



30 August 2017

Perseus Reports on a Financial Year of two contrasting Half Year periods

West African gold producer **Perseus Mining Ltd (ASX/TSX:PRU)** ("Perseus" or the "Company") releases its Financial Report for the financial year ending 30 June 2017 ("FY2017"). After a slow start to the financial year, the Company and its operating subsidiaries (the "Group") achieved a solid turnaround in operating performance in the second half of the 2017 financial year and remain on track to report increased production and earnings in 2018.

Perseus's cornerstone Edikan Gold Mine in Ghana ("Edikan") produced 100,218 ounces in the six months to June 2017, up 32% from 75,999 ounces in the preceding six months to December giving total annual production of 176,217 ounces. The improvement was due to increased mining rates, higher head grade of processed ore, significantly improved plant throughputs and rising recoveries following a significant capital works program completed in December 2016.

For the full FY2017, Perseus reported a net loss after tax of \$79.3 million or 7.49 cents per share after bringing to account:

- A foreign exchange loss of \$11.7 million, compared to a gain of \$9.2 million in the prior year (\$20.9 million turn around), mainly due to the appreciation of the Australian dollar against the US dollar and revaluation of an intercompany loan.
- A loss of \$27.5 million arising following the acquisition in April 2016 of Amara Mining plc ("Amara") including a one-off expense of \$24.5 million to settle outstanding claims made by Bayswater Construction and Mining ("BCM") against Amara in relation to mining services provided by BCM prior to 2015.
- A write down of capitalised exploration expenses totalling \$16.1 million incurred on tenements in Ghana following a write down of \$17.9 million in the prior year.
- A reduction in the carrying value of low grade stockpiles due to a net realisable value adjustment, leading to a negative impact on earnings of \$6.3 million, compared with a profit contribution of \$13.1 million in 2016.
- A depreciation and amortisation expense of \$56.2 million, an increase of 17% during the period due to higher rates of mining and processing, as well as an increase in the capital base following investment in plant, equipment and relocation housing.
- An income tax benefit of \$15.2 million due to the creation of tax losses.

As forecast, operating cash flows increased during the second half of FY2017 as revenues rose and unit costs reduced. Operating cash flows in the June 2017 Half Year rebounded to positive \$18.2 million from negative \$17.4 million in the first six months, despite the bulk of the payment of the legal settlement with BCM being paid in the second half of the year.

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At 30 June 2017, available cash totalled \$24.0 million following \$69.5 million in capital works at Edikan, \$74.0 million on the development of the Sissingué Gold Mine in Côte D'Ivoire ("Sissingué"), \$15.9 million in exploration and evaluation activities and \$26.5 million paid in the settlement of the legal claim.

The Company's net assets as at 30 June 2017 were \$715.3 million or \$0.69 per share after taking into account interest bearing liabilities of \$18.2 million.

Looking to the future, Group gold production in the 12 months to June 2018 is forecast to increase to 250-285,000 ounces, from 2017 production of 176,218 ounces. The projected increase is driven by higher output at Edikan, together with the commencement of production at Sissingué, which is scheduled to produce its first gold in the March 2018 quarter. Together, the two sites are expected to deliver a reduction in Group all-in site costs to US\$950-1,100/ounce in 2018, from US\$1,324/ounce in 2017.

Development of Sissingué remains on schedule and on budget and project development is funded through a US\$40 million project debt finance facility provide by Macquarie Bank Limited and cash reserves.

The Definitive Feasibility Study for Perseus's third prospective gold mine, the Yaouré Gold Project in Côte d'Ivoire, is continuing to advance on all fronts and is on schedule for completion in the December 2017 quarter. Preliminary results of the DFS confirm that key project parameters are either in line with or better than those estimated by Perseus prior to the acquisition of the project in April 2016.

Managing Director Jeff Quartermaine Comments:

"The 2017 financial year was challenging in many respects as reflected by today's financial results. However, having turned the corner in late 2016, we have continued to make steady progress during the first half of 2017 and we remain on track to become a multi-mine company consistently generating significant positive cash flows in the near term. Our operating parameters continue to improve steadily and we have an enviable project pipeline that should see our overall production, earnings and cash flow increase significantly in coming years."

For further information, please contact:

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Competent Person Statement

All production targets for Edikan and Sissingué referred to in this release are underpinned by estimated Ore Reserves which have been prepared by competent persons in accordance with the requirements of the JORC Code.

The Mineral Resource and Ore Reserve estimates for the EGM deposits was first reported by the Company in compliance with the JORC Code 2012 and NI43-101 in a market announcement released on 21 February 2017 and updated for depletion in its Financial Report released on 30 August 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. The Company further confirms that material assumptions underpinning the estimates of Ore Reserves described in “Technical Report — Central Ashanti Gold Project, Ghana” dated 30 May 2011 continue to apply.

The Mineral Resource estimate for Sissingué was first reported by the Company in compliance with the JORC Code 2012 and NI43-101 in a market announcement released on 15 December 2016. The Mineral Resource estimate for Bélé was first reported by the Company in compliance with the JORC Code 2012 and NI43-101 in a market announcement released on 20 February 2017. The Ore Reserve estimates for Sissingué and Bélé were first reported by the Company in compliance with the JORC Code 2012 and NI43-101 in a market announcement released on 31 March 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. The Company further confirms that material assumptions underpinning the estimates of Ore Reserves described in “Technical Report — Sissingué Gold Project, Côte d’Ivoire” dated 29 May 2011 continue to apply.

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.*