Amendments:** Subject to the rules of the TSX and ASX, the Board may at any time amend or add to all or any of the provisions of the Performance Rights Plan, or the terms or conditions of any Performance Right granted under the Performance Rights Plan, including vesting conditions. Specifically, the Board may amend provisions of the Performance Rights Plan, or the terms or conditions of any Performance Right, for the purposes described as items (a), (b) or (c) below and amend or waive vesting conditions, without shareholder approval. Despite the foregoing, no amendment may be made to the terms of a Performance Right without the consent of the holder of the Performance Right if the effect of the amendment is to reduce the rights of the holder of such Performance Right, other than an amendment introduced primarily (a) for the purpose of complying with present or future legislation or regulations applicable to the Company or the Performance Rights Plan; (b) to correct any manifest error or mistake; or (c) to take into consideration adverse tax implications in respect of the Performance Rights Plan.

5. Resolution 5, 6 and 7 - Approval of Issue of Performance Rights to Mr. Calderwood, Mr. Carson and Mr. Brans

Subject to the passing of Resolution 4 for the adoption of the Performance Rights Plan, shareholder approval is being sought for the granting of Performance Rights ("PRs") to each of Mr. Mark Calderwood, Mr. Colin Carson and Mr. Rhett Brans, all executive directors of the Company.

The Directors, based on recommendations by the Board's Remuneration Committee, are seeking approval for the issue of:

- (i) up to 500,000 PRs to Mr. Calderwood, which, subject to satisfaction of vesting criteria, can convert to up to 500,000 fully paid ordinary shares;
- (ii) up to 300,000 PRs to Mr. Carson, which, subject to satisfaction of vesting criteria, can convert to up to 300,000 fully paid ordinary shares; and
- (iii) up to 300,000 PRs to Mr. Brans, which, subject to satisfaction of vesting criteria, can convert to up to 300,000 fully paid ordinary shares.



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The Shares issuable upon exercise of the PRs to be granted to Messrs. Calderwood, Carson and Brans represent 0.24% of the issued and outstanding Shares of the Company on the date hereof.

The PRs proposed for issue will be subject generally to the terms and conditions of the Performance Rights Plan, a copy of which may be obtained by contacting the Company. The quantum of the PRs is by reference to the executives' total fixed remuneration ("TFR"). The Remuneration Committee (of which the executive directors are not members) has previously sought independent expert remuneration advice in relation to incentive based remuneration for executives. The independent advice indicated that the "at risk" component of these executives' remuneration package should be up to 100% of current TFR in the case of the managing director and up to 50% of current TFR in the case of other senior executives. The "at risk" component can then be further allocated into short term incentive ("STI") subject to specified vesting criteria to be satisfied in the 2012/2013 financial year and payable in cash and long term incentive ("LTI"). Based on the expert advice, the LTI is therefore payable through an issue of securities in the Company by way of, for example, participation in the Performance Rights Plan. As explained earlier in this Explanatory Statement, the issue of performance rights and their subsequent conversion, if any, to shares in the Company enables the alignment of the executives' interest with that of the shareholders.

Based on the TFR of each of Messrs. Calderwood, Carson and Brans and the share price of \$2.48 at the start of the 2012/2013 financial year, the Board's Remuneration Committee determined that the annual award of PRs' for each of these executives should be 166,667, 100,000 and 100,000 respectively.

The performance criteria for the vesting of the PRs proposed for issue to the executives is also based on recommendations made by the independent expert. The vesting conditions proposed to be used for this initial issue of PRs' to Messrs. Calderwood, Carson and Brans is intended to reflect the long term nature of securities based compensation. Accordingly, the Company's total shareholder return ("TSR") performance over a three year period (1 July 2012 to 30 June 2015) will be compared to three-year average TSR of a group of gold producers which are considered by Perseus to be its peers (based on market capitalization, precious metals and / or West African production focused), and the PRs will vest or be forfeited as follows:

- (i) If Perseus's TSR is < 50th percentile - all PRs will be forfeited.
- (ii) If Perseus's TSR = 50th percentile - 25% of PRs will vest.
- (iii) If Perseus's TSR falls between the 50th to 75th percentiles - the number of PRs to vest will be pro-rated between 25% and 50%.
- (iv) If Perseus's TSR is >75th percentile - all PRs will vest.

As performance will be measured over a three year period, the number of actual PRs' proposed for grant to the executives is 500,000, 300,000 and 300,000 for Messrs. Calderwood, Mr. Carson and Mr. Brans respectively (i.e. the PRs' calculated on an annual basis of 166,667, 100,000, 100,000 multiplied by three).

The Board believes that the grant of PRs to Mr. Calderwood, Mr. Carson and Mr. Brans will provide them, as the Company's senior executives, with incentive to achieve the long term performance objectives of the Company by aligning shareholder return objectives with the vesting of their PRs. The PRs proposed for grant to the executives are subject to the terms and conditions of the Performance Rights Plan and are 'at risk' until the vesting conditions outlined above are met.

Shareholder approval is required under Listing Rule 10.14 for the issue of PRs to these executives as they are Directors and therefore related parties of the Company. The Board has considered the application of Chapter 2E of the Corporations Act and has resolved that the reasonable remuneration exception provided by section 211 of the Corporations Act is relevant in the circumstances and accordingly, the Company will not also seek approval for the issue of Performance Rights to Mr. Calderwood, Mr. Carson and Mr. Brans pursuant to section 208 of the Corporations Act.



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Listing Rule 10.15 requires the following information to be provided in relation to the PRs proposed to be granted to Mr. Calderwood, Mr. Carson and Mr. Brans pursuant to the Performance Rights Plan:

- (a) The number of PRs (and hence the maximum number of Shares) to be issued to Mr. Calderwood, Mr. Carson and Mr. Brans is up to 500,000, 300,000 and 300,000 respectively.
- (b) No consideration is payable by Mr. Calderwood, Mr. Carson and Mr. Brans at the time of issue of the PRs or upon vesting thereof into ordinary shares.
- (c) The Performance Rights Plan is the subject of shareholder approval under Resolution 4. At the date of this Notice, no Performance Rights have been issued.
- (d) Participation in the Performance Rights Plan is available to Eligible Participants, as defined above. Each of Mr. Calderwood, Mr. Carson and Mr. Brans has been determined to be an eligible participant for the purposes of the Performance Rights Plan.
- (e) No loans will be made by the Company in connection with the issue of PRs to Mr. Calderwood, Mr. Carson and Mr. Brans or their vesting, if any, into shares.
- (f) The PRs will be issued to Mr. Calderwood, Mr. Carson and Mr. Brans as soon as practicable after the Meeting but no later than one year after the date of the Meeting (or such later date as permitted by ASX by way of a waiver from the Listing Rules). The PRs will have a term of three years from the date of the Meeting and, subject to satisfaction of vesting criteria (detailed elsewhere in this Explanatory Memorandum), conversion of PRs to Shares may occur in that three year period.
- (g) Except as stated above, all other terms and conditions of PRs' proposed for grant to Mr. Calderwood, Mr. Carson and Mr. Brans are as described in the Performance Rights Plan, generally.
- (h) A voting exclusion statement in respect of Resolutions 5, 6 and 7 is included in the Notice of Meeting.

The Board, excluding Mr. Calderwood, Mr. Carson and Mr. Brans who have a vested interest in this matter, recommends that Shareholders vote in favour of the issue of PRs to these executive directors.

Other Business

Management is not aware of any other business to come before the Meeting other than as set forth in the accompanying Notice. If any other business properly comes before the Meeting, it is the intention of the persons named in the form of proxy to vote the Shares represented thereby in accordance with their best judgment on such matter.



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MANAGEMENT INFORMATION CIRCULAR

The Company is a “reporting issuer” in Canada. Accordingly, pursuant to the requirements of National Instrument 51-102 - Continuous Disclosure Obligations (“NI 51-102”) of the Canadian Securities Administrators, the following disclosure is required to be included with this Explanatory Memorandum.

GENERAL INFORMATION RESPECTING THE MEETING

Purpose of Solicitation

This Management Information Circular is furnished in connection with the solicitation of proxies by the management of the Company for use at the Meeting. The Meeting will be held at the Rydges Hotel, 815 Hay Street, Perth, Western Australia on Friday, 23 November, 2012 at 3.00 p.m. (Perth time), for the purposes set forth in the Notice accompanying this Explanatory Statement and Management Information Circular. References in the Management Information Circular to the Meeting include any adjournment(s) or postponement(s) thereof.

It is expected that the solicitation of proxies will be primarily by mail but may also be solicited by telephone, facsimile or in person by directors, officers and employees of the Company who will not be additionally compensated therefor. All costs of this solicitation will be borne by the Company.

The board of directors of the Company (the “Board”) has fixed the close of business on 15 October 2012 as the record date for determining the registered Shareholders of the Company entitled to receive the Notice of Meeting and 5.00pm (Perth time), 21 November 2012 as the record date for determining the Shareholders of the Company entitled to vote at the Meeting. However, any Shareholder who acquires Shares after 15 October 2012 may obtain a copy of the Notice of the Meeting and a Proxy Form by contacting the Company.

Appointment of Proxies by Registered Shareholders

Enclosed herewith is a form of proxy for use at the Meeting. A Shareholder has the right to appoint up to two persons (who need not be Shareholders) to attend and act for the Shareholder and on the Shareholder’s behalf at the Meeting other than the person designated in the form of proxy and may exercise such right by inserting the full name of the desired person(s) in the blank space provided in the form of proxy.

The proxy to be acted upon must be delivered:

- (a) **in respect of Shareholders registered on the Company’s Australian share register**, prior to 3 pm. (Perth time) on 21 November 2012:
 - (i) by mail to Advanced Share Registry Limited, PO Box 1156, Nedlands, Western Australia 6909;
 - (ii) by facsimile to +61 (0) 8 9389 7871; or
 - (iii) by voting online at www.advancedshare.com.au (you will need your SRN or HIN to log in).
- (b) **in respect of Shareholders registered on the Company’s Canadian share register**, not later than 48 hours **prior** to the time set for the Meeting or any adjournment(s) or postponement(s) thereof, by mail to Equity Financial Trust Company, attention Proxy Department, at 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1 or by facsimile at +1 416 595-9593.

Revocation of Proxies

A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the Corporations Act, which provides that every proxy may be revoked by an instrument in writing executed by the



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Shareholder or by his or her attorney authorised in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

Voting of Proxies

The form of proxy accompanying this Explanatory Memorandum and Management Information Circular confers discretionary authority upon the proxy with respect to any amendments to the matters identified in the Notice of Meeting and any other matters that may properly come before the Meeting. At the time of printing this Information Circular, management knows of no such amendment, variation or other matter.

It is intended that the person designated by management in the form of proxy (this being the Chairman of the Meeting) will vote the securities represented by the proxy IN FAVOUR of each matter identified in the proxy form and FOR the election of the proposed directors to the Board of the Company.

Voting exclusions apply to Resolutions 1, 4, 5, 6 and 7 under the Corporations Act and the ASX Listing Rules. Details of these voting exclusions are contained in the Notice of Meeting. In the absence of specific indication to the contrary, the Proxy Form provides express authority to the Chair to vote undirected proxies in favour of Resolutions 1, 4, 5, 6 and 7 where you have appointed the Chair as your proxy. **Therefore, if you wish to appoint the Chair as your proxy but do NOT want your votes to be cast in favour of any or all of Resolutions 1, 4, 5, 6 and 7, you must indicate your voting intention by marking either 'against' or 'abstain' against these Resolutions in the Proxy Form.**

Advice for Beneficial Holders

Shares may not be registered in the Shareholder's name but in the name of an intermediary (which is usually a bank, trust company, securities dealer or broker, or a clearing agency in which an intermediary participates). **A non-registered Shareholder cannot be recognized at the Meeting for the purpose of voting his Shares unless such holder is appointed by the applicable intermediary as a proxyholder.**

The Company has distributed copies of the Meeting materials to intermediaries for distribution to non-registered Shareholders. Intermediaries are required to deliver these materials to all non-registered Shareholders of the Company who have not waived their rights to receive these materials, and to seek instructions as to how to vote the shares. Often, intermediaries will use a service company (such as Broadridge Financial Solutions Inc.) to forward these meeting materials to non-registered Shareholders.

Non-registered Shareholders who receive meeting materials will be given a voting instruction form (a "VIF") which must be completed and signed by the non-registered Shareholder in accordance with the instructions noted on it. In this case, the mechanisms described above for registered Shareholders cannot be used and the instructions on the VIF **must** be followed (which in some cases may allow completion of the VIF by telephone or the Internet). The VIF is provided instead of a proxy. By returning the VIF in accordance with its instructions, a non-registered owner is able to instruct the registered Shareholder how to vote on behalf of the non-registered owner.

The purpose of these procedures is to allow non-registered Shareholders to direct the voting of the shares that they own but that are not registered in their name. Should a non-registered Shareholder wish to attend and vote at the Meeting in person (or have another person attend and vote on his behalf), the non-registered Shareholder should carefully follow the instructions provided on the VIF.

Proxies returned by intermediaries as "non-votes" because the intermediary has not received instructions from the non-registered Shareholder with respect to the voting of certain shares or, under applicable stock exchange or other rules, the intermediary does not have the discretion to vote those Shares on one or more of the matters that come before the Meeting, will be treated as not entitled to vote on any such matter and will not be counted as having those Shares voted in respect of any such matter.



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Interest of Certain Persons or Companies in Matters to be Acted Upon

Other than as disclosed below, no director or officer of the Company who has held such position at any time since the beginning of the Company's last financial year, each proposed nominee for election as a director of the Company, and associates or affiliates of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting.

Voting Securities

The authorized capital of the Company consists of an unlimited number of Shares. As at the date hereof, there are 457,962,088 Shares issued and outstanding as fully paid. The Shares are the only shares of the Company entitled to be voted at the Meeting and subject to certain exclusions of votes described above, each Share is entitled to one vote on all matters to be acted upon at the Meeting.

All ordinary resolutions require the affirmative vote of not less than a majority of the votes cast by Shareholders who vote in respect thereof, in person or by proxy, at the Meeting. All special resolutions require the affirmative vote of not less than three-fourths of the votes cast by Shareholders who vote in respect thereof, in person or by proxy, at the Meeting.

Principal Holders of Shares

Other than as disclosed in the table below, to the knowledge of the directors and executive officers of the Company, as of the date hereof no person or company beneficially owns, or controls or directs, directly or indirectly, Shares carrying 10% or more of the voting rights attached to all of the issued and outstanding Shares other than:

<u>Name</u>	<u>Total Number of Shares Owned, Controlled or Directed</u>	<u>Percentage of Voting Shares</u>
GCIC Ltd / Bank of Nova Scotia	49,800,230	10.87%

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out information in respect of the equity compensation plans under which equity securities of the Company are authorised for issuance, as at June 30, 2012.

	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights</u>	<u>Weighted-average exercise price of outstanding options, warrants and rights</u>	<u>Number of securities remaining available for future issuance under equity compensation plans</u>
Equity Compensation Plans approved by securityholders.	4,470,000 ⁽¹⁾	A\$2.83 ⁽¹⁾	18,428,104 ⁽¹⁾
Equity compensation plans not approved by securityholders	-	-	-
Total	4,470,000	A\$2.83	18,428,104

Notes:

(1) Consisting of shares to be issued upon the exercise of option granted under the 2005 Employee Share Option and 2010 Employee Share Option Plan (together the "ESOP").



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During the year ended 30 June, 2012, no options to purchase Shares were granted pursuant to or became subject to the Employee Share Option Plan, 3,595,000 options were exercised (2,595,000 options under the ESOP and 1,000,000 options not under any specific plan), and 370,000 options were cancelled.

As at 12 October, 2012 there were 3,730,000 options outstanding, representing approximately 0.8% of the current issued and outstanding Shares of the Company. At this time there were three (3) insiders holding 900,000 options representing in aggregate approximately 0.2% of the current issued and outstanding Shares of the Company.

Employee Stock Option Plan

In November 2005, the Company adopted the Perseus Mining Limited Employee Stock Option Plan and in November 2010, the Company adopted the Perseus Mining Limited 2010 Employee Stock Option Plan following its listing on the Toronto Stock Exchange ("TSX"). No new options shall be issued under the 2005 Employee Option Plan. The ESOP 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 ESOP does not allow for the issue of options to directors of the Company. Shares under the ESOP carry no dividend or voting rights. When exercisable, each option is convertible into one Share. The key terms and conditions of the Perseus Mining Limited 2010 Employee Stock Option Plan (the "2010 Plan") are described below and are qualified in their entirety by the full text of the 2010 Plan.

The aggregate maximum number of Shares available for issuance under the 2010 Plan at any given time is 5% of the Company's currently outstanding Shares as at that time. Options on issue under the 2005 Plan as well as any Performance Rights issued under the proposed Performance Rights Plan will be included in assessing compliance with the 5% limit. The aggregate number of securities that can be issued to insiders of the Company within any one year period or issuable to insiders at any time under all of the Company's security based compensation arrangements (including the 2010 Plan, the 2005 Plan and the proposed Performance Rights Plan) may not exceed 10% of the Company's total number of issued and outstanding securities.

The Board of Directors of the Company will establish the exercise price of an option at the time each option is granted provided that, so long as the Shares are listed on the TSX, such price shall not be less than the volume weighted average trading price of the Shares on the TSX, or another stock exchange where the majority of the trading volume and value of the Shares occurs, such as the ASX, for the five trading days immediately preceding the day the option is granted.

Unless the Company determines otherwise, options issued by the Company vest on the first anniversary of the date of grant and expire on the third anniversary of the date of grant. Notwithstanding the foregoing, in certain special circumstances, including total and permanent disablement, death of the participant, retirement or retrenchment, options issued under the 2010 Plan will expire on the date that is the earlier of the three year anniversary of the date of grant and the date that is six months after the date such special circumstance first arose. Further, in the event a takeover offer is made and the offeror is or will become entitled to more than 50% of the Shares of the Company, all outstanding options will immediately vest upon notice by the Company to the participant of the takeover offer and the participant shall thereafter be entitled to exercise all options for a period 30 days from such notice.

Participants will not be entitled to participate in any new issue of securities in the Company unless they have exercised their options prior to the record date for the determination of entitlements to the new issue and participate in such issue as a result of being holders of such Shares. The Company must give participants notice of any issue of securities before the record date for determining entitlements to the issue.

An option will lapse upon the earliest of (i) the last expiry date; (ii) the date the participant ceases to be an eligible participant in circumstances which the Board considers to involve fraud, dishonesty or other serious misconduct which would constitute sufficient cause for an employer to dismiss an employee without notice; (iii) the expiration of 30 days after the date the participant ceases to be an eligible participant for any reason including resignation, other than due to the occurrence of a "special circumstance" (which includes total and permanent disablement, death, retirement or retrenchment); and (iv) the date of receipt by the Company of notice from the participant after



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a “special circumstance” has arisen with respect to the participant that the participant has elected to surrender the Options.

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an option before the record date for determining entitlements to the bonus issue then the number of Shares in respect of which the option is exercisable shall be increased by the number of Shares which the participant would have been issued if the participant had exercised the option prior to such record date and no adjustment will be made to the exercise price of the option.

If there is any reorganisation, other than a new issue or bonus issue, of the capital of the Company, then the number of options to which each participant is entitled and/or the corresponding exercise price will be adjusted in accordance with the requirements of the ASX and the TSX.

A participant must exercise options in multiples of 10,000 or such other multiples as the Board determines unless the participant exercises all options exercisable at that time. Subject to certain limited circumstances, the options are non-transferable and a participant must not dispose of, grant any security interest over or otherwise deal with any options or any interest in any options, and any such security interest or disposal or dealing will not be recognized in any manner by the Company.

Except in certain circumstances described below for which shareholder approval is required, and subject to regulatory approval, the Board may amend or revise the 2010 Plan or the terms of any option, including to: (a) comply with applicable laws or the requirements of any applicable regulatory authority or stock exchange; (b) amend the exercise conditions of any option; (c) amend the termination provisions of any option or those contained in the 2010 Plan, provided such amendment does not entail an extension beyond the initial expiry date; (d) modify the maximum number of Shares which may be offered for subscription and purchase under the 2010 Plan following the declaration of a stock dividend, subdivision, consolidation, reclassification, bonus issue, rights issue, reorganization, or any other change with respect to the Shares; (e) clarify any ambiguity or remedy any deficiency, error or omission in the 2010 Plan; or (f) facilitate the administration of the 2010 Plan.

The Board of Directors of the Company may make the following amendments to the 2010 Plan only after the receipt of shareholder and regulatory approval:

- (i) reduce the exercise price of a previously issued option held by an insider, provided that, in no event, may the exercise price be less than the market price;
- (ii) extend the expiry of any option held by an insider;
- (iii) remove or exceed the participation limit for insiders;
- (iv) increase the maximum number of Shares reserved for issuance under the 2010 Plan; and
- (v) amend the amendment provisions of the 2010 Plan.

Performance Rights Plan

A brief description of the Performance Rights Plan can be found in the Explanatory Memorandum and is qualified in its entirety by the full text of the Performance Rights Plan.

Named Executive Officers

Perseus’s compensation practices are designed to attract, motivate and retain highly qualified employees and executives to manage the business of the Company by rewarding individual and corporate performance and aligning the interests of the Named Executive Officers (as defined in Form 51-102F6 — *Statement of Executive Compensation*) (the “**Named Executive Officers**” or “**NEOs**”) with the Company’s shareholders.



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As at 30 June 2012, the Company had seven Named Executive Officers: Mark A. Calderwood, the Chief Executive Officer (“CEO”) and Managing Director (“MD”); Jeffrey Quartermaine, Chief Financial Officer (“CFO”); Jon Yelland, Chief Operating Officer (“COO”); Colin Carson, an Executive Director, Rhett Brans, an Executive Director; Susmit Shah, the Company Secretary; and Kevin Thomson, Exploration Manager.

External Management Companies

Mr. Shah is not an employee of the Company and his services to the Company for the financial year ended 30 June 2012 were provided through Corporate Consultants Pty Ltd. (“CCPL”).

The Company has entered into an unwritten arrangement with CCPL, a company in which Mr. Shah has a beneficial interest. (Mr. Gillard formerly had a beneficial interest, but from 1 July 2012 he no longer holds a beneficial interest in CCPL.) Pursuant to the arrangement with CCPL, Mr. Shah provides executive management services to the Company. The services are provided on a month-to-month basis with services charged on a time basis at hourly rates that the Company believes to be comparable to market rates. Either party may terminate the arrangement upon one month’s notice to the other. There is no change of control provision in the arrangement with CCPL.

For the year ended 30 June 2012, the total compensation paid by the Company to CCPL for office space, accounting, secretarial and corporate service including the services of Mr. Shah was A\$341,753 of which approximately A\$145,896 is attributed to Mr. Shah’s services. The Company does not pay Mr. Shah any amounts directly.

Compensation Discussion & Analysis

The Company has adopted a remuneration framework that is designed to provide (i) alignment to security holders interests by: attracting and retaining high calibre people who are capable of delivering outcomes required by shareholders; promoting the achievement of net operating income targets and meeting /exceeding shareholder expectations; and focusing people on both key financial outcomes and non-financial drivers of security value; and (ii) alignment to organisational interests by: rewarding people capability and superior performance; recognising individual’s contributions to the Group; and providing its people with clarity in terms of reward structures and opportunities to maximum remuneration outcomes.

The objective of the Company’s compensation strategy is to compensate NEOs such that they are motivated to pursue the long-term growth and success of the Company and there is a clear relationship between performance and compensation.

The Company aims to reward NEOs with a level of remuneration commensurate with their position and responsibilities within the Company and so as to: (a) align the interests of the NEOs with those of Shareholders; (b) ensure rewards are consistent with the strategic goals and performance of the Company; and (c) ensure total remuneration is competitive.

For the year ended June 30, 2012 the elements of compensation earned, awarded or paid to the NEOs included annual compensation in the form of a base salary, superannuation (pension) contribution required under the Superannuation Guarantee (Administration) Act 1992 (Cth) (the “Australian Legislation”), other benefits (if any) and, for certain NEOs, long term incentives through the grant of options.

Elements of Compensation

A NEO’s base salary is set so as to provide a base level of remuneration, which is both appropriate to the position and competitive.

A NEO’s base salary is reviewed annually by the Remuneration Committee and the process consists of a review of companywide, business unit and individual performance, relevant comparative remuneration in the market and in the Company and, where appropriate, external advice on policies and practice. Independent advice on the



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appropriateness of remuneration packages is obtained, where necessary. Certain NEOs', comprising Messrs. Calderwood, Carson, Brans and Quartermaine, were awarded cash bonuses during the year following a review of their contribution to the Group's performance and achievements during the prior period.

As required under the Australian Legislation, NEOs receive superannuation (pension) contributions, which are a percentage of base salary.

The objective of the Company's long term incentive policy is to reward executives and senior managers in a manner which aligns an element of their remuneration with the creation of shareholder wealth, as measured by increases in the price and value of the Company's Shares. Given the small executive team, it is believed that the performance of the Company's executives and the performance and value of the Company's Shares are closely related. As such, options are designed to only be of benefit to the NEOs if they perform to the level whereby the value of the Company increases sufficiently to warrant exercising the options granted. Options granted to NEOs in the past have not been subject to any specific operational or financial performance conditions but the exercise price is set at a premium to the market price of the underlying shares. A Performance Rights Plan is proposed for adoption at this Meeting. Subject to its approval, it is envisaged that options will no longer be issued to NEOs' and that long term incentive awards will comprise Performance Rights.

Grants of long term incentives are generally determined by reference to market conditions, comparable companies within the industry and the amount of cash compensation paid to that NEO. Given the evolving nature of the Company's business, the Company's overall compensation plan is under constant review so as to continue to address its objectives.

In setting the fixed remuneration and long-term incentive awards of its NEOs, the Company refers to the remuneration offered by comparable companies in the industry. More specifically, prior to making recommendations to the Board regarding compensation of NEOs, the Remuneration Committee identifies comparable issuers and gathers information regarding the compensation paid by those issuers to its senior executives. The Remuneration Committee then benchmarks the Company's NEOs against positions of similar responsibilities and scope of those other issuers.

The issuers selected as being comparable for this purpose have been selected on the basis of meeting most or all of the following characteristics that are common to the Company:

- listed companies;
- comparable in size; and
- corporations in the production and development stage of mining and resources.

The issuers selected using these criteria were African Barrick Gold plc, Semafo Inc, Medusa Mining Limited, Avion Gold Corporation, Kingsgate Consolidated, Avocet Mining plc, Resolute Mining Limited, Teranga Gold Corporation, St Barbara Mines, and Endeavour Mining Corp.

Whilst compensation had previously been set in the context of the Company's status as an exploration and development stage company, it has since around October 2011 changed as gold production and revenues commenced. This is also evident in the proposal to adopt a Performance Rights Plan whereby long term incentive compensation for senior staff will be by reference to the Company's performance comparative to the peer group named above, companies in which are all producers.

Whilst compensation had previously been set in the context of the Company's status as an exploration and development stage company, since approximately October 2011, it has changed as gold production and revenues commenced. This is also evident in the proposal to adopt a Performance Rights Plan whereby long term incentive compensation for senior staff will be based on the Company's performance compared to the peer group described above, each of which is a producing issuer.



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Risks Associated with Compensation Policies and Practices

The Company’s compensation policies alleviate risk by having a balance of short term and long term compensation. For example, options typically do not vest immediately, which allows for continued appreciation without jeopardizing the Company. In addition, there are no compensation policies or practices that are subject to investment decisions, expenditure approvals, short term production or revenue targets. Consequently, the Remuneration Committee is confident that its compensation policies and practices will not lead to inappropriate or excessive risk taking on the part of any of the Company’s employees. Whilst, the Board does not have a formal process of considering the implications of the risks associated with the Company’s compensation policies or practices, it is satisfied that its existing compensation policies and practices do not in themselves lead to inappropriate or excessive risk taking on the part of any of the Company’s employees.

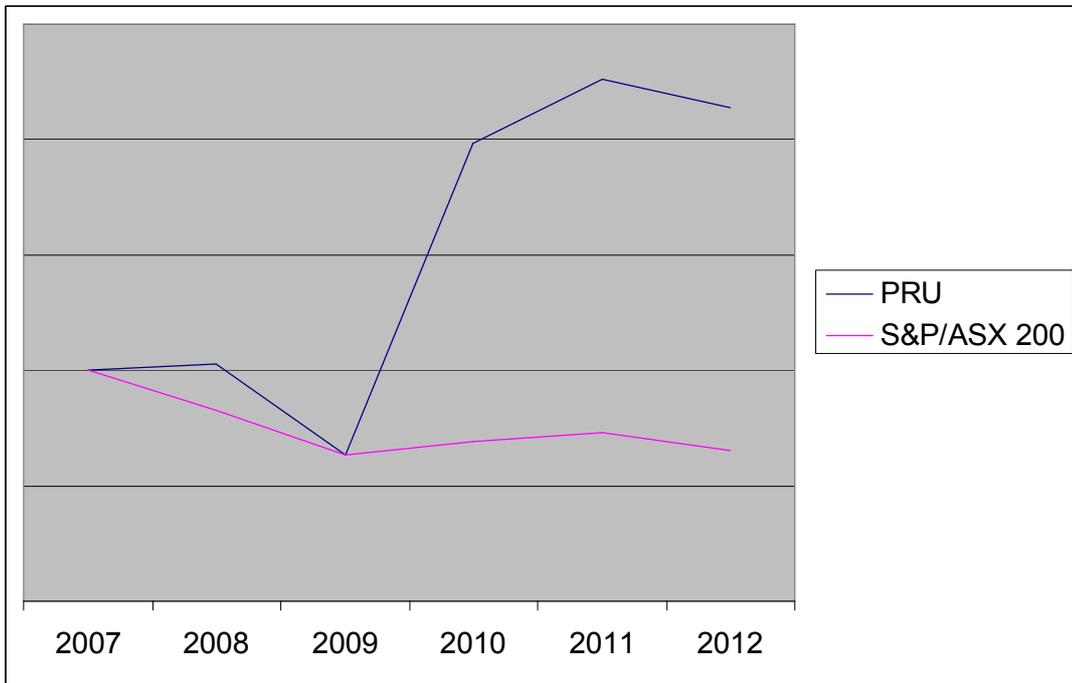
Financial Instruments

NEOs and directors of the Company are not permitted to purchase financial instruments, of any kind, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Performance Graph

The following graph compares, assuming an initial investment of \$100, the yearly percentage change in the Company’s cumulative total shareholder return on its Shares against the cumulative total shareholder return of the S&P/ASX 200 Index for the Company’s five most recently completed financial years.

Perseus Mining Limited (PRU) - Share Price Performance versus the S&P ASX 200 Index



	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
Perseus Mining Ltd	103	63	198	226	214
S&P/ASX200 Index	83	63	69	73	65



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As previously stated, the value of the NEO's option-based compensation is linked to the performance of the Company's share price and as a consequence is directly aligned with shareholder wealth. This relationship is demonstrated by comparing the cumulative total shareholder return of \$100 invested in the Company's ordinary shares, with the cumulative shareholder return of the S&P/ASX200 over a similar period.

Share-Based and Option-Based Awards

Share-based and option-based awards are a component of both short term and long term incentive compensation. Options are issued to NEOs at the discretion of the Board (and subject to Shareholder approval, where the NEO is a director of the Company), upon the recommendation of the Remuneration Committee. Share options generally vest upon the optionee remaining employed by the Company for a specified period of time. Previous grants of option-based awards are taken into account when considering new grants.

As mentioned elsewhere in the Explanatory Memorandum, the Company is proposing to adopt a Performance Rights Plan. Subject to and following its adoption, it is not envisaged that 2010 Option Plan will be used for NEOs and other senior staff.

Compensation Governance

Remuneration Framework

The Board established a Remuneration Committee in 2007 to ensure that the Company has a compensation program that is both motivational and competitive while meeting the objectives of the Company. The Remuneration Committee is governed by a Remuneration Committee Charter, last amended and adopted by the Board in August 2010. The Remuneration Committee assists the Board to fulfil its responsibilities to Shareholders and other stakeholders by ensuring the Company has remuneration policies for fairly and competitively rewarding executives with the overall objective of ensuring maximum stakeholder benefit from the retention of a highly qualified board and executive management team. The Remuneration Committee is responsible for, among other things, evaluating the performance of the Company's management and making recommendations to the Board with respect to the compensation of the Company's management.

Currently, the primary responsibilities, powers and opportunities of the Remuneration Committee are to assist the Board in fulfilling its oversight mandate by:

- (a) reviewing and approving and then recommending to the Board salary, bonus, and other benefits, direct or indirect, and any change of control packages of the members of the senior management team;
- (b) reviewing compensation of the Board on an annual basis;
- (c) considering, and if applicable, benchmarking against the Company's peer groups;
- (d) administering the Company's compensation plans, including the ESOP and the Performance Rights Plan once adopted, and such other compensation plans or structures as are adopted by the Corporation from time to time;
- (e) reviewing trends in employment benefits; and
- (f) establishing and periodically reviewing the Company's policies in the area of management benefits and perquisites.

The Remuneration Committee is comprised of three independent directors who meet as often as the committee deems reasonably necessary. The members of the Remuneration Committee are Messrs. Gillard, Fearis and Bohm.



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The Board believes that by virtue of their experience as former executive officers and directors of various mining and financial companies and their experience in corporate governance, the Remuneration Committee has the diversity of skills to make informed and independent decisions on compensation matters for the Company.

The education and experience of each of Messrs. Gillard, Fearis and Bohm that is relevant to the performance of his responsibilities as a Remuneration Committee member is set out below.

- Reginald N. Gillard BA FCPA FAICD JP – After practicing as an accountant for over 30 years, during which time Mr. Gillard formed and developed a number of service related businesses, Mr. Gillard now focuses on corporate management, corporate governance and the evaluation and acquisition of resource projects. Mr. Gillard is a Fellow of the Australian Society of Practicing Accountants, a Fellow of the Australian Institute of Company Directors, and a Member of the Royal Association of Justices of Western Australia. Mr. Gillard is a graduate of the University of Western Australia and Perth Technical College.
- Neil Christian Fearis LL.B(Hons) FAICD F FIN – Mr. Fearis has 30 years’ experience as a commercial lawyer in the United Kingdom and Australia. Mr. Fearis practices 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. Mr. Fearis is admitted as a solicitor of the Supreme Court of England and Wales, is a Member of the Australian Institute of Company Directors and a Fellow of the Financial Services Institute of Australasia. Mr. Fearis is a graduate of the University of London.
- Michael Bohm B.AppSc (Mining Eng.) MAusIMM - Mr. Bohm is a mining engineer with over 24 years’ extensive experience in operations management, evaluation and project development in Australia, Northern Europe, SE Asia and North America. Mr. Bohm’s last 10 years of operations and management experience in the mining industry, included being Managing Director of Herencia Resources plc (until June 2012), a mineral exploration and development company, Chief Development Officer and Managing Director (Asia) of Mineral Securities Operations Ltd. and Consultant/Project Director/ Operations Director, Sally Malay Mining Limited, a nickel production company.

For additional information with respect to the Remuneration Committee, see the Company’s Consolidated Financial Report for the year ended 30 June 2012, which includes a Remuneration Report and is available on SEDAR at www.sedar.com.

Compensation Consultants & Advisors

Independent remuneration consultants are engaged by the Remuneration Committee from time to time to ensure the Company’s remuneration system and reward practices are consistent with current market practices. Various remuneration arrangements in relation to the Company’s key management personnel during the most recently completed financial year were based on recommendations made by an independent remuneration consultant, PJ Kinder Consulting. The independent consultant’s mandate was to review executive management and non-executive directors’ compensation levels and make recommendations thereon. Under the Corporations Act, independent remuneration consultants can only take instructions from and report to non-executive executive directors. PJ Kinder Consulting has not provided services to any subsidiaries of the Company or any directors or management.

The following table provides a summary of fees paid to compensation consultants and advisors retained by the Company for the last two most recently completed financial years.

Year	Nature of Service	Option-Based Awards	
		Executive Compensation-Related Fees	All Other Fees
	(A\$)	A\$	A\$
2012	N/A	-	-
2011	See below	38,940	-



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The nature of the service was to review executive management and non-executive directors' compensation levels and make recommendations thereon.

Summary Compensation Table

The following table and the notes thereto summarize the compensation of the NEOs for the periods indicated.

Name and Principal Position	Year Ended June 30	Non-equity Incentive Plan Compensation					Pension Value	All Other Compensation	Total Compensation
		Salary / Fees	Share- based Awards	Option- based Awards	Annual incentive plans	Long-term incentive plans			
		(A\$)	(A\$)	(A\$)	(A\$)	(A\$)	(A\$)	(A\$)	(A\$)
Mark Calderwood ⁽⁴⁾⁽⁶⁾	2012	674,250	—	—	40,000	—	25,000	-	739,250
MD & CEO	2011	575,000	—	—	98,750	—	25,000	—	698,750
	2010	370,000	—	—	—	—	25,000	—	395,000
Jeff Quartermaine ⁽¹⁾ ⁽⁶⁾	2012	432,500	—	264,139	40,000	—	25,000	-	761,639
Chief Financial Officer	2011	300,000	—	590,874	25,000	—	25,000	40,000	980,874
	2010	50,000	—	—	—	—	4,167	6,667	60,834
Colin Carson ⁽⁴⁾⁽⁶⁾	2012	304,000	—	-	40,000	—	25,000	-	369,000
Executive director	2011	275,230	—	—	44,168	—	24,771	—	344,169
	2010	162,083	—	—	—	—	14,588	—	176,671
Rhett Brans ⁽²⁾⁽⁴⁾⁽⁶⁾	2012	418,250	—	—	40,000	—	43,000	-	501,250
Executive director	2011	381,250	—	—	—	—	41,667	—	422,917
	2010	216,833	—	—	—	—	—	—	216,833
Susmit Shah ⁽³⁾	2012	145,896	—	158,483	—	—	—	—	304,379
Company Secretary	2011	153,385	—	10,979	—	—	—	—	164,364
	2010	218,376	—	12,849	—	—	—	—	231,225
Kevin Thomson	2012	267,619	—	211,311	—	—	—	24,827	503,757
Exploration Manager	2011	355,457	—	14,638	49,330	—	—	45,504	464,929
	2010	284,878	—	37,524	—	—	—	43,982	366,384
Jon Yelland ⁽⁵⁾	2012	314,858	—	—	—	—	30,000	—	344,858
Chief Operating Officer	2011	—	—	—	—	—	—	—	—
	2010	—	—	—	—	—	—	—	—

Notes:

- (1) Mr. Quartermaine became Chief Financial Officer of Perseus effective May 3, 2010.
- (2) Perseus paid Proman Consulting Engineers in 2010 in connection with services provided by Mr. Brans as an executive director of the Company.
- (3) Fees for company secretarial services provided by Mr. Shah are charged to the Company by CCPL, a company in which Mr. Gillard and Mr. Shah have or had a beneficial interest. The Company paid CCPL A\$341,753 for the year ended 30 June 2012 and A\$298,710 for the year ended 30 June 2011 in connection with rent, accounting and secretarial services, including the services provided by Mr. Shah. From 1 July 2012, Mr. Gillard no longer holds a beneficial interest in CCPL.
- (4) Remuneration for the three executive directors (Messrs. Calderwood, Carson and Brans) does not include any component for acting as directors.
- (5) Mr. Yelland was appointed chief operating officer with effect from 1 October 2011.
- (6) A cash bonus of \$40,000 was paid to each of Messrs. Calderwood, Carson, Brans and Quartermaine during the year ended 30 June 2012 for their contribution to the Group's performance in the prior year.



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Narrative Discussion

As at June 30, 2012, the directors and executive officers of the Company, as a group beneficially owned, controlled or directed, directly or indirectly 9,646,182 Shares representing approximately 1.2% of the issued and outstanding Shares and held options to acquire an additional 1,300,000 Shares, representing approximately 0.3% of the Shares on a fully-diluted basis.

The executive management services that Mr. Shah provides to the Company are provided through CCPL. See above “*Statement of Executive Compensation — External Management Companies*”.

Incentive Plan Awards

Outstanding share-based awards and option-based awards

The following table discloses the individual outstanding share-based awards and option-based awards at the end of the most recently completed financial year (including awards granted before the most recently completed financial year) to each NEO.

Named Executive Officer	Option-Based Awards				Share-Based Awards	
	Number of Securities underlying unexercised options (#)	Option exercise price (A\$)	Option expiration date (date)	Value of unexercised in-the-money options (A\$)	Number of share or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (A\$)
Susmit Shah..... Company Secretary	150,000	3.00	June 15, 2014	n/a	n/a	n/a
Kevin Thomson..... Exploration Manager	300,000 200,000	2.13 3.00	June 16, 2013 June 15, 2014	105,000 n/a	n/a n/a	n/a n/a
Jeffrey Quartermaine..... Chief Financial Officer	400,000 250,000	2.45 3.00	July 29, 2012 June 15, 2014	n/a n/a	n/a n/a	n/a n/a

The other NEOs’, being Messrs. Calderwood, Carson, Brans and Yelland, did not hold any options at end of the most recently completed financial year.

Incentive plan awards – value vested or earned during the year

600,000 options vested during the most recently completed financial year with respect to Mr. Shah, Mr. Thomson and Mr. Quartermaine and, at the time of vesting, the value of the vested options was nil calculated as the aggregate dollar value that would have been realized if the options had been exercised on the vesting date based on the difference between the market price of shares at exercise (A\$3.00 per share) and the exercise price of the options on the vesting date (A\$2.79 per share). No options vested during the year with respect to any other NEO.

Narrative Discussion

As of 30 June 2012 there were 900,000 outstanding options held by NEOs, all of which, as of 15 October 2012, had vested. The exercise price of the outstanding options range from A\$2.13 to A\$3.00 and the expiry dates range from June 2013 to June 2014.



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Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one Share of the Company with full dividend and voting rights.

Pension Plan Benefits

The Company does not have a pension plan and has not provided any pension plan benefits, other than statutory superannuation, to its NEOs.

Termination and Change of Control Benefits

Messrs. Calderwood, Carson, Brans, Yelland, Thomson and Quartermaine (collectively, the “Executives”) have employment contracts (the “**Executive Contracts**”) which provide for termination benefits which are payable on early termination by the Company, other than for gross misconduct. Executives receive payment of between two and twelve months’ salary.

The Company can terminate the Executive Contracts without notice under certain circumstances including but not limited to material breaches of contract, grave misconduct, dishonesty, fraud or bringing the Company into disrepute. The Company or the Executives may also terminate the Executive Contract by giving between two and three months notice, or in the case of Perseus, upon payment in lieu of notice.

If the terms of the Executive Contracts are materially changed to their detriment or termination follows a change in control, then the Executive is entitled to receive an amount of money from the Company that is equivalent to two months of the Executive’s current gross base salary for each year of employment subject to a minimum of six months of gross base salary and a maximum of twelve months of gross base salary.

The following table provides details regarding the estimated payments to the Executives assuming the triggering event occurred on 30 June 2012.

<u>Name</u>	<u>Termination by Company</u>	<u>Termination on Change of Control</u>
	(A\$)	(A\$)
Mark Calderwood (Managing director)	231,250	925,000
Colin Carson (Executive director)	95,000	380,000
Rhett Brans..... (Executive director)	120,000	320,000
Jeff Quartermaine (Chief Financial Officer)	80,000	240,000
Jon Yelland..... (Chief Operating Officer)	112,500	225,000
Kevin Thomson..... (Exploration Manager)	Cdn70,833	Cdn\$425,000

Note: Amounts in the “Termination by Company” are those payable where payment is in lieu of notice and termination is in the normal course of business.

Except as described above, there are no contracts, agreements, plans or arrangements that provide for payments to any other NEO at, following or in connection with, any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in a NEO’s responsibilities.

Compensation of Directors

The following table sets out all amounts of compensation provided to the directors for the Company’s most recently completed financial year:



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Director⁽¹⁾	Fees Earned	Share-based Awards	Option-based Awards	Non-equity Incentive Plan Compensation	Pension Value	All Other Compensation	Total
	(A\$)	(A\$)	(A\$)	(A\$)	(A\$)	(A\$)	(A\$)
Reginald Gillard..... Non-executive chair	164,106	-	-	-	14,770	-	178,876
Neil Fearis..... Non-executive director	101,488	-	-	-	-	-	101,488
Michael Bohm..... Non-executive director	88,521	-	-	-	7,967	-	96,488
T. Sean Harvey..... Non-executive director	96,988	-	-	-	-	-	96,988

Notes:

(1) The compensation for those directors who are also NEOs, being Messrs. Calderwood, Carson and Brans, is fully reflected in the "Summary Compensation Table" above.

Narrative Discussion

During the most recently completed financial year, each non-executive director and the Chairman received fees for services rendered during that year as shown in the above table. Directors are also reimbursed for all reasonable expenses incurred in their capacity of directors. From 1 April 2012, directors of Perseus are entitled to receive additional amounts for committee participation. Should the non-executive directors provide services in excess of those expected of such a position, the Company will provide reasonable remuneration for those services. There are no other arrangements under which directors were compensated for their services as directors or as consultants or experts during the Company's most recently completed financial year.

The Remuneration Committee seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, at a reasonable cost to the Company.

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 that amount is then divided between the directors as agreed. The latest determination was at a general meeting on November 26, 2010 when shareholders approved aggregate remuneration of A\$750,000 per year.

The Remuneration Committee (on behalf of the Board of Directors) reviews the remuneration packages for the non-executive directors on an annual basis. The Board of Directors considers fees paid to non-executive directors of comparable companies when undertaking its annual review process.

Incentive Plan Awards

Outstanding share-based awards and option-based awards

No director held any share-based awards or option-based awards at the end of the most recently completed financial year (including awards granted before the most recently completed financial year).

Incentive plan awards – value vested or earned during the year

No incentive plan awards vested or were earned by any director during the most recently completed financial year.



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Indebtedness of Directors and Executive Officers

No director, officer, employee, former director, officer or employee of the Company, nor any associate of the foregoing, is or was indebted to the Company at any time since its incorporation or to any other entity if the indebtedness is or was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

Statement of Corporate Governance

The Board of the Company currently consists of seven members. Each of Messrs. Gillard, Fearis, Bohm, and Harvey are considered to be “independent” directors for the purposes of National Instrument 58-101 “*Disclosure of Corporate Governance Practices*” (“**NI 58-101**”). As such, a majority of the directors of the Company are independent. Mr. Calderwood is not considered to be independent on the basis that he is the Managing Director of the Company. Messrs. Carson and Brans are not considered independent on the basis that they are Executive Directors of the Company.

In order to facilitate open and candid discussion among its non-executive directors, the non-executive directors of the Company do hold regularly scheduled meetings at which executive directors and members of management (non-independent directors) are not in attendance.

Mr. Reginald Gillard serves as non-executive chairman of the Board (the “**Chairman**”) and is an independent director. Mr. Gillard’s duties as Chairman include setting the agenda for, and leading, meetings of the Board. He is also responsible, in consultation with the Board, for interpreting and monitoring the Company’s compliance with its continuous disclosure obligations under applicable stock exchange rules and securities legislation.

Other Public Company Directorships

Certain directors of the Company are directors of other reporting issuers (or the equivalent) in Canada or foreign jurisdictions, as set out below:

<u>Director</u>	<u>Name of Issuer(s)</u>
Reginald N. Gillard	Platina Resources Limited, Nemex Resources Limited, Mount Magnet South NL
Mark A. Calderwood.....	Manas Resources Limited
Colin J. Carson	Caspian Oil & Gas Limited, Manas Resources Limited
Rhett B. Brans.....	Tiger Resources Limited
Neil C. Fearis	Carnarvon Petroleum Ltd., Tiger Resources Limited
T. Sean Harvey	Andina Minerals Inc., Victoria Gold Corporation, Serabi Gold plc, Sarama Resources Ltd, Azimuth Resources Limited
Michael Bohm	Herencia Resources plc



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Meetings of the Board

During the most recently completed financial year there have been 12 Board meetings. Attendance by each director is noted in the table below.

	Board Meetings	
	Meetings Eligible to Attend	Meetings Attended
R N Gillard	12	12
M A Calderwood	12	12
C J Carson	12	12
R B Brans	12	12
N C Fearis	12	11
TS Harvey	12	12
M A Bohm	12	11

Mandate of the Board of Directors

The Board does not have a written mandate. Under applicable corporate law, the Board is responsible for setting the strategic direction and establishing the policies of the Company. Otherwise the Board delineates its own role and responsibilities. The Board is responsible for overseeing the Company’s financial position, and for monitoring its business and affairs on behalf of the Shareholders, by whom the directors are elected and to whom they are accountable. The Board sets the strategic direction for the Company and oversees its implementation by management of the Company. The Board also addresses issues relating to internal controls and risk management. In addition to these duties, the Board of Directors monitors and receives advice on areas of operational and financial risk and control framework, and considers strategies for appropriate risk management arrangements. The Board holds regular meetings to discuss operational matters, and holds strategy meetings and other special purpose meetings, at such other times as may be necessary to address any specific significant matters that may arise.

Position Descriptions

The Board has not developed a written position description for the Chairman of the Board. However, by agreement among the Board, Mr. Gillard’s duties as Chairman are as described above.

The mandate of the Audit Committee provides that the chairman of the Audit Committee shall be determined by the Board and shall not be the Chairman of the Board. The mandate of the Audit Committee also provides that its chairman thereof shall report the results of the Audit Committee’s deliberations and recommendations directly to the Board. The Board has not however developed a written position description for the chairman of the Audit Committee. Similarly, the Board has not developed a written position description for the chairman of the Remuneration Committee.

The Board of Directors and the Managing Director (the functional equivalent to the Chief Executive Officer) have developed a written position description for the Managing Director.

Orientation and Continuing Education

While new directors do not participate in a formal orientation regarding the role of the Board, its committees and its directors, and the nature and operations of the business of the Company, new directors of the Company are provided with insight from other Board members and management on various matters, including the nature and operation of the business of the Company; the functioning of the Board and its committees; and the contribution which they are expected to make to the Board in terms of both time and resource commitments.



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Orientation and education activities are also undertaken on an informal basis for existing board members including meeting with the Company’s management, external legal counsel and auditors, and other external consultants as is appropriate or desirable from time to time by the directors. The Company is of the view that these orientation and education activities are appropriate given the nature and scope of the Company’s business activities. Each director also has the right to seek independent professional advice at the Company’s expense provided that prior approval of the Chairman is obtained, which will not be unreasonably withheld.

Ethical Business Conduct

The Board acknowledges the need for continued maintenance of the highest standards of corporate governance practice and ethical conduct by all directors and employees. The Company has not adopted a written code of business conduct for its directors, officers and employees, however the directors ensure 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 Company. The Board considers that the business practices it sets are the equivalent of a code of conduct. The executive directors of the Company are involved in all aspects of its activities. The directors are familiar with listing rules, legal requirements and general requirements for ethical behaviour and integrity in decision making, including trading in the Company’s securities. The Board monitors compliance with the code of business conduct by requiring employees and consultants to report breaches of the code and then dealing appropriately with reported breaches. In accordance with applicable corporate law, the directors ensure that any director or executive officer who has a material interest in proposed transactions or agreements involving the Company disclose such interest prior to consideration of the relevant matter by the directors and abstain from voting on approval of such transactions as appropriate. See “*Directors and Officers — Conflicts of Interest*”.

Nomination of Directors

The Board believes that the Company is currently not of sufficient size to justify the establishment of a nomination committee. However, 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 or where it is determined that the Board of Directors would benefit from the services of a new director with particular skills, the Board will identify candidates with relevant qualifications, skills and experience. External advisers may be used to assist in such a process. The Board of Directors will then appoint or present for election the most suitable candidate.

Compensation

The Board has established a Remuneration Committee comprised of three directors: Messrs. Gillard, Fearis and Bohm. Each member of the Remuneration Committee is considered to be “independent” for the purposes of NI 58-101. The Remuneration Committee is responsible for, among other things, evaluating the performance of the Company’s management and making recommendations to the Board with respect to the compensation of the Company’s management.

During the most recently completed financial year there have been two Remuneration Committee meetings. Attendance by each director is noted in the table below.

	Remuneration Committee Meetings	
	Meetings Eligible to Attend	Meetings Attended
R N Gillard	2	2
N C Fearis	2	2
M A Bohm	2	2



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For further information with respect to the Remuneration Committee, see “*Statement of Executive Compensation – Compensation Governance – the Remuneration Committee.*”

Committees of the Directors

The Board has no standing committees other than the Audit Committee and the Remuneration Committee.

Assessment of Directors, the Board and Board Committees

The Board has established a process of formal assessment of the effectiveness and contribution of individual directors, the Audit Committee or the Remuneration Committee. This formal process includes written self-evaluation by each director, an evaluation of the Board as a whole by each director and evaluation of all fellow directors by each director using various questionnaires and templates. The Board monitors the adequacy of information given to directors, the communications between the Board and management and the strategic direction and processes of the Board and its Committees, to satisfy itself that the Board, its Committees and its individual directors are performing effectively. The Board also meets annually to review its own performance. Evaluations are based on specific criteria, including whether strategic and operational objectives are being met.

Additional Information

For further disclosure on the Company’s corporate governance practices, please see the section of the Consolidated Financial Report for the year ended 30 June 2012 entitled “*Corporate Governance Statement*”, which section is incorporated into this Explanatory Memorandum and Management Information Circular. A copy of the Consolidated Financial Report is filed on SEDAR at SEDAR.com and, upon request to the Company Secretary, will be provided free of charge to any Shareholder.

Audit Committee

Currently, the Audit Committee consists of Mr. Fearis (Chair), Mr. Gillard and Mr. Harvey. All members of the Audit Committee are independent within the meaning of National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”). All members of the Audit Committee are financially literate within the meaning of NI 52-110.

During the most recently completed financial year there have been four Audit Committee meetings. Attendance by each director is noted in the table below.

	Audit Committee Meetings	
	Meetings Eligible to Attend	Meetings Attended
N C Fearis	4	4
R N Gillard	4	4
S Harvey	4	4

Additional information regarding the Audit Committee is contained in the Company’s annual information form for the year ended 30 June, 2012 (the “**AIF**”) under the heading “Audit Committee” and a copy of the Audit Committee Charter is attached to the AIF. The AIF is available on the Company’s profile on SEDAR at www.sedar.com.

Interest of Informed Persons in Material Transactions

No informed person or any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has a material interest, direct or indirect, in any transaction since the



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commencement of the Company's most recently completed financial year or in any proposed transaction that has materially affected or would materially affect the Company or any of subsidiaries.

Auditors

The auditors of the Company are Ernst & Young having an address at 11 Mounts Bay Road, Perth, Western Australia.

Additional Information

Additional information relating to the Company is available under the Company's profile at www.sedar.com. Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year. The Company will provide to any person, upon request to the Company Secretary, a copy of the Company's Annual Report for the year ended 30 June 2012 which includes the financial statements of the Company for the most recently completed financial year and the audit report issued thereon and/or one copy of the Company's MD&A in respect of such financial year.

Copies of the above documents will be provided free of charge to Shareholders. The Company may require the payment of a reasonable charge by any person or company who is not a Shareholder of the Company, and who requests a copy of such document.

Shareholders can contact the Company Secretary, at +61 (08) 6144 1700 if they have any queries in respect of the matters set out in these documents.

APPROVAL OF THIS EXPLANATORY MEMORANDUM AND MANAGEMENT INFORMATION CIRCULAR

The contents and the sending of this Explanatory Memorandum and Management Information Circular have been approved by the directors of the Company.

By order of the Board of Directors

Mr. Susmit Shah
Company Secretary
Dated: 19 October 2012

Shareholder

Name and address of shareholder of Perseus Mining Limited.

Name _____

Address _____

Appoint a Proxy to vote on your behalf

I/We being a member/s of Perseus Mining Limited and entitled to attend and vote hereby appoint

The Chairman of the Meeting (mark with an "X")

OR

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding your own name) you are appointing as your proxy.

Or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Perseus Mining Limited to be held on 23 November 2012 and at any adjournment of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 4, 5, 6 and 7 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 4, 5, 6 and 7 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 4, 5, 6 and 7 by marking the appropriate box below.

Voting directions to your proxy – please mark to indicate your directions (If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.)

	For	Against	Abstain
Resolution 1 – Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of director, Rhett Brans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Re-election of director, Sean Harvey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Approval of Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Issue of Performance Rights to Mark Calderwood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Issue of Performance Rights to Colin Carson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Issue of Performance Rights to Rhett Brans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business

PLEASE SIGN HERE - This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Dated: ___/___/2012

How to complete the Proxy Form

1 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

2 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses (subject to voting exclusion statements and qualifications contained in the Notice). If you mark more than one box on an item your vote on that item will be invalid.

3 Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

4 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

Lodgment of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the time specified for the annual general meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

1. in respect of Shareholders registered on the Company's Australian share register, prior to 3pm. (Perth time) on Wednesday, 21 November

2012:

By Mail
Advanced Share Registry Limited
PO Box 1156
Nedlands WA 6909

Or

Alternatively, you can fax your form to:

Facsimile: +61 (0) 8 9389 7871

For Online Vote: www.advancedshare.com.au (you will need your SRN or HIN to log in)

2. in respect of Shareholders registered on the Company's Canadian register, not later than 48 hours prior to the Meeting, by mail to Equity Financial Trust Company, attention Proxy Department, at 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1 or by facsimile at +1 416 595-9593.