



ABN 27 106 808 986

Interim Financial Report

For the half-year ended
31 December 2018

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

Perseus Mining Limited
Contents

| | Page |
|-------------------------------------|-------------|
| Appendix 4D | 1 |
| Corporate directory | 2 |
| Directors' report | 3 |
| Interim financial statements | 8 |
| Directors' declaration | 28 |
| Independent auditor's review report | 29 |

Perseus Mining Limited
Appendix 4D
For the half-year ended 31 December 2018

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

Results for announcement to the market

| | | Six months to 31 December 2017 \$'000 | | Six months to 31 December 2018 \$'000 |
|--|-------------|--|----|--|
| Revenue from ordinary activities | Up 69% from | 166,665 | to | 281,643 |
| (Loss) / profit after tax from ordinary activities | Up 175% | (13,861) | to | 10,393 |
| (Loss) / profit after tax attributable to members | Up 173% | (14,286) | to | 10,438 |

Net tangible assets per share

| | 31 December 2017 | 31 December 2018 |
|-------------------------------|---------------------|-----------------------------|
| Net tangible assets per share | \$0.84 | \$0.87 |

Dividends / distributions

No interim dividend was paid or declared for the period ended 31 December 2018.

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

No control over entities has been gained or lost in the period ended 31 December 2018.

Explanation of results

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

Perseus Mining Limited
Corporate directory

Directors

| | |
|-----------------------------|---|
| Terence Sean Harvey | Non-Executive Chairman |
| Jeffrey Allan Quartermaine | Managing Director & Chief Executive Officer |
| Colin John Carson | Executive Director |
| John Francis Gerald McGloin | Non-Executive Director |
| Sally-Anne Georgina Layman | Non-Executive Director |

Company secretary

Martijn Paul Bosboom

Registered and corporate office

Level 2
437 Roberts Road
Subiaco, Western Australia 6008
Australia

PO Box 1578
Subiaco, Western Australia 6904
Telephone:
Facsimile:
Email address:
Website:

(61 8) 6144 1700
(61 8) 6144 1799
info@perseusmining.com
www.perseusmining.com

Ghana office

4 Chancery Court
147A Giffard Road, East Cantonments
Accra - Ghana

PO Box CT2576
Cantonments
Accra - Ghana
Telephone:
Facsimile:

(233) 302 760 530
(233) 302 760 528

Côte d'Ivoire office

Il Plateaux - Vallons
Rue J75/J44 Lot 1438 ilot 145
06 BP 1958 Abidjan 06, Côte d'Ivoire
Telephone:
Facsimile:

(225) 22 41 9126
(225) 22 41 0925

Share registry

Computershare Investor Services Pty Limited
Level 11
172 St Georges Terrace
Perth, Western Australia 6000
Australia
Telephone: (61 3) 9415 4000
Facsimile: (61 3) 9473 2500
www.computershare.com

Computershare Investor Services Inc.
Level 3
510 Burrard Street
Vancouver, British Columbia V6C3B9
Canada
Telephone: (1 604) 661 9400
Facsimile: (1 604) 661 9401
www.computershare.com

Auditors

PricewaterhouseCoopers
125 St Georges Terrace
Perth, Western Australia 6000

Stock exchange listings

Australian Securities Exchange
Toronto Stock Exchange
Frankfurt Stock Exchange

(ASX – PRU)
(TSX – PRU)
(WKN: AOB7MN)

Perseus Mining Limited

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the "group") consisting of Perseus Mining Limited ("Perseus" or the "company") and its controlled entities for the half-year ended 31 December 2018 (the "period"). Perseus is a company limited by shares that is incorporated and domiciled in Australia. Unless noted otherwise, all amounts stated are expressed in Australian dollars.

DIRECTORS

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

| | |
|-----------------------------|---|
| Terence Sean Harvey | Non-Executive Chairman |
| Jeffrey Allan Quartermaine | Managing Director and Chief Executive Officer |
| Colin John Carson | Executive Director |
| John Francis Gerald McGloin | Non-Executive Director |
| Sally-Anne Georgina Layman | Non-Executive Director |

RESULTS

The group's net profit after tax for the half-year ended 31 December 2018, after bringing to account a foreign exchange gain and income tax benefit, was \$10.393 million (31 December 2017: \$13.861 million loss). EBITDA for the half-year ended 31 December 2018 was up significantly from the comparative period to \$86.982 million (31 December 2017: \$31.106 million). EBITDA excluding foreign exchange gain and write offs was \$70.675 million, up from \$42.116 million in the comparative period. There was a \$114.978 million increase in revenue in the current period to \$281.643 million (31 December 2017: \$166.665 million) mainly attributable to the additional production from the group's second mine in Sissingué.

The foreign exchange gain improved by \$19.715 million in the current period to a gain of \$16.402 million (31 December 2017 loss: \$3.313 million) which related to the strengthening of the United States dollar against the Australian dollar compared to the weakening in the comparative period. The improvement from net loss after tax in the comparative period to net profit after tax is largely attributable to the effects of foreign exchange rates. Further information on the group's results can be found in the Statement of Comprehensive Income on page 9.

PRINCIPAL ACTIVITIES

The principal activities of the group during the period were gold production, mineral exploration and gold project development in the Republic of Ghana ("Ghana") and the Republic of Côte d'Ivoire ("Côte d'Ivoire"), both of which are located in West Africa.

REVIEW OF OPERATIONS

During the period, the group continued to focus its activities on its three key projects, namely the Edikan Gold Mine in Ghana ("EGM" or "Edikan"), Sissingué Gold Mine ("SGM" or "Sissingué") and Yaouré Gold Project ("Yaouré"), both in Côte d'Ivoire.

Edikan Gold Mine - Ghana

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

Operations

Operating results at the EGM for the six months to 31 December 2018 and the corresponding period in 2017 were as follows.

Perseus Mining Limited
Directors' report

| Parameter | Unit | Six months to 31 December 2018 | Six months to 31 December 2017 |
|----------------------|----------|--------------------------------------|--------------------------------------|
| Total material mined | kt | 15,386 | 20,434 |
| Ore mined | kt | 4,600 | 4,660 |
| Ore milled | kt | 3,551 | 3,462 |
| Milled head grade | g/t gold | 1.16 | 1.13 |
| Gold recovery | % | 79 | 86 |
| Gold produced | ounces | 104,736 | 108,008 |

A total of 15,386k tonnes of ore and waste were mined during the period from the Abenabna, Fetish, Esuajah North and Fobinsop pits, including 138k tonnes of oxide ore at 0.76g/t gold and 4,462k tonnes of fresh/transitional ore at 1.10g/t gold. Ore stockpiles (including both high and low-grade ore but not mineralised waste) plus crushed ore increased to 6,966k tonnes grading 0.65 g/t containing approximately 145,312 oz of gold during the six months to 31 December 2018. This stockpile is comprised of approximately 7% oxide ore and 93% primary ore.

Total mill throughput for the period was 3,551k tonnes of ore grading 1.16 g/t of gold, 3% higher grade than the 1.13 g/t from the corresponding period. The gold recovery rate of 79% resulted in the recovery of 104,736 ounces of gold. A total of 117,294 ounces of gold were sold at a weighted average price of US\$1,237/oz.

The 104,736 ounces of gold were produced at an all-in site cost (including production costs, royalties and sustaining capital) ("AISC") of US\$1,151/oz. The 3% decrease in gold production from 108,008 ounces in the corresponding period was a result of reduced recovery, whilst the 4% increase in AISC from US\$1,104/oz in the corresponding period was as a result of the lower production.

Sissingué Gold Project – Côte d'Ivoire

The SGM is located in the north of Côte d'Ivoire and lies within the Sissingué exploitation permit that covers an area of 446km² and is bounded on one side by the international border between Côte d'Ivoire and Mali. The exploitation permit is located along a structural/stratigraphic corridor within the Syama-Boundiali greenstone belt approximately 42km south-southwest of the Syama gold mine in Mali and 65km west northwest of Randgold's Tongon deposit in Côte d'Ivoire. The group owns an 86% interest in the SGM, with the remaining 10% a free carried interest held by the Ivorian government and 4% owned by local interests

Operations

Operating results at the SGM for the six months to 31 December 2018 and the corresponding period in 2017 were as follows.

| Parameter | Unit | Six months to 31 December 2018 | Six months to 31 December 2017 |
|----------------------|----------|--------------------------------------|--------------------------------------|
| Total material mined | kt | 2,562 | - |
| Ore mined | kt | 598 | - |
| Ore milled | kt | 699 | - |
| Milled head grade | g/t gold | 1.67 | - |
| Gold recovery | % | 95 | - |
| Gold produced | ounces | 35,819 | - |

A total of 2,562k tonnes of ore and waste were mined during the period, including 544k tonnes of oxide ore at 1.44g/t gold and 54k tonnes of fresh/transitional ore at 1.81g/t gold. Ore stockpiles (including both high and low-

grade ore but not mineralised waste) plus crushed ore decreased to 146k tonnes grading 0.65 g/t containing approximately 145,312 oz of gold during the six months to 31 December 2018. This stockpile is comprised of approximately 9% oxide ore and 91% primary ore.

Total mill throughput for the period was 699k tonnes of ore grading 1.67 g/t of gold. The gold recovery rate of 95%, resulted in the recovery of 35,819 ounces of gold. A total of 47,772 ounces of gold were sold at a weighted average price of US\$1,232/oz. The 47,772 ounces of gold were produced at an AISC of US\$717/oz.

Yaouré Gold Project – Côte d'Ivoire

Yaouré is located in central Côte d'Ivoire, 40 km northwest of Yamoussoukro, the political capital, and 270 km northwest of Abidjan, the economic capital, of Côte d'Ivoire. Yaouré lies within a rural area, 22 km east-northeast of the city of Bouaflé, and 5 km west of the Kossou dam and hydroelectric power station. The nearest villages to the site are Angovia and Allahou-Bazi, which are located approximately 1 km east of the proposed mine site.

Engineering

Based on the Front-End Engineering and Design ("FEED") study that was completed during the period, the total capital cost estimate for the development of Yaouré is US\$264m +/- 10% (including a contingency allowance of approximately 8%) which is within 0.5% of the Definitive Feasibility Study estimate. The FEED study assumes that the process plant will be developed under an Engineering, Procurement and Construction style contract.

Subsequent to the period end, Perseus issued a Notice of Award for the Engineering and Supply Contracts of the Yaouré Gold Project to the well-regarded Australian engineering company, Lycopodium Limited. The award of the Engineering and Supply contracts for Yaouré are subject to finalisation of the formal contract documentation, full project funding and receipt by Perseus of its Exploitation Permit.

Development Funding

Material progress was made in selecting banks to participate in a syndicate to lend Perseus a total of US\$200 million of conventional corporate debt finance. Following the assessment of offers from a broad range of lenders, credit committee approved offers were requested from a short list of international banks. By the end of the period, a number of credit approved offers were received, with further offers due to be received in the near future. The final composition of the bank syndicate is expected to be determined in the subsequent period and legal documentation advanced.

Permitting

Processing of Perseus's application for an Exploitation Permit ("EP") covering the Yaouré Project development area continued during the period, resulting in the confirmation of the tax exoneration status that will apply to the project company. Negotiation of the terms of a Mining Convention incorporating fiscal stability provisions for the Yaouré Project is expected to start immediately after the EP is granted, as will the payment of the final instalment of crop compensation.

ROUNDING

The amounts contained in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) where noted (\$'000) under the option available to the group under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. This legislative instrument applies to the group.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, PricewaterhouseCoopers, to provide the directors of Perseus with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on the next page and forms part of this directors' report for the half-year ended 31 December 2018.

Signed in accordance with a resolution of directors.



J A Quartermaine
Managing Director and Chief Executive Officer
Perth, 22 February 2019



Auditor's Independence Declaration

As lead auditor for the review of Perseus Mining Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Perseus Mining Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Craig Heatley', is positioned above the printed name.

Craig Heatley
Partner
PricewaterhouseCoopers

Perth
22 February 2019

PricewaterhouseCoopers, ABN 52 780 433 757
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Liability limited by a scheme approved under Professional Standards Legislation.

Perseus Mining Limited
Financial statements
31 December 2018

| Contents | Page |
|-------------------------------------|-------------|
| Financial statements | |
| Statement of comprehensive income | 9 |
| Statement of financial position | 10 |
| Statement of changes in equity | 11 |
| Statement of cash flows | 12 |
| Notes to the financial statements | 13-27 |
| Directors' declaration | 28 |
| Independent auditor's review report | 29 |

Table of notes to the consolidated financial statements:

| Performance | Operating assets and liabilities | Capital and financial risk management | Unrecognised items |
|-----------------------------------|---|---|--|
| 1. Segment information | 4. Inventories | 8. Derivative financial instruments | 12. Change in accounting policies and disclosures |
| 2. Other income / expenses | 5. Property, plant and equipment | 9. Interest-bearing liabilities | 13. Contingencies |
| 3. Income tax benefit / (expense) | 6. Mine properties | 10. Issued capital and reserves | 14. Commitments |
| | 7. Mineral interest acquisition and exploration expenditure | 11. Fair value of financial instruments | 15. Events occurring after the end of the reporting period |

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

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

Perseus Mining Limited
 Second Floor
 437 Roberts Road
 Subiaco, Western Australia 6008
 Australia

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

These interim financial statements were authorised for issue by the directors on 22 February 2019. The directors have the power to amend and reissue the interim financial statements.

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

Perseus Mining Limited
Statement of comprehensive income
For the half-year ended 31 December 2018

| | Notes | Consolidated | |
|--|-------|-----------------------|--------------------------------------|
| | | 31 Dec 2018 \$'000 | 31 Dec 2017 (restated*) \$'000 |
| Continuing operations | | | |
| Revenue | | 281,643 | 166,665 |
| Cost of sales | | (198,996) | (115,697) |
| Gross profit before depreciation and amortisation | | 82,647 | 50,968 |
| Depreciation and amortisation relating to gold production | 2 | (78,082) | (42,016) |
| Gross profit from operations | | 4,565 | 8,952 |
| Other income | 2 | 1,092 | 299 |
| Other expenses | | (5,251) | (2,567) |
| Administration and other corporate expenses | | (7,812) | (6,583) |
| Foreign exchange gain / (loss) | 2 | 16,402 | (3,313) |
| Depreciation and amortisation expense | 2 | (74) | (47) |
| Write-downs and impairment | 2 | (95) | (7,697) |
| Finance cost | 2 | (3,357) | (1,320) |
| Gain / (loss) before income tax | | 5,470 | (12,276) |
| Income tax benefit / (expense) | 3 | 4,923 | (1,585) |
| Net profit / (loss) after income tax | | 10,393 | (13,861) |
| Other comprehensive income / (loss) | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Exchange differences on translation of foreign operations | | 14,589 | 3,940 |
| Net changes in fair value of cash flow hedges | | (4,788) | (7,038) |
| Net changes in fair value of financial assets | | (522) | (1,552) |
| Income tax benefit relating to cash flow hedges | | 1,323 | 509 |
| Total comprehensive income / (loss) for the period | | 20,995 | (18,002) |
| Gain / (loss) attributable to: | | | |
| Owners of the parent | | 10,438 | (14,286) |
| Non-controlling interests | | (45) | 425 |
| | | 10,393 | (13,861) |
| Total comprehensive income / (loss) attributable to: | | | |
| Owners of the parent | | 20,807 | (18,223) |
| Non-controlling interests | | 188 | 221 |
| | | 20,995 | (18,002) |
| Basic earnings / (loss) per share | | 1.01 cents | (1.39) cents |
| Diluted earnings / (loss) per share | | 0.88 cents | (1.39) cents |

* See note 12(b) for details regarding the restatement as a result of a change in accounting policy.

The accompanying notes form part of these financial statements.

Perseus Mining Limited
Statement of financial position
As at 31 December 2018

| | Notes | Consolidated | |
|---|-------|-----------------------|------------------------|
| | | 31 Dec 2018 \$'000 | 30 June 2018 \$'000 |
| Current assets | | | |
| Cash and cash equivalents | | 63,095 | 31,166 |
| Receivables | | 16,634 | 21,876 |
| Inventories | 4 | 108,025 | 124,762 |
| Prepayments | | 10,981 | 14,905 |
| Derivative financial instruments | 8 | 1,607 | 5,076 |
| Total current assets | | 200,342 | 197,785 |
| Non-current assets | | | |
| Receivables | | 20,140 | 12,857 |
| Inventories | 4 | 27,224 | 20,061 |
| Financial assets at fair value through other comprehensive income | | 876 | 1,400 |
| Derivative financial instruments | 8 | - | 24 |
| Property, plant and equipment | 5 | 417,212 | 417,322 |
| Mine properties | 6 | 275,606 | 304,132 |
| Mineral interest acquisition and exploration expenditure | 7 | 12,113 | 9,607 |
| Total non-current assets | | 753,171 | 765,403 |
| Total assets | | 953,513 | 963,188 |
| Current liabilities | | | |
| Payables and provisions | | 81,145 | 100,064 |
| Derivative financial instruments | 8 | 5,492 | - |
| Interest bearing liabilities | 9 | 18,428 | 32,632 |
| Total current liabilities | | 105,065 | 132,696 |
| Non-current liabilities | | | |
| Provision | | 19,963 | 18,679 |
| Derivative financial instruments | 8 | 801 | - |
| Interest bearing liabilities | 9 | 50,320 | 52,383 |
| Deferred tax liability | | 40,907 | 45,116 |
| Total non-current liabilities | | 111,991 | 116,178 |
| Total liabilities | | 217,056 | 248,874 |
| Net assets | | 736,457 | 714,314 |
| Equity | | | |
| Issued capital | 10 | 721,003 | 720,943 |
| Reserves | | 66,029 | 54,485 |
| Accumulated losses | | (58,129) | (68,567) |
| Parent entity interest | | 728,903 | 706,861 |
| Non-controlling interest | | 7,554 | 7,453 |
| Total Equity | | 736,457 | 714,314 |

The accompanying notes form part of these financial statements.

Perseus Mining Limited
Statement of changes in equity
For the half-year ended 31 December 2018

| | Consolidated | | | | | | | | |
|---|----------------|--------------------|------------------------------|--------------------------------------|---------------------------|----------------|------------------------------------|--------------------------|-----------------|
| | Issued capital | Accumulated losses | Share based payments reserve | Foreign currency translation reserve | Asset revaluation reserve | Hedge reserve | Non-controlling interest's reserve | Non-controlling interest | Total equity |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Six months to 31 December 2018 | | | | | | | | | |
| Balance at 1 July 2018 | 720,943 | (68,567) | 24,645 | 24,809 | 739 | 4,550 | (258) | 7,453 | 714,314 |
| Profit for the period | - | 10,438 | - | - | - | - | - | (45) | 10,393 |
| Currency translation differences | - | - | - | 14,110 | - | - | - | 479 | 14,589 |
| Net change in financial assets at fair value through other comprehensive income | - | - | - | - | (522) | - | - | - | (522) |
| Net change in fair value of cash flow hedges | - | - | - | - | - | (4,410) | - | (378) | (4,788) |
| Income tax relating to components of other comprehensive income | - | - | - | - | - | 1,191 | - | 132 | 1,323 |
| Total comprehensive income | - | 10,438 | - | 14,110 | (522) | (3,219) | - | 188 | 20,995 |
| Exercise of warrants | 60 | - | - | - | - | - | - | - | 60 |
| Share based payments | - | - | 1,175 | - | - | - | - | (87) | 1,088 |
| Balance at 31 December 2018 | 721,003 | (58,129) | 25,820 | 38,919 | 217 | 1,331 | (258) | 7,554 | 736,457 |
| Six months to 31 December 2017 | | | | | | | | | |
| Balance at 1 July 2017 (restated*) | 720,739 | (42,714) | 22,858 | 93 | 1,412 | 1,902 | (258) | 5,830 | 709,862 |
| Loss for the period | - | (14,286) | - | - | - | - | - | 425 | (13,861) |
| Currency translation differences | - | - | - | 4,049 | - | - | - | (109) | 3,940 |
| Net change in financial assets at fair value through other comprehensive income | - | - | - | - | (1,552) | - | - | - | (1,552) |
| Net change in fair value of cash flow hedges | - | - | - | - | - | (6,893) | - | (145) | (7,038) |
| Income tax relating to components of other comprehensive income | - | - | - | - | - | 458 | - | 51 | 509 |
| Total comprehensive loss | - | (14,286) | - | 4,049 | (1,552) | (6,435) | - | 222 | (18,002) |
| Exercise of warrants | 17 | - | - | - | - | - | - | - | 17 |
| Share based payments | - | - | 940 | - | - | - | - | (26) | 914 |
| Balance at 31 December 2017 (restated*) | 720,756 | (57,000) | 23,798 | 4,142 | (140) | (4,533) | (258) | 6,026 | 692,791 |

* See note 12(b) for details regarding the restatement as a result of a change in accounting policy.

The accompanying notes form part of these financial statements.

Perseus Mining Limited
Statement of cash flows
For the half-year ended 31 December 2018

| | Notes | Consolidated | |
|--|-------|-----------------|-----------------|
| | | 31 Dec 2018 | 31 Dec 2017 |
| | | \$'000 | \$'000 |
| Operating activities | | | |
| Receipts in the course of operations | | 281,232 | 166,062 |
| Payments to suppliers and employees | | (196,296) | (142,604) |
| Interest received | | 678 | 335 |
| Net cash inflow from operating activities | | 85,614 | 23,793 |
| Investing activities | | | |
| Payments for exploration and evaluation expenditure | | (4,332) | (9,531) |
| Payments for property, plant and equipment | | (24) | (27) |
| Payments for mine properties | | (10,417) | (19,739) |
| Payments for assets under construction | | (11,712) | (41,919) |
| Proceeds on disposal of investment in listed entity | | - | 27 |
| Payments for security deposits | | (6,692) | - |
| Net cash outflow from investing activities | | (33,177) | (71,189) |
| Financing activities | | | |
| Proceeds from exercise of warrants | | 60 | 17 |
| Repayment of borrowings | | (19,910) | (6,415) |
| Proceeds from borrowings | | - | 51,112 |
| Borrowing costs | | (3,369) | (2,903) |
| Net cash (outflow) / inflow from financing activities | | (23,219) | 41,811 |
| Net increase / (decrease) in cash held | | 29,218 | (5,585) |
| Cash and cash equivalents at the beginning of the financial period | | 31,166 | 24,027 |
| Effects of exchange rate fluctuations on the balances of cash held in foreign currencies | | 2,711 | 3,391 |
| Cash and cash equivalents at the end of the financial period | | 63,095 | 21,833 |

The accompanying notes form part of these financial statements.

Perseus Mining Limited
Notes to the financial statements
For the half-year ended 31 December 2018

ABOUT THIS REPORT

The interim financial statements are for the consolidated entity consisting of Perseus Mining Limited and its subsidiaries (the “group” or the “consolidated entity”). Perseus Mining Limited is a listed for-profit public company, incorporated and domiciled in Australia. During the half-year ended 31 December 2018, the consolidated entity conducted operations in Australia, Ghana and Côte d’Ivoire.

These consolidated interim financial statements of the consolidated entity for the period ended 31 December 2018 are general purpose condensed financial statements prepared in accordance with the requirements of the Australian *Corporations Act 2001* (Cth) and AASB 134 ‘Interim Financial Reporting’.

These condensed interim financial statements do not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the annual financial report. It is recommended that these interim financial statements be read in conjunction with the annual financial report for the year ended 30 June 2018, and any public announcements made by the group during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

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

New and amended standards and interpretations adopted by the group

In the period ended 31 December 2018, the group has reviewed and adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or before 1 July 2018. The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the group’s annual consolidated financial statements for the year ended 30 June 2018. As a result of this review the directors have determined that there is no change necessary to group accounting policies.

Historical cost convention

These consolidated interim financial statements have been prepared under the historical cost convention, except for derivative instruments which are carried at fair value, as well as the disposal group which is carried at the lower of carrying value and fair value less cost of disposal.

Critical accounting estimates

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

Perseus Mining Limited
Notes to the financial statements
For the half-year ended 31 December 2018

SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

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

| | Note |
|--|-------------|
| Impairment | 2 |
| Unit-of-production method of depreciation/amortisation | 2 |
| Deferred stripping expenditure | 2 |
| Revenue | 2 |
| Income tax | 3 |
| Inventory | 4 |
| Mine properties | 6 |
| Exploration and evaluation expenditure | 7 |
| Derivative financial instruments | 8 |
| Share based payments | 10 |
| Measurement of fair value | 11 |

1. SEGMENT INFORMATION

(a) Description of segments

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

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

The group operated principally in four segments in 2018 being Edikan, Sissingué, Yaouré and Corporate / Other. The segment information is prepared in conformity with the group's accounting policies.

The group comprises the following main segments:

| | |
|-------------------|---|
| Edikan | Mining, mineral exploration, evaluation and development activities. |
| Sissingué | Mining, mineral exploration, evaluation and development activities. |
| Yaouré | Mineral exploration, evaluation and development activities. |
| Corporate / Other | Investing activities and corporate management. |

Revenue is derived from one external customer arising from the sale of gold bullion reported under both the Edikan and Sissingué reporting segments.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management team and board of directors of the parent entity.

Perseus Mining Limited
Notes to the financial statements
For the half-year ended 31 December 2018

1. SEGMENT INFORMATION – continued

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

| | Edikan | | Sissingué | | Yaouré | | Corporate / other | | Consolidated | |
|---|--------------------------------|---------------------------------|--------------------------------|---------------------------------|--------------------------------|---------------------------------|--------------------------------|---------------------------------|--------------------------------|---------------------------------|
| | 31 Dec 2018 \$'000 | 31 Dec 2017 \$'000 |
| Revenue and other income | | | | | | | | | | |
| Revenue | 200,357 | 166,665 | 81,286 | - | - | - | - | - | 281,643 | 166,665 |
| Other income | 602 | 173 | - | - | - | - | 490 | 126 | 1,092 | 299 |
| Total revenue and other income | 200,959 | 166,838 | 81,286 | - | - | - | 490 | 126 | 282,735 | 166,964 |
| Results | | | | | | | | | | |
| Operating profit / (loss) before income tax | (13,787) | 5,832 | 6,263 | 7,207 | (3,166) | 5,057 | 16,160 | (30,372) | 5,470 | (12,276) |
| Income tax benefit / (expense) | | | | - | | | | | 4,923 | (1,585) |
| Net profit / (loss) | | | | - | | | | | 10,393 | (13,861) |
| Included within segment results: | | | | | | | | | | |
| Impairment and write-offs | (59) | (52) | (25) | - | - | - | (11) | (7,645) | (95) | (7,697) |
| Depreciation and amortisation | (52,421) | (41,313) | (24,629) | - | - | (1) | (1,106) | (749) | (78,156) | (42,063) |
| Share based payments | (329) | (229) | (99) | - | - | - | (783) | (615) | (1,211) | (844) |
| Foreign exchange gain / (loss) | 1,145 | 536 | (4,009) | - | - | - | 19,266 | (3,849) | 16,402 | (3,313) |
| | As at 31 Dec 2018 \$'000 | As at 30 June 2018 \$'000 | As at 31 Dec 2018 \$'000 | As at 30 June 2018 \$'000 | As at 31 Dec 2018 \$'000 | As at 30 June 2018 \$'000 | As at 31 Dec 2018 \$'000 | As at 30 June 2018 \$'000 | As at 31 Dec 2018 \$'000 | As at 30 June 2018 \$'000 |
| Assets | | | | | | | | | | |
| Segment assets | 464,475 | 495,121 | 254,839 | 237,816 | 203,230 | 197,154 | 30,969 | 33,097 | 953,513 | 963,188 |
| Total segment assets | | | | | | | | | 953,513 | 963,188 |
| Total assets include: | | | | | | | | | | |
| Additions to non-current assets (other than financial assets) | 11,705 | 33,468 | 8,171 | 62,040 | 4,776 | 8,906 | 29 | 356 | 24,681 | 104,770 |
| Liabilities | | | | | | | | | | |
| Segment liabilities | 152,575 | 165,108 | 57,730 | 74,435 | 7,224 | 9,449 | (473) | (118) | 217,056 | 248,874 |
| Total segment liabilities | | | | | | | | | 217,056 | 248,874 |

Perseus Mining Limited
Notes to the financial statements
For the half-year ended 31 December 2018

2. OTHER INCOME / EXPENSES

| | Consolidated | |
|---|------------------|-----------------|
| | Six months ended | |
| | 31 Dec 2018 | 31 Dec 2017 |
| | \$'000 | \$'000 |
| Profit / (loss) before income tax has been determined after: | | |
| Other income: | | |
| Interest revenue | 1,092 | 284 |
| | <u>1,092</u> | <u>284</u> |
| Foreign exchange gain: | | |
| Unrealised foreign exchange gain / (loss) on translation of inter-company loans | 17,595 | (4,006) |
| Unrealised foreign exchange gain / (loss) on translation of VAT receivable | 223 | (155) |
| Unrealised foreign exchange (loss) / gain on other translations | (1,416) | 848 |
| | <u>16,402</u> | <u>(3,313)</u> |
| Finance costs: | | |
| Interest and finance charges | (3,357) | (1,320) |
| | <u>(3,357)</u> | <u>(1,320)</u> |
| Depreciation and amortisation: | | |
| Amortisation of stripping asset | (15,435) | (9,163) |
| Other depreciation and amortisation | (62,721) | (32,900) |
| | <u>(78,156)</u> | <u>(42,063)</u> |

SIGNIFICANT JUDGEMENTS AND ESTIMATES

(i) Impairment of assets

In determining whether the recoverable amount of each cash generating unit ("CGU") is the higher of fair value less costs of disposal or value-in-use against which asset impairment is to be considered, the group undertakes future cash flow calculations which are based on a number of critical estimates and assumptions, and reflect the life of mine ("LOM") operating and capital cost assumptions used in the group's latest budget and LOM plans:

- (a) Mine life including quantities of mineral Ore Reserves and Mineral Resources for which there is a high degree of confidence of economic extraction with given technology;
- (b) Estimated production and sales levels;
- (c) Estimate future commodity prices are based on brokers consensus forecast;
- (d) Future costs of production;
- (e) Future capital expenditure;
- (f) Future exchange rates; and/or
- (g) Discount rates based on the group's estimated before tax weighted average cost of capital, adjusted when appropriate to take into account relevant risks such as development risk etc.

Variations to expected future cash flows, and timing thereof, could result in significant changes to the impairment test results, which in turn could impact future financial results. The expected future cash flows of the CGUs are most sensitive to fluctuations in the gold price. The group has three CGUs that were tested for impairment, Edikan Gold Mine, the Sissingué Gold Mine and the Yaouré Gold Project.

At 31 December 2018 the group determined that there was an external indicator of impairment as the carrying value of its net assets exceeded its market capitalisation. As a result, an impairment assessment was conducted for the Edikan, Sissingué and Yaouré CGUs. The impairment testing was conducted as prescribed by AASB136 *Impairment of Assets*, by comparing the carrying values of CGUs to the recoverable amount as determined by the fair value less cost of disposal ("FVL COD") or value in use ("VIU") of that CGU. The group applied FVL COD for the Edikan, Sissingué and Yaouré CGUs, and found none of the three CGUs to be impaired following the impairment assessment, as the recoverable amounts were greater than the carrying values.

Perseus Mining Limited
Notes to the financial statements
For the half-year ended 31 December 2018

2. OTHER INCOME / EXPENSES – continued

SIGNIFICANT JUDGEMENTS AND ESTIMATES – continued

(i) Impairment of assets - continued

The key economic assumptions used in the Impairment review are as follows:

| | Units | Cash Generating Unit | | |
|-----------------------------|----------------|----------------------|---------------|---------------|
| | | Edikan | Sissingué | Yaouré |
| Gold price range | US\$ per ounce | 1,287 – 1,298 | 1,287 – 1,298 | 1,287 – 1,298 |
| Post-tax real discount rate | Percentage | 10.27% | 10.51% | 12.26% |
| AUD:USD exchange rate | Rate | 0.71 | 0.71 | 0.71 |
| USD:XOF exchange rate | Rate | - | 573 | 573 |

Gold prices

Gold prices have been estimated with reference to external analyst consensus views. These gold prices are reviewed at least semi-annually. Consideration of observable market data has also been taken into account in assessing the reasonableness of these gold prices. The gold price ranges represent forecast prices at different points in time over the life of mine of the relevant CGU.

Discount rate

The post-tax real discount rate was derived from the group's weighted average cost of capital adjusted for risks that are specific to each CGU being assessed for impairment.

Operating and capital costs

The operating and capital costs have been determined with reference to the group's latest LOM plan.

The group conducted the impairment review of the Edikan, Sissingué and Yaouré CGUs, and found that none of the CGUs were impaired as at 31 December 2018.

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

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

(iii) Deferred stripping expenditure

The group defers stripping costs incurred during the production stage of its operations. Significant judgement is required to distinguish between production stripping that relates to the extraction of inventory and what relates to the creation of a deferred waste asset. The group also identifies the separate components of the ore body. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify these components, and to determine the expected volumes of waste to be stripped and ore to be mined in each component and a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The group considers that the ratio of the expected waste to be stripped for an expected amount of ore to be mined, for a specific component of the ore body, is the most suitable production measure. Furthermore, judgements and estimates are also used to apply the units of production method in determining the amortisation of the stripping activity asset(s).

Perseus Mining Limited
Notes to the financial statements
For the half-year ended 31 December 2018

2. OTHER INCOME / EXPENSES – continued

SIGNIFICANT JUDGEMENTS AND ESTIMATES – continued

(iii) Deferred stripping expenditure - continued

Changes in a mine's life and design will usually result in changes to the expected stripping ratio (waste to mineral reserves ratio). Changes in other technical or economical parameters that impact reserves will also have an impact on the life of component ratio even if they do not affect the mine's design. Changes to the life of the component are accounted for prospectively.

(iv) Revenue recognition

The group applied AASB 15 Revenue from Contracts with Customers with effect from 1 July 2017 which resulted in a change in the accounting policy. The impact of the change was accounted for using the full retrospective transitional provisions and as a result, prior period comparatives were restated. Refer to note 12(b) for the financial impact.

Revenue is measured as the amount of consideration that the group expects to be entitled to in exchange for transferring goods to its customers. The group recognises revenue at a point-in-time when (or as) the performance obligations, as determined by contracts with the customers, have been satisfied. The following criteria are also applicable to specific revenue transactions:

Gold bullion sales

The group recognises revenue from gold bullion sales as its obligations are satisfied in accordance with an agreed contract between the group and its customers. Revenue is recognised at a point-in-time when the gold bullion has been credited to the metals account of the customer. It is at this point that control over the gold bullion has been passed to the customer and the group has fulfilled its obligations under the contract.

Interest income

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

3. INCOME TAX BENEFIT / (EXPENSE)

The income tax benefit that has been recognised in the statement of comprehensive income comprises \$4,923,053 (31 December 2017 income tax expense: \$1,585,081), fully relating to the EGM loss for the period.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

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

Perseus Mining Limited
Notes to the financial statements
For the half-year ended 31 December 2018

4. INVENTORIES

| | Consolidated | |
|---|---------------------|--------------|
| | 31 Dec 2018 | 30 June 2018 |
| | \$'000 | \$'000 |
| Current | | |
| Ore stockpiles – at cost | - | 691 |
| Ore stockpiles – at net realisable value | 35,934 | 30,481 |
| Gold in circuit – at cost | - | 14,283 |
| Gold in circuit – at net realisable value | 14,478 | - |
| Bullion on hand – at cost | - | 39,895 |
| Bullion on hand – at net realisable value | 14,717 | - |
| Materials and supplies | 42,896 | 39,412 |
| | 108,025 | 124,762 |

Inventory expense

The inventory expense during the six-month period ended 31 December 2018 was \$271.1 million (30 June 2018: \$334.2 million). A write back of inventories due to an increase in net realisable value recognised during the period ended 31 December 2018 amounted to \$0.4 million (30 June 2018: \$5.9 million) and is included in 'cost of sales' in the statement of comprehensive income.

| | Consolidated | |
|--|---------------------|--------------|
| | 31 Dec 2018 | 30 June 2018 |
| | \$'000 | \$'000 |
| Non-current | | |
| Ore stockpiles – at net realisable value | 27,224 | 20,061 |
| | 27,224 | 20,061 |

SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

Perseus Mining Limited
Notes to the financial statements
For the half-year ended 31 December 2018

5. PROPERTY, PLANT AND EQUIPMENT

| | Consolidated | |
|---|---------------------|--------------|
| | 31 Dec 2018 | 30 June 2018 |
| | \$'000 | \$'000 |
| Plant and equipment - at cost | 357,033 | 341,916 |
| Accumulated depreciation | (159,832) | (127,126) |
| | 197,201 | 214,790 |
| Reconciliation of plant and equipment: | | |
| Balance at the beginning of the period | 214,790 | 122,059 |
| Additions | 647 | 92 |
| Transferred from assets under construction | 914 | 117,269 |
| Depreciation | (26,135) | (30,844) |
| Disposals | (875) | - |
| Translation difference movement | 7,860 | 6,214 |
| Carrying amount at the end of the period | 197,201 | 214,790 |
| Assets under construction – at cost | 220,011 | 202,532 |
| Reconciliation of assets under construction: | | |
| Balance at the beginning of the period | 202,532 | 177,563 |
| Additions | 8,472 | 72,424 |
| Transferred to property, plant and equipment | (914) | (117,269) |
| Transferred to mine properties | (1,066) | (112,393) |
| Transferred from exploration | 2,291 | 177,566 |
| Assets written off | - | (7,189) |
| Translation difference movement | 8,696 | 11,830 |
| Carrying amount at the end of the period | 220,011 | 202,532 |
| Total property, plant and equipment net book value | 417,212 | 417,322 |

The \$7.2 million asset write off as at 30 June 2018 relates to a SAG mill that was originally intended to be utilised in a previous design of the Sissingué plant. That plant design was superseded making the SAG mill obsolete and as a result of failure to secure a willing buyer for the asset, it was written off.

Perseus Mining Limited
Notes to the financial statements
For the half-year ended 31 December 2018

6. MINE PROPERTIES

| | Consolidated | |
|--|---------------------|--------------|
| | 31 Dec 2018 | 30 June 2018 |
| | \$'000 | \$'000 |
| Mine properties - at cost | 619,483 | 580,538 |
| Accumulated depreciation | (343,877) | (276,406) |
| | 275,606 | 304,132 |
| Reconciliation of mine properties: | | |
| Balance at the beginning of the period | 304,132 | 254,240 |
| Additions | 11,124 | 28,101 |
| Transferred from assets under construction | 1,066 | 112,393 |
| Amortisation | (52,715) | (88,740) |
| Impairment | - | (10,151) |
| Translation difference movement | 11,999 | 8,289 |
| Carrying amount at the end of the period | 275,606 | 304,132 |

Commercial production at Sissingué was declared with effect from 31 March 2018. All pre-commercial production operational expenditure during the ramp up of the mine until commercial production commencement was capitalised to mine properties. There were no pre-commercial production gold bullion sales at Sissingué.

The \$10.2 million impairment expense as at 30 June 2018 related to the impairment of the Sissingué CGU. This impairment resulted from an update to the life of mine plan, a decrease in gold price assumptions and an increase in the discount rate applied.

The significant estimates and judgements underpinning impairment are detailed at note 2.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

7. MINERAL INTEREST ACQUISITION AND EXPLORATION EXPENDITURE

| | Consolidated | |
|--|---------------------|--------------|
| | 31 Dec 2018 | 30 June 2018 |
| | \$'000 | \$'000 |
| Mineral interest acquisition and exploration – at cost | 12,113 | 9,607 |
| Reconciliation: | | |
| Balance at the beginning of the period | 9,607 | 183,956 |
| Additions | 4,437 | 6,265 |
| Transferred to assets under construction | (2,291) | (177,566) |
| Exploration costs written off | (95) | (5,772) |
| Translation difference movement | 455 | 2,724 |
| Carrying amount at the end of the period | 12,113 | 9,607 |

Perseus Mining Limited
Notes to the financial statements
For the half-year ended 31 December 2018

7. MINERAL INTEREST ACQUISITION AND EXPLORATION EXPENDITURE - continued

The expenditure above relates principally to exploration and evaluation activities. The ultimate recoupment of this expenditure is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. The write-off of \$95,000 as at 31 December 2018 was mainly attributable to the non-discovery of commercially viable deposits at the Nsuaem prospect in Ghana.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

8. DERIVATIVE FINANCIAL INSTRUMENTS

| | Consolidated | |
|---|---------------------|---------------------|
| | 31 Dec 2018 | 30 June 2018 |
| | \$'000 | \$'000 |
| Current assets | | |
| Cash flow hedge asset | 945 | 5,076 |
| Financial assets at fair value through profit or loss | 662 | - |
| | 1,607 | 5,076 |
| Non-current assets | | |
| Cash flow hedge asset | - | 24 |
| | - | 24 |
| Current liabilities | | |
| Cash flow hedge liability | 5,492 | - |
| | 5,492 | - |
| Non-current liabilities | | |
| Cash flow hedge liability | 801 | - |
| | 801 | - |

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

Forward metal contracts – cash flow hedges:

The group uses cash flow designated USD forward metal contracts to manage movements in USD precious metal prices on its anticipated sales of gold. At 31 December 2018 there were cash flow designated hedge contracts in place for 101,000 ounces of gold with settlements scheduled between March 2019 and September 2020 with a weighted average price of US\$1,304/oz. The portion of the gain or loss on these hedging instruments that are determined to be an effective hedge are recognised and retained directly in equity. The ineffective portion will be recognised in the statement of comprehensive income.

The amount reclassified during the period to revenue in the income statement was a gain of \$4.6 million (30 June 2018 loss: \$0.8 million).

Perseus Mining Limited
Notes to the financial statements
For the half-year ended 31 December 2018

8. DERIVATIVE FINANCIAL INSTRUMENTS – continued

Financial assets at fair value – gold forward contracts:

Financial assets at fair value through profit or loss include the change in value of gold forward contracts put in place during the half-year ending 31 December 2018. The group uses USD forward metal contracts to hedge movements in USD precious metal prices on its anticipated sales of gold. When necessary, these contracts may be rolled over into new contracts at maturity, subject to counterparty credit approval.

At 31 December 2018 the group held forward metal contracts for 83,000 ounces of gold on spot deferred contracts with a weighted average price of US\$1,238/oz.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

9. INTEREST BEARING LIABILITIES

| | Consolidated | |
|--------------------------------|---------------------|--------------|
| | 31 Dec 2018 | 30 June 2018 |
| | \$'000 | \$'000 |
| Current | | |
| Interest-bearing loan facility | (i) 18,428 | 32,632 |
| | 18,428 | 32,632 |
| Non-current | | |
| Interest-bearing loan facility | (i) 50,320 | 52,383 |
| | 50,320 | 52,383 |

(i) Perseus’s Ghanaian subsidiary has a US\$30 million revolving line of credit provided by Macquarie Bank to improve flexibility in terms of managing working capital and fund high potential exploration activities in coming months. The amount drawn as at 31 December 2018 was US\$25 million.

In addition, a US\$40 million debt facility was provided by Macquarie Bank Limited for the Sissingué project. The amount outstanding on the facility was US\$23.5 million as at 31 December 2018.

Secured liabilities and assets pledged as security

The debt and hedge facilities provided by Macquarie Bank Limited to PMGL are secured by a guarantee and indemnity from the company covering all money due under the facilities as well as mortgages over certain of the company’s assets including its shares in Kojina Resources Ltd (“Kojina”) and receivables under intercompany loan arrangements with subsidiaries. In addition, the security package includes fixed and floating charges over all of the assets and undertakings of both Kojina and PMGL including a first ranking mortgage over the EGM tenements.

The debt and hedge facilities provided by Macquarie Bank Limited to Perseus Mining Côte d’Ivoire SA (“PMCI”) are secured by a guarantee and indemnity from the company covering all money due under the facilities as well as mortgages over certain of the company’s assets including its shares in Occidental Gold Pty Ltd (“Occidental”) and receivables under intercompany loan arrangements with subsidiaries. In addition, the security package includes fixed and floating charges over all of the assets and undertakings of both Occidental and PMCI including a first ranking mortgage over the Sissingué Gold Mine tenement.

Perseus Mining Limited
Notes to the financial statements
For the half-year ended 31 December 2018

10. ISSUED CAPITAL AND RESERVES

(a) Issued and paid-up share capital

| | Consolidated | |
|---|---------------------|-------------|
| | 31 Dec 2018 | 31 Dec 2017 |
| | \$'000 | \$'000 |
| 1,034,968,530 (31 December 2017: 1,033,258,283) ordinary shares, fully paid | 721,003 | 720,756 |

| | Consolidated | | | |
|---|---------------------|----------------------|-------------|---------------|
| | 31 Dec 2018 | | 31 Dec 2017 | |
| | \$'000 | Number | \$'000 | Number |
| Balance at the beginning of the period | 720,943 | 1,034,826,432 | 720,739 | 1,033,217,813 |
| Transaction costs arising from issue of securities | - | - | - | - |
| Share placement at issue price of \$0.44 pursuant to the exercise of warrants | 60 | 142,098 | 17 | 40,470 |
| Balance at the end of the period | 721,003 | 1,034,968,530 | 720,756 | 1,033,258,283 |

(b) Performance rights

Performance rights have been granted as follows:

| Grant date | End of measurement period | Expiry date | Exercise price | Balance at start of the period | Granted during the period | Exercised during the period | Forfeited during the period | Balance at the end of the period | Vested and exercisable at end of the period |
|-------------|---------------------------|-------------|----------------|--------------------------------|---------------------------|-----------------------------|-----------------------------|----------------------------------|---|
| | | | | <i>Number</i> | <i>Number</i> | <i>Number</i> | <i>Number</i> | <i>Number</i> | <i>Number</i> |
| 2018 | | | | | | | | | |
| 20-Nov-15 | 30-Jun-18 | 31-Dec-18 | nil | 500,000 | - | - | (500,000) | - | - |
| 12-Oct-16 | 30-Jun-18 | 31-Dec-18 | nil | 333,333 | - | - | (333,333) | - | - |
| 12-Oct-16 | 30-Jun-19 | 31-Dec-19 | nil | 333,333 | - | - | - | 333,333 | - |
| 25-Nov-16 | 30-Jun-18 | 30-Jun-25 | nil | 533,333 | - | - | (533,333) | - | - |
| 25-Nov-16 | 30-Jun-19 | 30-Jun-26 | nil | 533,333 | - | - | - | 533,333 | - |
| 25-Nov-16 | 31-Dec-18 | 30-Jun-19 | nil | 5,000,000 | - | - | - | 5,000,000 | - |
| 3-Aug-17 | 30-Jun-20 | 31-Dec-20 | nil | 8,508,334 | - | - | - | 8,508,334 | - |
| 24-Nov-17 | 30-Jun-20 | 31-Dec-20 | nil | 2,233,334 | - | - | - | 2,233,334 | - |
| 28-Nov-18 | 31-Dec-21 | 31-Dec-28 | nil | - | 733,333 | - | - | 733,333 | - |
| | | | | 17,975,000 | 733,333 | - | (1,366,666) | 17,341,667 | - |

SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

(c) Ordinary shares

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

(d) Nature and purpose of reserves

A summary of the transactions impacting each reserve has been disclosed in the statement of changes in equity.

Share based payments reserve

The share based payments reserve is used to record the fair value of options and performance rights issued but not exercised.

Perseus Mining Limited
Notes to the financial statements
For the half-year ended 31 December 2018

10. ISSUED CAPITAL AND RESERVES – continued

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity along with Perseus's share of the movement in its associate's foreign currency translation reserve.

Non-controlling interest's reserve

The non-controlling interest's reserve records the difference between the fair value of the amount by which the non-controlling interests were adjusted to record their initial relative interest and the consideration paid.

Hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

Asset revaluation reserve

The asset revaluation reserve is used to record the revaluation of the investment in Manas Resources Limited and Amani Gold Limited to fair value as the investment is designated as financial assets at fair value through other comprehensive income.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

There were no transfers between categories during the period.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Measurement of fair values

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Perseus Mining Limited
Notes to the financial statements
For the half-year ended 31 December 2018

12. CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

(a) New and amended standards and interpretations

AASB 9 Financial Instruments

The group has adopted AASB 9 with effect from 1 July 2018 and the following illustrates the impact of this standard to the group.

Financial assets and liabilities

The classification of financial assets and financial liabilities have not changed under AASB 9 as current accounting treatment is consistent with this new standard. The group's investments in Amani and Manas have been renamed "Financial assets at fair value through other comprehensive income" from "Available for sale financial assets", however the substance of the accounting treatment remains unchanged.

Hedge accounting

The changes to hedge accounting under this new standard does not have an impact on the group as previous accounting treatment is consistent with this new standard.

Impairment

The new model for determining impairment based on expected credit losses has not had an impact on the group as sales are to a large international institution with a strong credit rating, there has been no history of default and receivables are short-term in nature. However, the expected credit loss model for impairment determination has been identified as potentially affecting the inter-company loans between group companies, but this has been identified as not having an effect on a consolidated basis although it may have an impact on parent entity disclosures.

(b) Changes in accounting policies

AASB 15 Revenue from contracts with customers

AASB 15 replaced standards AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related interpretations (Interpretation 13 *Customer Loyalty Programmes*, Interpretation 15 *Agreements for the Construction of Real Estate*, Interpretation 18 *Transfers of Assets from Customers*, Interpretation 131 *Revenue—Barter Transactions Involving Advertising Services* and Interpretation 1042 *Subscriber Acquisition Costs in the Telecommunications Industry*). AASB 15 incorporates the requirements of IFRS 15 *Revenue from contracts with customers* issued by the IASB and developed jointly with the US Financial Accounting Standards Board ("FASB")

The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The group early adopted AASB 15 with effect from 1 July 2017. This change in accounting policy was accounted for using the full retrospective transition provisions and as a result the prior period comparatives have been restated. The impact of the early adoption of this standard was a change in the revenue recognition point from the mine gate to once the gold has been credited to the metal account of the customer.

The following tables show the effects of the restatements for each individual line item excluding those that were not affected by the changes. Consequently, the sub-totals and totals disclosed cannot be recalculated from the numbers disclosed below.

Perseus Mining Limited
Notes to the financial statements
For the half-year ended 31 December 2018

12. CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES - continued

| Statement of comprehensive income | 31 Dec 2017 (as originally presented) \$'000 | AASB 15 \$'000 | 31 Dec 2017 (restated) \$'000 |
|--|---|----------------------|-------------------------------------|
| Continuing operations | | | |
| Revenue | 170,399 | (3,734) | 166,665 |
| Cost of sales | (115,754) | 57 | (115,697) |
| Gross profit before depreciation and amortisation | 54,645 | (3,677) | 50,968 |
| Gross profit from operations | 12,629 | (3,677) | 8,952 |
| Loss before income tax expense | (8,600) | (3,676) | (12,276) |
| Income tax expense | (2,870) | 1,285 | (1,585) |
| Net loss after tax expense | (11,470) | (2,391) | (13,861) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Exchange differences on translation of foreign operations | 4,307 | (367) | 3,940 |
| Total comprehensive loss for the period | (15,244) | (2,758) | (18,002) |
| (Loss) / gain attributable to: | | | |
| Owners of the parent | (12,134) | (2,152) | (14,286) |
| Non-controlling interest | 664 | (239) | 425 |
| | (11,470) | (2,391) | (13,861) |
| Comprehensive loss attributable to: | | | |
| Owners of the parent | (15,740) | (2,483) | (18,223) |
| Non-controlling interest | 496 | (275) | 221 |
| | (15,244) | (2,758) | (18,002) |
| Basic loss per share | (1.18) cents | (0.33) cents | (1.39) cents |
| Diluted loss per share | (1.18) cents | (0.33) cents | (1.39) cents |

13. CONTINGENCIES

There were no other known contingent liabilities since the annual financial report for the half-year ended 31 December 2018.

14. COMMITMENTS

There has been no change to the commitments as disclosed in the group's 30 June 2018 annual report.

15. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

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

- (a) On 18 Jan 2019, 2,400,000 performance rights that had been issued to employees were vested under the terms of the company's Performance Rights Plan.

DIRECTORS' DECLARATION

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

- (a) The accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year then ended; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



J A Quartermaine
Managing Director and Chief Executive Officer
Dated at Perth, 22 February 2019



Independent auditor's review report to the members of Perseus Mining Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Perseus Mining Limited (the Company), which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declaration for Perseus Mining Limited. The Group comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Perseus Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

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1. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Craig Heatley

Craig Heatley
Partner

Perth
22 February 2019