

PERSEUS CONFIRMS QUALITY OF YAOURÉ GOLD PROJECT

Perseus Mining (ASX/TSX: PRU) has completed the Definitive Feasibility Study (DFS) for its Yaouré Gold Project in Côte d'Ivoire, West Africa, which has confirmed the high quality of the project, demonstrating that:

- Yaouré generates attractive economics at a range of gold prices and discount rates:

Gold Price (US\$/Oz)	IRR ¹ (%)	Payback (Months)	NPV ₅		NPV ₁₀	
			US\$ m	A\$/sh	US\$ m	A\$/sh
1,200	23	35	210	0.26	130	0.16
1,250	27	32	259	0.33	170	0.21
1,300	30	30	302	0.38	205	0.26

¹ After tax, ungeared

- Yaouré is technically very robust and is based on an estimated Ore Reserve of 26.8 Mt of ore grading 1.76g/t gold containing 1.52 million ounces of gold.

Technical Parameters		Annual Average Years 1-5	Total Life of Mine ²
Ore mined	Mt	4.6 ¹	26.8 ¹
Strip ratio	t:t	5.4:1 ¹	5.1:1 ¹
Ore processed	Mt	3.3	26.8
Head grade	g/t gold	2.27	1.76
Gold recovery rate	%	90.1	90.1
Gold production	'000 ounces	215	1,367
Unit Operating Costs			
Production costs	US\$/oz	670	690
Royalty	US\$/oz	44	44
Sustaining capital	US\$/oz	20	25
Average All-in site costs	US\$/oz	734	759

¹ Includes ore mined ex-pit plus ore drawn from decommissioned heap leach pads

² Total mine life is 8.5 years

- Development of Yaouré is well within Perseus's funding capacity using internally generated cash from its Edikan and Sissingué Gold Mines combined with an amount of bank debt to fund the up-front development cost of US\$263 million that includes US\$11 million of pre-stripping costs.
- Yaouré has good potential for growth, being located on a very prospective tenement package that provides significant potential to incrementally expand Mineral Resources and Ore Reserves and rapidly extend expected mine life through further drilling in and around the planned pits as well as systematic exploration of the surrounding 513 square km land holding.
- Yaouré is highly likely to create the significant value envisaged by Perseus when the project was studied in detail prior to its acquisition in April 2016.

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1. Overview

The Yaouré Gold Project is located in a rural area on the southern edge of Lake Kossou, 35 km north-west of the capital Yamoussoukro and 25 km east-north-east of the city of Bouaflé in central Côte d'Ivoire, West Africa. The Kossou hydroelectric power station is 6 km east of the Project. The villages of Angovia and Allahou-Bazi are adjacent to the mine site.

Figure 1: Location of the Yaouré Gold Project



The Project is comprised of two adjacent open pits (CMA and Yaouré). Ore will also be sourced from three pre-existing heap leach pads close to the ROM pad. Ore will be transported to the adjacent processing plant and waste will be taken to a single, large waste dump between the pits and the adjacent villages. Tailings from the process plant will be stored in a single facility to the south of the process plant. A camp will be constructed for the non-local workforce, with the majority of the workforce expected to come from the five local communities.

Figure 2: Yaouré Gold Project layout



Based on the mining and processing schedules, the key forecast operating statistics for Yaouré are summarised below.

Mining cost estimates are based on a competitive Request for Quotation involving five mining contractors currently operating in West Africa.

Recoveries and processing costs have been estimated based on a comprehensive metallurgical test work program. G&A and other costs are based on very recent experience at Perseus's other mines in West Africa, namely Edikan in Ghana and Sissingué in Côte d'Ivoire, as well as from quotes specifically received for the Yaouré Project.

Overall, the capital and operating cost estimate has been prepared to an accuracy of approximately +/-15%.

Table 1: Overview Key Parameters

Mining	Units	Average per year	Total
		Years 1-5	Life of Mine
Total ore + waste mined	Mt	29.5	164.0 ¹
Waste mined	Mt	24.9	137.2 ¹
Ore mined	Mt	4.6	26.8 ¹
Mined grade	g/t gold	1.92	1.76 ¹
Strip ratio	t:t	5.4:1	5.1:1 ¹
Processing			
Quantity ore processed	Mt	3.3	26.8
Head grade processed	g/t gold	2.27	1.76
Contained gold	Kozs	239	1,518
Gold recovery rate	%	90.1	90.1
Gold production	Kozs	215	1,367
Operating Costs	Units	Average per year	Total
		Years 1-5	Life of Mine
Average mining costs	US\$/tonne mined	3.20 ²	3.31 ²
Average processing costs	US\$/tonne processed	11.66	11.97
Average general & administration costs	US\$/tonne processed	3.49	3.45
Production costs	US\$/oz	670	690
Royalty ³	US\$/oz	44	44
Sustaining capital	US\$/oz	20	25
All-in site costs	US\$/oz	734	759

¹ Includes all ore and waste mined ex-pit plus ore drawn from Heap Leach pads.

² Excludes pre-strip costs.

³ Assumed gold price of US\$1,250/oz.

The estimated development capital cost is US\$262.7 million.

Table 2: Development Capital Cost

Area	Cost Excluding	Contingency	Total Cost
	Contingency		
	US\$ M	US\$ M	US\$ M
Distributables	26.2	3.2	29.4
Treatment Plant	69.7	7.5	77.2
Reagents & Services	9.9	1.4	11.3
Infrastructure	49.2	4.8	54.0
Mining	17.9	0.2	18.1 ¹
Management	17.7	1.9	19.6
Owners Costs	48.3	4.8	53.1
Total	238.9	23.8	262.7

¹ Includes US\$11.0 million of pre-stripping costs

2. Mineral Resources

Yaouré's Indicated Mineral Resource at 2 November 2017 is estimated at 43.1 million tonnes grading 1.39 g/t gold and containing 1.93 million ounces of gold at a cut-off grade of 0.4g/t.

A further 46 million tonnes of material grading at 1.0 g/t gold and containing a further 1.5 million ounces of gold is classified as Inferred Resources. Table 3 reports the Mineral Resources by category, deposit and type. The classification categories of Indicated and Inferred under the JORC Code are equivalent to the CIM categories of the same name (CIM, 2010).

Table 3: Yaouré Mineral Resources – 2 November 2017

Deposit	Deposit Type	Indicated Resources			Inferred Resources		
		Quantity	Grade	Gold	Quantity	Grade	Gold
		Mt	g/t gold	Moz	Mt	g/t gold	Moz
CMA	Open Pit	24.8	1.81	1.44	16	1.2	0.6
Yaouré	Open Pit	16.5	0.81	0.43	30	0.9	0.9
Sub-Total	Open Pit	41.3	1.41	1.9	46	1.0	1.5
Heap Leach ⁴	Stockpile	1.8	1.02	0.06			
Total		43.1	1.39	1.93	46	1.0	1.5

1. Depleted for previous mining.
2. 0.4g/t gold cut-off applied to in situ open pit material
3. In situ resources constrained to US\$1,800/oz pit shell
4. Heap leach resources are stated at 0.0g/t gold cut-off if the average grade of the heap component is above 0.4g/t
5. Mineral Resources are inclusive of Ore Reserves
6. Numbers are rounded

3. Ore Reserves

The Ore Reserve is based on the Yaouré Mineral Resources as at 2 November 2017 and pit optimisation, design and scheduling of the resources. All Ore Reserves are reported in accordance with the JORC Code. The following Table reports the Ore Reserves by category, deposit and type, above variable cut-off grades. The classification categories of Proved and Probable under the JORC Code are equivalent to the CIM categories of the same name (CIM, 2010).

Probable Ore Reserves are located within the economic limits of two adjoining open pits that have been designed based on Indicated Mineral Resources that incorporated all available Resource in-fill drilling results, a gold price of US\$1,200/oz and mining, processing and general and administration costs derived from a combination of Perseus's operating experience at Edikan and Sissingué, as well as Yaouré specific test work, studies and quotations.

The CMA and Yaouré Ore Reserves are based on Mineral Resources estimated using Multiple Indicator Kriging techniques.

Ore Reserves contained in decommissioned heap leach pads created by prior owners of the Yaouré Mining Leases have been included in the Ore Reserve estimate.

Table 4: Yaouré's Proved and Probable Ore Reserves as at 2 November 2017

Deposit	Deposit Type	Proved			Probable			Proved + Probable		
		Quantity	Grade	Gold	Quantity	Grade	Gold	Quantity	Grade	Gold
		Mt	g/t gold	Moz	Mt	g/t gold	Moz	Mt	g/t gold	Moz
CMA	Open Pit	-	-	-	20.7	1.97	1.31	20.7	1.97	1.31
Yaouré	Open Pit	-	-	-	4.7	1.04	0.15	4.7	1.04	0.15
Sub-Total	Open Pit	-	-	-	25.3	1.80	1.47	25.3	1.80	1.47
Heap Leach ⁶	Stockpile	-	-	-	1.4	1.14	0.05	1.4	1.14	0.05
Total		-	-	-	26.8	1.76	1.52	26.8	1.76	1.52

1. Numbers are rounded
2. All the estimates are on a dry tonne basis
3. Based on November 2017 Mineral Resource estimate
4. Variable gold cut-off grade based on material type
5. Inferred Mineral Resource is treated as mineralised waste
6. Heap Leach refers to decommissioned heap leach pads established by prior owners of Yaouré

4. Open Pit Mining

The chosen method for the Open Pit Reserves is conventional open pit mining utilising hydraulic excavators and trucks. In ore, mining bench heights are 5m with 2.5m flitches to minimise ore loss and waste rock dilution. Waste blocks adjacent to ore are mined on 5m benches, while waste more distant to ore is mined on 10m benches.

During the DFS a competitive Request for Quotation involving five mining contractors currently operating in West Africa was completed. The equipment selected by the mining contractors consisted of 24-30, 100 tonne class trucks and a combination of 100-140 tonne excavators for mining in ore and 200-300 tonne excavators for mining in bulk waste.

The ore and waste in both the CMA and Yaouré pits is of high strength (P80 UCS>200Mpa) and with relatively widely spaced fractures. Drilling and blasting will therefore be a key component to ensure adequate productivity of mining equipment and optimum fragmentation for ore processing. Closely spaced blast holes and high powder factors have been adopted to ensure that both mining and processing productivity and cost estimates are optimised.

5. Processing Plant and Infrastructure

The process plant will be comprised of a primary crusher with a 6MW SAG mill and a 6MW ball mill, pebble crushing and a gravity and CIL circuit with cyanide detoxification.

The ore is particularly hard and careful consideration was given to the design of the comminution circuit in conjunction with the mine drilling and blasting. The optimum grind size of 75µm was determined from extensive metallurgical test work at a range of grind sizes to optimise cost and recovery. Power will be supplied off the national grid from the nearby sub-station at Kossou via a dedicated 225kV power line. Water will be supplied from a combination of pit dewatering, bores and extraction from the nearby Bandama River.

A high quality dual carriageway connects the port of Abidjan to Yamoussoukro, meaning easy access to site during construction and operations. Local roads will be upgraded and/or diverted to allow for the increased traffic and infrastructure.

Figure 3: Yaouré Gold Project – Processing Flowsheet

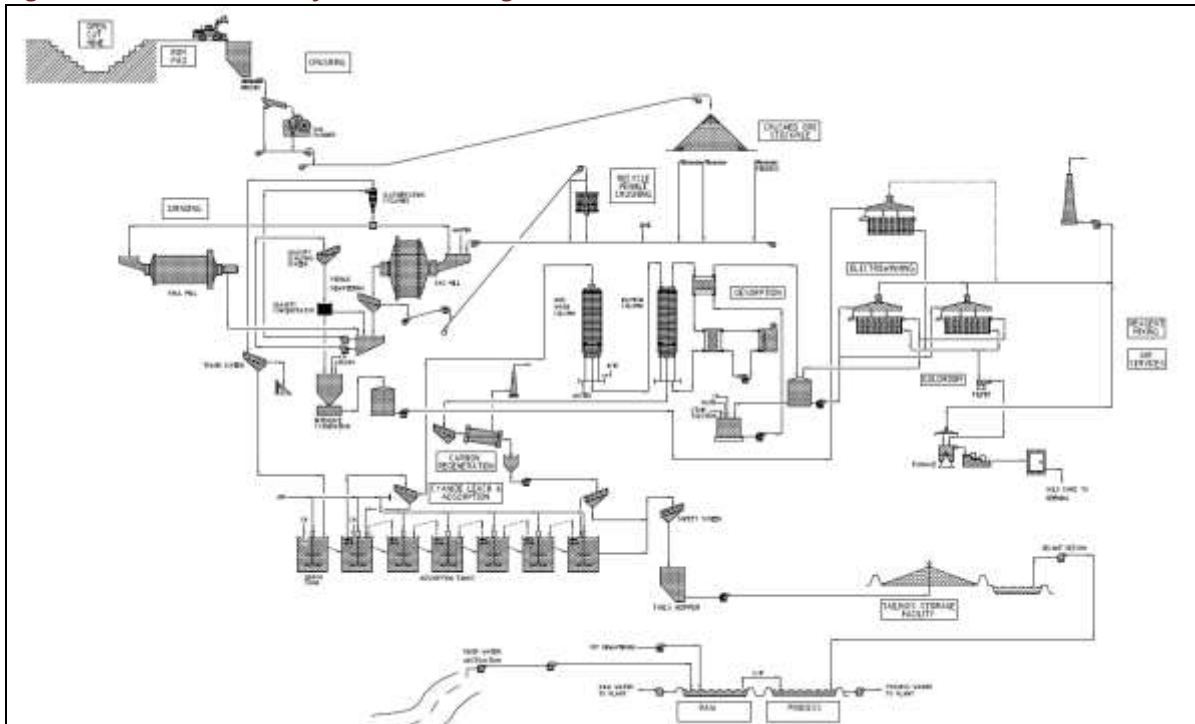
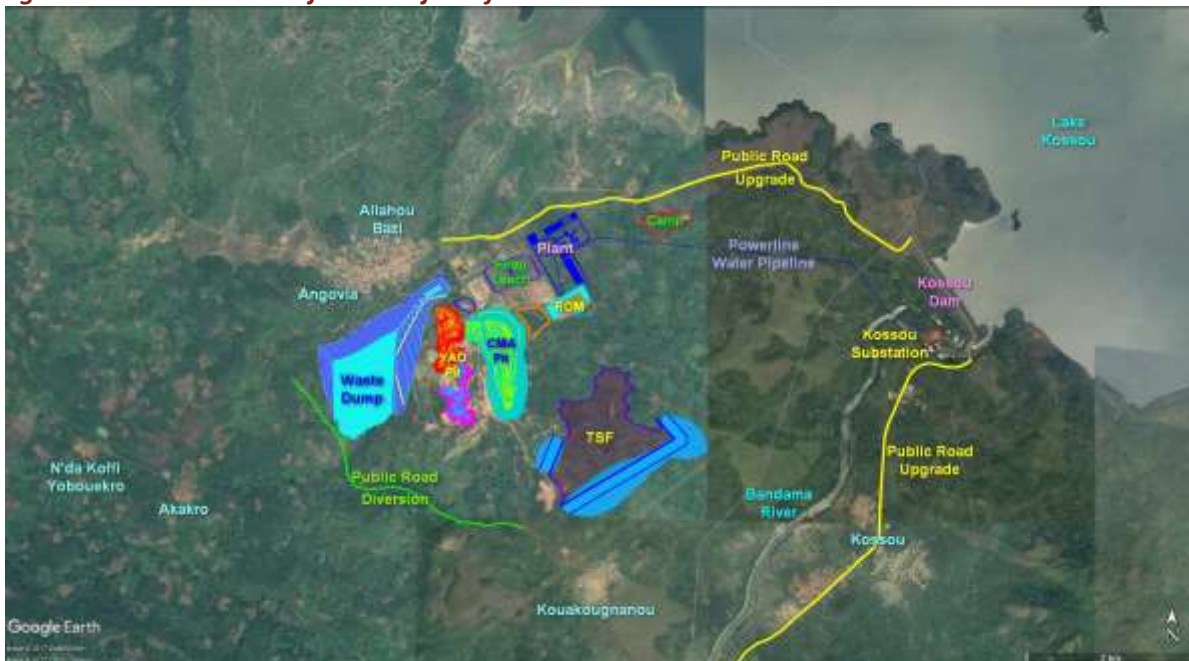


Figure 4: Yaouré Gold Project – Major Infrastructure



6. Mining and Processing Schedules

Based on the Ore Reserves stated above, the mining production profile for Yaouré is forecast as shown in **Figure 5** below.

Ore and waste will be mined from the CMA and Yaouré pits along with a small amount of previously processed heap leach ore. The CMA pit is current backfilled with oxide waste. Total material movement from the pits is an average of 26.0 million tonnes per year and a maximum of 31.2 million tonnes per year during the period when the heap leach and CMA backfill is mined in year 1.

Mining is completed in the first 6 years of operation, with only rehandling of stockpiled ore thereafter.

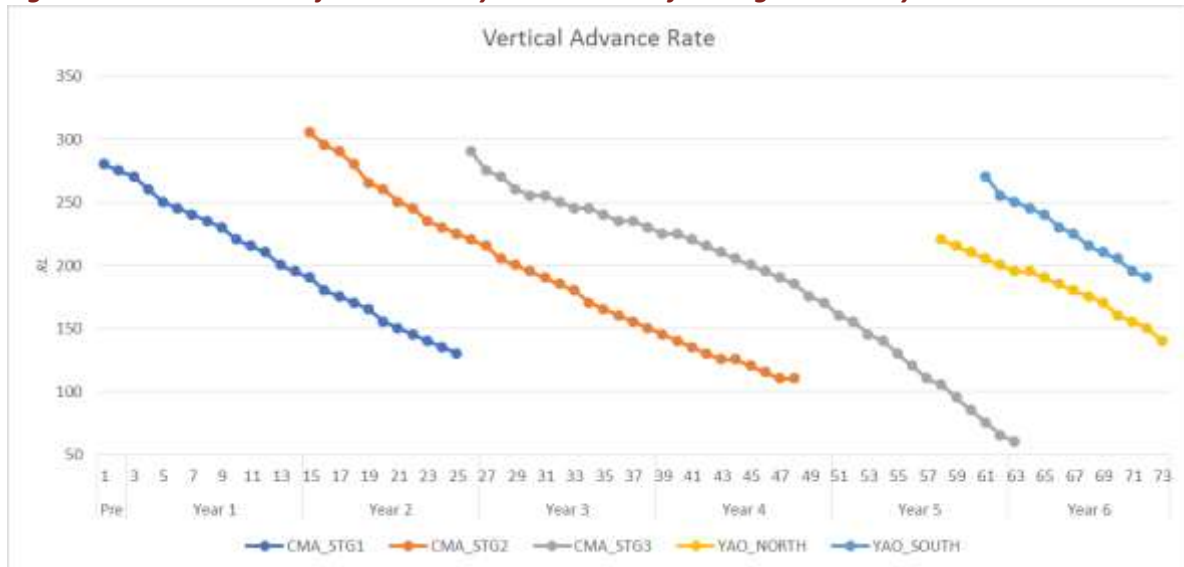
During the pre-production period, 3.5 million tonnes of waste material is mined to provide construction materials. During the first 6 months of gold production, heap leach ore is fed to the mill while the pre-strip in the CMA pit is carried out. Over the following 5 years the CMA pit is mined in 3 stages, with the highest grade ore fed to the mill and medium and low grade material stockpiled. Following completion of the CMA pit, the Yaouré pit is mined and medium and then low grade ore is fed to the mill from stockpile.

Figure 5: Yaouré Gold Project - Scheduled monthly material movement (M tonnes) by cutback



Careful consideration was given to the vertical rate of advance employed in the schedule as shown in **Figure 6**.

Figure 6: Yaouré Gold Project – Monthly vertical rate of mining advance by cutback



The mining strategy is aimed at maximising the return on funds employed at Yaouré and the mining sequence of the pits along with mill feed profile has been optimised and scheduled accordingly. The result of this scheduling is that the gold production profile and resulting cash flows from Yaouré are very strong over the first 5 years of production.

The processing rate is nominally 3.3 million tonnes per year over an 8.5 year mine life. The average gold production for the first 5 years of the Project is estimated at 215,000 ounces at an average head grade of 2.27g/t and an average metallurgical recovery of 90.1%. The Project is planned to recover 1.37 million ounces over the 8.5 year period.

Figure 7: Yaouré Gold Project – Annual tonnes and grade to mill

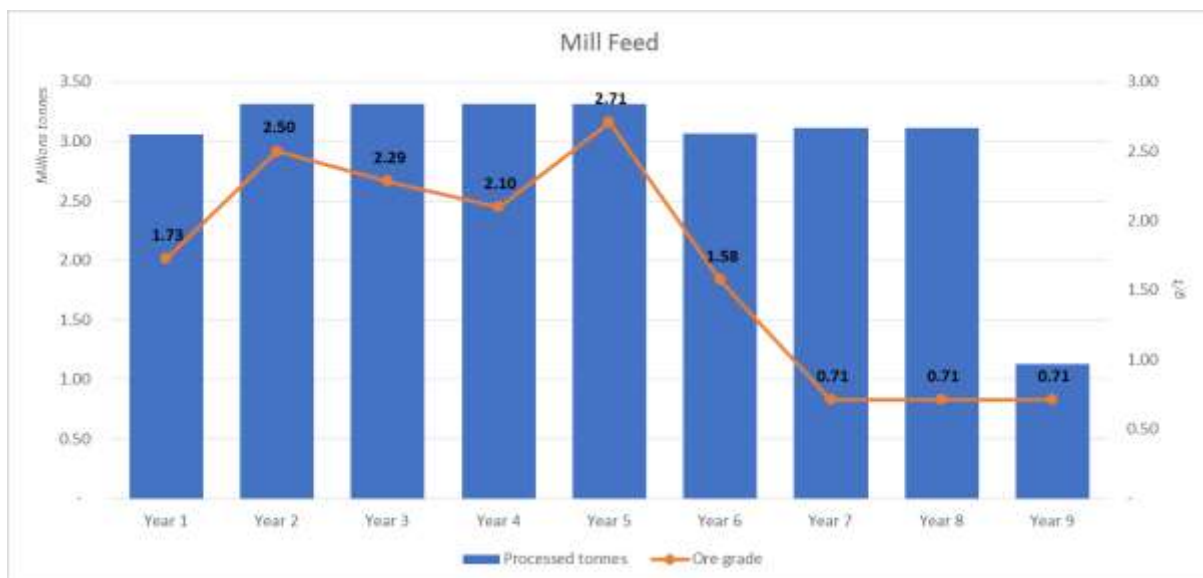
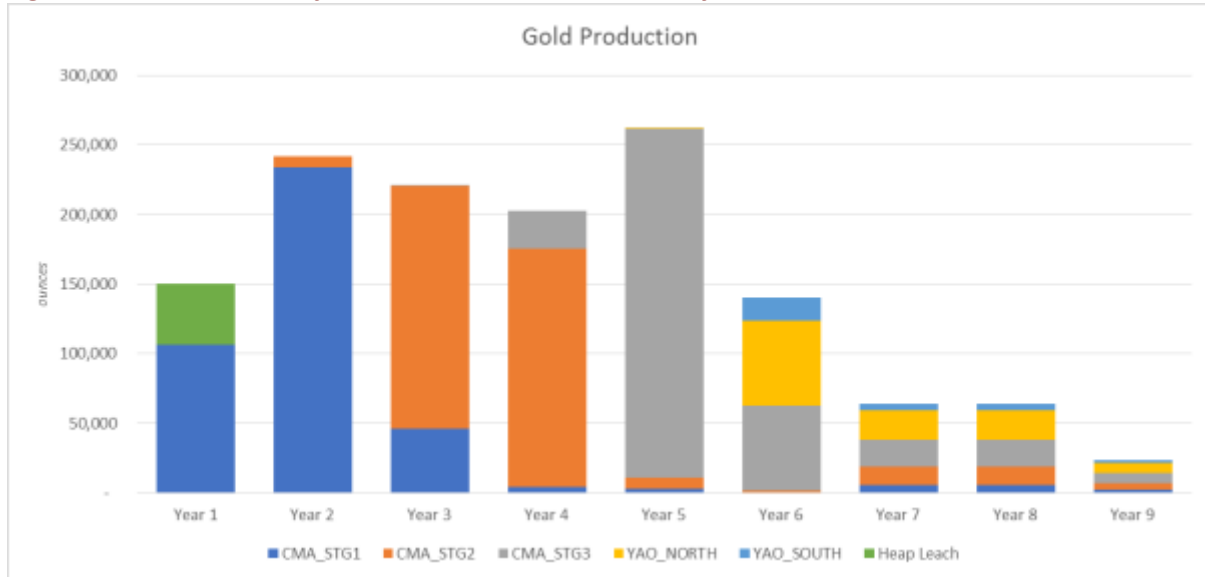


Figure 8: Yaouré Gold Project – Annual Gold Production by Source



7. Financial investment metrics and sensitivity analysis

Operating Costs

Operating costs have been estimated from first principles and are based on firm quotes in the case of goods and services that are common to all three of Perseus’s West African projects.

In the case of mining, costs are based on the results of a Request for Quotation which resulted in prices being offered by five reputable mining contractors currently operating in West Africa. Drill and blast costs are estimated based on testwork and analysis covering the full range of material types. Grade control costs are estimated based on Yaouré specific requirements and experience from Edikan and Sissingué.

Mining costs also include an allowance for mining costs incurred by the owner’s operating team as well as costs relating to potential costs of a mining contractor.

Processing costs include all consumables including maintenance consumables, electricity, fuel, labour and other processing overheads.

General and Administration costs include all labour costs, Abidjan regional office costs, HR administration costs as well as all costs associated with the management of the environment, OH&S, security, government and community relations, general administration including insurances and other contracts.

Table 5: Yaouré Operating Costs

Operating Costs	Units	Average per year	Total
		Years 1-5	Life of Mine
Average mining costs	US\$/tonne mined	3.20 ¹	3.31 ¹
Average processing costs	US\$/tonne processed	11.66	11.97
Average general & administration ("G&A") costs	US\$/tonne processed	3.49	3.45
Production costs	US\$/oz	670	690
Royalty ²	US\$/oz	44	44
Sustaining capital	US\$/oz	20	25
All-in site costs	US\$/oz	734	759

¹Excludes pre-strip costs for construction materials. ²Assumes gold price of US\$1,250/oz gold.

Capital Costs

The total capital cost of developing the Yaouré Gold Project is estimated at US\$263 million, including US\$252 million for the process plant and all infrastructure with an additional US\$11 million for the mining pre-strip which will provide materials for construction earthworks. This sum also includes a contingency of US\$24 million representing 10% of the base estimate.

Table 6: Yaouré Development Capital Costs

Component	Cost excluding Contingency	Contingency	Total Cost Including Contingency
	US\$ million	US\$ million	US\$ million
Distributables	26.2	3.2	29.4
Process Plant	69.7	7.5	77.2
Reagents and Services	9.9	1.4	11.3
Infrastructure	49.2	4.8	54
Mining	17.9	0.2	18.1
Management	17.7	1.9	19.6
Owners Costs	48.3	4.8	53.1
Total	238.9	23.8	262.7

Sustaining capital costs include stage lifting of the TSF, closure costs, progressive clearing, contractor demobilisation, plant modifications and an annual allowance of 5% of the direct development capital cost of the plant and infrastructure development spread over the life of the mine. The total sum estimated for Sustaining Capital is US\$34.7 million which over the current life of mine equates to US\$25/oz of gold produced.

Cashflow

Based on the Yaouré financial model, at a range of gold prices, the Project generates material after tax cash flows as follows:

Table 7: Yaouré Cashflow Forecasts

Gold Price (US\$/oz)	Gross After Tax Cashflow ¹ US\$ million	Net After Tax Cashflow ² US\$ million	Cashflow (A\$ per share ³)	
			Annual Average Years 1-5	Annual Average LOM
1,100	457.0	194.3	\$0.10	\$0.06
1,150	519.4	256.7	\$0.11	\$0.07
1,200	581.7	319.0	\$0.13	\$0.08
1,250	643.9	381.1	\$0.14	\$0.09
1,300	697.6	434.9	\$0.15	\$0.10
1,350	759.4	496.7	\$0.16	\$0.11
1,400	821.2	558.5	\$0.18	\$0.12

¹ Before deducting development capital. ² After deducting development capital. ³ Assumes A\$1.00=US\$0.77

Key Investment Metrics and Sensitivity analysis

At a range of gold prices and discount rates, the Yaouré Project is expected to generate the following economic outcomes:

Table 8: Sensitivity Analysis

Gold Price (US\$/oz)	IRR ¹ (%)	Payback (Months)	NPV (US\$ million)	
			NPV ₅	NPV ₁₀
1,100	15	44	111	50
1,150	19	39	160	90
1,200	23	35	210	130
1,250	27	32	259	170
1,300	30	30	302	205
1,350	33	28	351	245
1,400	36	26	400	284

¹ After tax, ungeared, real internal rate of return

8. Project Development Funding

It is envisaged that the funding required to finance the development of the Yaouré Project will be sourced from a combination of:

- Internally Generated Cash flow – Perseus’s Edikan and Sissingué Gold Mines are forecast to generate significant quantities of after tax cash flow at current gold prices that will be available for re-investment in the Yaouré Gold Project development.
- Bank Debt – Perseus has conducted encouraging preliminary discussions with a range of international banks to determine the bank market’s appetite for financing a project with Yaouré’s metrics located in Côte d’Ivoire. Based on these discussions, it is apparent that debt finance based on a 50:50 gearing ratio is available at either the Project level or at a corporate level.

The recently completed project financing of Perseus's Sissingué project has paved the way for the use of project finance as a viable funding mechanism in Francophone West Africa.

- Potential exercise of warrants. Perseus currently has on issue a total of 130,554,910 warrants to subscribe for ordinary shares in Perseus at a price of A\$0.44 cents per share on or before 19 April 2019. While there is no guarantee that any or all of these warrants will be exercised, if they were exercised in full, at current US\$:AU\$ exchange rates, this would result in additional cash totalling US\$44.2 million being available to Perseus to apply to the development of Yaouré.

The cash that is potentially available from a combination of the three mechanisms referred to above exceeds the estimated capital cost of development of the Yaouré Project without any requirement for Perseus to raise additional equity finance.

In coming months as the capital cost estimate for Yaouré is firmed up through the Front End Engineering and Design (FEED) process, Perseus will engage with the banking community and firm up funding arrangements with a view to having sufficient funding in place to enable, subject to Board approval, a commitment to full scale development of the project in the December Half of 2018.

9. Way Forward

The next step in the way forward for the Project is to finalise all documentation associated with the Definitive Feasibility Study and NI 43-101 Technical Report. This work is expected to be complete by the end of December 2017.

Once documentation is complete, an application will be made to the Minister for Industry and Mines in Côte d'Ivoire for the granting of an Exploitation Permit for the development of the Project. In parallel, a Mining Convention will be negotiated with the Ivorian government setting out the legal framework for development of the Project and including a guarantee of fiscal stability from the Ivorian government for the life of the Yaouré Gold Mine.

In parallel to the above process, Perseus will undertake the FEED study to bring the costs to an accuracy of 10%, immediately after which preliminary construction works may commence. The FEED will be completed following the same proven principles as those used at Sissingué. The FEED is scheduled to be completed by mid-2018 followed by an 18 month construction period, with first gold in 2020.

The potential for addition of further Ore Reserves has been identified through conversion of Inferred Resources to Indicated Resources and conversion of near mine targets identified through sterilisation drilling. Identified sources could extend the mine life, with any additions to the Ore Reserve incorporated into the FEED study.

To discuss any aspect of this announcement, please contact:

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Caution Regarding Forward Looking Information:

This report contains forward-looking information which is based on the assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management of the Company believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. Assumptions have been made by the Company regarding, among other things: the price of gold, continuing commercial production at the Edikan Gold Mine without any major disruption, development of a mine at Sissingué and/or Yaouré, the receipt of required governmental approvals, the accuracy of capital and operating cost estimates, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used by the Company. Although management believes that the assumptions made by the Company and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. Forward-looking information involves known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, the actual market price of gold, the actual results of current exploration, the actual results of future exploration, changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the Company's publicly filed documents. The Company believes that the assumptions and expectations reflected in the forward-looking information are reasonable. Assumptions have been made regarding, among other things, the Company's ability to carry on its exploration and development activities, the timely receipt of required approvals, the price of gold, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers should not place undue reliance on forward-looking information. Perseus does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Competent Person Statement

All production targets for the Yaouré Gold Project (YGP) referred to in this report are underpinned by estimated Ore Reserves which have been prepared by competent persons in accordance with the requirements of the JORC Code. The information in this report that relates to Mineral Resources and Ore Reserves for the YGP was first reported by the Company in compliance with the JORC Code 2012 and NI43-101 in a market announcement released on 2 November 2017. The Company confirms that it is not aware of any new information or data that materially affect the information in that market release and that all material assumptions underpinning those estimates and the production targets, or the forecast financial information derived therefrom, continue to apply and have not materially changed.