



ABN 27 106 808 986

# Consolidated Financial Report

For the year ended  
**30 June 2018**

**Perseus Mining Limited**  
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**Perseus Mining Limited**  
**Appendix 4E**  
**For the year ended 30 June 2018**

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**Appendix 4E under the ASX Listing Rule 4.3A**

This information should be read in conjunction with Perseus's 2018 annual financial report which is enclosed.

**Results for announcement to the market**

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|   |                 | Twelve months<br>to<br>30 June 2017<br>\$'000 |    | Twelve months<br>to<br>30 June 2018<br>\$'000 |
|---|-----------------|---|----|---|
| Revenue from ordinary activities        | Up 36.5% from   | 276,924                                       | to | <b>378,076</b>                                |
| Loss after tax from ordinary activities | Down 70.0% from | (83,122)                                      | to | <b>(24,906)</b>                               |
| Loss after tax attributable to members  | Down 67.5% from | (79,613)                                      | to | <b>(25,853)</b>                               |

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**Net tangible assets per share**

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|                               | 30 June 2018  | 30 June 2017 |
|-------------------------------|---------------|--------------|
| Net tangible assets per share | <b>\$0.88</b> | \$0.80       |

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**Dividends / distributions**

No interim dividend was paid for the year ended 30 June 2018 and the directors have decided not to pay a final dividend for the year ended 30 June 2018.

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

There has been no change in control of entities during the year.

**Explanation of results**

See commentary on results in the Directors' report on pages 3-19.

**Perseus Mining Limited**  
**Corporate directory**

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|  |   |  |
|--|---|--|
| <b>Directors</b>                       | Terence Sean Harvey<br>Jeffrey Allan Quartermaine<br>Colin John Carson<br>Michael Bohm (Resigned 31 May 2018)<br>John Francis Gerald McGloin<br>Alexander John Davidson (Resigned 21 February 2018)<br>Sally-Anne Georgina Layman | Non-Executive Chairman<br>Managing Director & Chief Executive Officer<br>Executive Director<br>Non-Executive Director<br>Non-Executive Director<br>Non-Executive Director<br>Non-Executive Director          |
| <b>Company secretary</b>               | Martijn Paul Bosboom  |  |
| <b>Registered and corporate office</b> | Level 2<br>437 Roberts Road<br>Subiaco, Western Australia 6008<br>Australia<br><br>PO Box 1578<br>Subiaco, Western Australia 6904<br>Telephone:<br>Facsimile:<br>Email address:<br>Website:                                       | (61 8) 6144 1700<br>(61 8) 6144 1799<br>info@perseusmining.com<br>www.perseusmining.com  |
| <b>Ghana office</b>                    | 4 Chancery Court<br>147A Giffard Road, East Cantonments<br>Accra - Ghana<br><br>PO Box CT2576<br>Cantonments<br>Accra - Ghana<br>Telephone:<br>Facsimile:   | (233) 302 760 530<br>(233) 302 760 528   |
| <b>Côte d'Ivoire office</b>            | II Plateaux - Vallons<br>Rue J75/J44 Lot 1438 ilot 145<br>06 BP 1958 Abidjan 06, Côte d'Ivoire<br>Telephone:<br>Facsimile:  | (225) 22 41 9126<br>(225) 22 41 0925   |
| <b>Share registry</b>                  | Computershare Investor Services Pty Limited<br>Level 11<br>172 St Georges Terrace<br>Perth, Western Australia 6000<br>Australia<br>Telephone: (61 3) 9415 4000<br>Facsimile: (61 3) 9473 2500<br>www.computershare.com            | Computershare Investor Services Inc.<br>Level 3<br>510 Burrard Street<br>Vancouver, British Columbia V6C3B9<br>Canada<br>Telephone: (1 604) 661 9400<br>Facsimile: (1 604) 661 9401<br>www.computershare.com |
| <b>Auditors</b>                        | PricewaterhouseCoopers<br>125 St Georges Terrace<br>Perth, Western Australia 6000   |  |
| <b>Stock exchange listings</b>         | Australian Securities Exchange<br>Toronto Stock Exchange<br>Frankfurt Stock Exchange  | (ASX – PRU)<br>(TSX – PRU)<br>(WKN: AOB7MN)  |

## **Perseus Mining Limited**

### **Directors' report**

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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 year ended 30 June 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                            |
| Michael Bohm (Resigned 31 May 2018)                      | Non-executive director                        |
| John Francis Gerald McGloin                              | Non-executive director                        |
| Alexander John Davidson (Resigned 21 February 2018)      | Non-executive director                        |
| Sally-Anne Georgina Layman (Appointed 13 September 2017) | Non-Executive Director                        |

#### **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 financial year under review, Perseus produced a record quantity of gold from its two West African mines at a materially improved All-In Site Cost (including production costs, royalties and sustaining capital) (“AISC”) relative to prior periods and in the process demonstrated the success of its corporate plan to transform from being a single mine gold producer into a successful multi-mine, multi-jurisdictional West African focussed explorer, developer and gold producer.

Gold production for the Perseus Group during the year totalled 255,916 ounces at a weighted average AISC (including production costs, royalties and sustaining capital) of US\$1,039/oz. This result included 35,425 ounces of gold produced at the Sissingué Gold Mine in Cote d’Ivoire (“Sissingué” or “SGM”) at an AISC of US\$520/oz and 220,491 ounces of gold produced at the Edikan Gold Mine in Ghana (“Edikan” or “EGM”) at an AISC of US\$1,100/oz (Refer to details of EGM and SGM below).

Construction and commissioning of Sissingué, Perseus’s second gold mine, was completed ahead of schedule and on budget during the year. First ore was fed to the Sissingué mill on 13 January 2018, first gold poured on 26 January 2018 and mill performance tests passed on 12 February 2018. Following production ramp up, commercial production was declared with effect from 31 March 2018. At Sissingué, key management appointments were made progressively, various management systems, processes and procedures were installed, and spares and consumables procured in the lead-up to commercial production. Mining contractor, Société de Forage et de Travaux Public – Mining SA (“SFTP”) assembled its mining fleet and team on site and commenced mining activities in early November 2017.

The Definitive Feasibility Study (“DFS”) for the Yaouré Gold Project (“Yaouré”) in Côte d’Ivoire was completed on schedule during the year, confirming the high quality of the project and the significant contribution that it can potentially make as Perseus’s third gold mine. The DFS has demonstrated that Yaouré is technically robust, with attractive operating metrics based on an estimated Ore Reserve of 26.8 Mt of ore grading 1.76g/t gold containing 1.52 million ounces of gold.

**Perseus Mining Limited**  
**Directors' report**

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The Company's US\$20 million working capital debt facility provided to Perseus's Ghanaian subsidiary by Macquarie Bank Limited ("Macquarie") was converted into a US\$30 million revolving line of credit during the year to improve flexibility in terms of managing working capital and funding high potential exploration activities. The amount drawn as at 30 June 2018 was US\$25 million. In addition, the loan agreement for the US\$40 million Sissingué project debt facility provided by Macquarie was executed in July 2017. This facility was fully drawn down during the year to partially fund the development of the SGM and US\$2 million was repaid in June 2018, reducing the outstanding balance to US\$38 million as at 30 June 2018.

The group's Joint Ore Reserve Committee ("JORC") compliant Proved and Probable Ore Reserves as at 30 June 2018 at Edikan, Sissingué and Yaouré increased to 79.8 million tonnes ("Mt") containing 3.59 million ounces of gold after the recognition of Yaouré JORC compliant Proved and Probable Ore Reserves following the completion of the Yaouré DFS. At the end of the year, the group's JORC compliant Measured and Indicated Mineral Resources (inclusive of Ore Reserves) were 7.20 million ounces of gold and Inferred Mineral Resources were 2.43 million ounces of gold.

**EGM, 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 12 months to 30 June 2018 and the corresponding period ending in 2017 were as follows:

**Table 1: Key production statistics - EGM**

| <b>Parameter</b>          | <b>Unit</b> | <b>Twelve months<br/>to<br/>30 June 2018</b> | <b>Twelve months<br/>to<br/>30 June 2017</b> |
|---------------------------|-------------|--|--|
| Total ore and waste mined | kt          | 39,916                                       | 36,732                                       |
| Ore mined                 | kt          | 10,190                                       | 7,632  |
| Ore milled                | kt          | 7,135  | 6,828  |
| Milled head grade         | g/t gold    | 1.15   | 0.96   |
| Gold recovery rate        | %           | 83.4   | 83.5   |
| Gold produced             | ounces      | 220,491                                      | 176,218                                      |

A total of 16,750k bank cubic metres ("bcm") of ore and waste were mined during the period from the Chirawewa, Fetish, Esuajah North and Fobinso pits, including 346k tonnes of oxide ore at 1.01g/t gold and 9,844k tonnes of fresh/transitional ore at 1.09g/t gold. Ore stockpiles (including both high and low-grade ore but not mineralised waste) plus crushed ore increased to 5,917k tonnes grading 0.65 g/t containing approximately 124,555 oz of gold. This stockpile is comprised of approximately 22% oxide ore and 88% primary ore.

Total mill throughput for the year was 7,135k tonnes of ore grading 1.15 g/t of gold, 19.8% higher grade than the previous period. The gold recovery rate of 83.4%, was 0.1% lower than in the previous year. The improvement in milled ore grade and recovery rate reflects the fact that higher grade zones of ore were accessed, mined and processed during the year.

Gold production for the year was 220,491 ounces at an AISC of US\$1,100/oz. The 25.1% increase in gold production during the period, relative to the 2017 financial year, is mainly due to a higher average head grade of processed ore along with increased tonnage of ore milled. The AISC for the period of US\$1,100/oz is 16.9% lower than the previous period of US\$1,324/oz. This was due to lower capital expenditure following the completion of the capital works programme during the prior year, combined with higher gold production.

**Perseus Mining Limited**  
**Directors' report**

**Table 2: Key financial operating statistics - EGM**

| Parameter                   | Units                        | Twelve months to<br>30 June 2018 | Twelve months to<br>30 June 2017 |
|-----------------------------|------------------------------|----------------------------------|----------------------------------|
| Total gold sales            | Ounces                       | 210,956                          | 171,765                          |
| Average sales price         | US\$/oz of gold sold         | 1,288                            | 1,242                            |
| Production costs including: |                              |                                  |                                  |
| • Mining cost               | US\$/tonne of material mined | 3.30                             | 3.00                             |
| • Processing cost           | US\$/tonne of ore milled     | 9.65                             | 9.79                             |
| • G & A cost                | US\$M / month                | 1.54                             | 1.39                             |
| Royalties                   | US\$/oz                      | 82                               | 86                               |
| Sustaining Capital          | US\$/oz                      | 24                               | 138                              |
| <b>All-in site cost</b>     | <b>US\$/oz</b>               | <b>1,100</b>                     | <b>1,324</b>                     |

Unit mining costs increased by 10% relative to the prior period. Total mining costs increased due to adoption of a higher powder factor to improve rock breakage, greater grade control drilling density and greater haul distances as pits deepened. In unit cost terms, the effect of this increase was offset to a degree by an increase in the tonnes of material mined relative to the prior period.

Unit processing costs have decreased from the prior period due mainly to an increase in ore tonnes milled. General and administrative costs have also increased from the prior period due to the reallocation of legal fees from corporate to Edikan during the current year.

**Exploration**

During the period, 1,381 metres of reverse circulation (“RC”) and 2,355 metres of diamond core were drilled on various targets within the EGM project area. Drilling focussed on near-mine targets that could potentially add incremental benefit to the current operation, with limited testing of green-field targets. Auger drilling totalling 1,841 metres was also undertaken over several prospects where previous soil sampling was ineffective due to alluvial cover or disturbance from artisanal mining activity.

Exploration was largely driven by the major airborne geophysical survey and associated targeting exercise completed by consultants Corporate Geoscience Group in late 2016. RC and diamond drilling specifically targeted a number of resistivity anomalies and structural targets indicative of possible intrusive granite bodies similar to those hosting gold mineralisation in the Fobinso, Abenabena, Fetish and Esuajah North pits.

Late in the year a mineralised granite was intersected at depth beneath the Esuajah Gap prospect, located between the Esuajah North pit and the Esuajah South deposit. Two holes were drilled into this zone, with the second, EGRDD002, intersecting Esuajah-type granite at 430 metres downhole depth (~350 metres vertical), continuing for 165 metres to the end of the hole. For around 90 metres below the intrusive contact the granite was strongly altered, with pervasive disseminated pyrite + quartz-carbonate veining ± arsenopyrite. Gold grades were generally weak (averaging 0.19g/t) but comparable with gold values in the Esuajah North and South granites at comparable depths. In both of those granites, gold grades improve in the upper parts of the mineralised system, and it is anticipated this trend may be mirrored in the Esuajah Gap body. The EGRDD002 intersection is currently being followed up in a multi-hole program designed to test the projected near-surface extensions of the granite that might represent an open-pit opportunity.

**Perseus Mining Limited**  
**Directors' report**

*EGM Mineral Resource estimate:*

The Mineral Resource estimate for the EGM is prepared in accordance with the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The Mineral Resource estimate is summarised in the following table that reports the Mineral Resources by category, deposit and deposit type. The classification categories of Measured, Indicated and Inferred under the JORC Code are equivalent to the CIM categories of the same name (CIM, 2010).

The updated Measured and Indicated Mineral Resource estimate for Edikan is now estimated as 84.9Mt grading 1.10g/t gold, containing 3,025k ounces of gold, as at 30 June 2018. A further 6.8Mt of material grading 1.25g/t gold and containing a further 267k ounces of gold are classified as an Inferred Mineral Resource.

Previous estimates of open pit Mineral Resources at Edikan have been constrained only by the extents of drill coverage at each of the deposits. The estimates reported herein have been constrained to material lying within optimal pit shells derived using US\$1,800/oz gold price. The Company confirms that in all other respects there have been no material changes from the estimates of open pit Mineral Resources previously released. Readers are referred to ASX release "Perseus Updates Mineral Resource and Ore Reserve Estimates for Edikan Gold Mine" dated 21 February 2017 and the notes contained therein.

The Company confirms that there have been no material changes to the Esujah South and Heap Leach Mineral Resource estimates previously released. The above reference and the notes contained therein also apply to these estimates.

The Mineral Resource estimates for Edikan are tabulated below in Tables 3 and 4.

**Table 3: Edikan Gold Mine Measured and Indicated Mineral Resources** <sup>7,8,9</sup>

| Deposit                          | Deposit Type | Measured Resources |                |              | Indicated Resources |                |              | Measured + Indicated Resources |                |              |
|----------------------------------|--------------|--------------------|----------------|--------------|---------------------|----------------|--------------|--------------------------------|----------------|--------------|
|                                  |              | Quantity Mt        | Grade g/t gold | Gold '000 oz | Quantity Mt         | Grade g/t gold | Gold '000 oz | Quantity Mt                    | Grade g/t gold | Gold '000 oz |
| AF Gap <sup>1, 2, 3</sup>        | Open Pit     | 7.8                | 1.00           | 253          | 11.1                | 0.95           | 338          | 19.0                           | 0.97           | 591          |
| Fobinso <sup>1, 2, 3</sup>       | Open Pit     | 1.0                | 1.15           | 37           | 4.1                 | 0.98           | 130          | 5.1                            | 1.01           | 167          |
| Esujah North <sup>1, 2, 3</sup>  | Open Pit     | 6.7                | 0.95           | 206          | 9.4                 | 0.90           | 272          | 16.2                           | 0.92           | 478          |
| Fetish <sup>1, 2, 3, 4</sup>     | Open Pit     | 6.8                | 1.04           | 228          | 11.7                | 0.96           | 363          | 18.5                           | 0.99           | 591          |
| Bokitsi South <sup>1, 2, 3</sup> | Open Pit     | 0.8                | 2.64           | 67           | 0.6                 | 2.23           | 43           | 1.4                            | 2.47           | 110          |
| <b>Sub-Total</b>                 |              | <b>23.2</b>        | <b>1.06</b>    | <b>791</b>   | <b>37.0</b>         | <b>0.96</b>    | <b>1,146</b> | <b>60.2</b>                    | <b>1.00</b>    | <b>1,936</b> |
| Esujah South <sup>5</sup>        | U/ground     | 8.5                | 1.9            | 533          | 6.3                 | 1.7            | 353          | 14.8                           | 1.8            | 879          |
| Heap Leach <sup>6</sup>          | Stockpile    | -                  | -              | -            | 4.3                 | 0.6            | 89           | 4.3                            | 0.6            | 89           |
| Stockpiles                       | Stockpile    | 5.7                | 0.67           | 121          | -                   | -              | -            | 5.7                            | 0.67           | 121          |
| <b>Total</b>                     |              | <b>37.3</b>        | <b>1.19</b>    | <b>1,445</b> | <b>47.6</b>         | <b>1.03</b>    | <b>1,588</b> | <b>84.9</b>                    | <b>1.10</b>    | <b>3,025</b> |

Notes:

1. Based on January 2017 Mineral Resource models constrained to US\$1,800/oz pit shells.
2. Depleted to 30 June 2018 mining surfaces.
3. 0.4g/t gold cut-off applied.
4. Includes Bokitsi North lode.
5. 0.7g/t gold cut-off applied.
6. At zero cut-off grade.
7. All Mineral Resources are current as at 30 June 2018.
8. Mineral Resources are inclusive of Ore Reserves.
9. Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.

**Perseus Mining Limited**  
**Directors' report**

**Table 4: Edikan Gold Mine Inferred Mineral Resources** <sup>6,7</sup>

| Deposit                          | Deposit Type | Inferred Resources |                   |                 |
|----------------------------------|--------------|--------------------|-------------------|-----------------|
|                                  |              | Quantity<br>Mt     | Grade<br>g/t gold | Gold<br>'000 oz |
| AF Gap <sup>1, 2, 3</sup>        | Open Pit     | 0.1                | 1.04              | 4               |
| Fobinso <sup>1, 2, 3</sup>       | Open Pit     | 0.9                | 1.21              | 35              |
| Esujah North <sup>1, 2, 3</sup>  | Open Pit     | 0                  | 1.12              | 1               |
| Fetish <sup>1, 2, 3, 4</sup>     | Open Pit     | 0.5                | 0.98              | 14              |
| Bokitsi South <sup>1, 2, 3</sup> | Open Pit     | 0.6                | 1.13              | 20              |
| Esujah South <sup>5</sup>        | U/ground     | 4.7                | 1.30              | 192             |
| <b>Total</b>                     |              | <b>6.8</b>         | <b>1.25</b>       | <b>267</b>      |

Notes:

1. Based on January 2017 Mineral Resource models constrained to US\$1,800/oz pit shells.
2. Depleted to 30 June 2018 mining surfaces.
3. 0.4g/t gold cut-off applied.
4. Includes Bokitsi North lode.
5. 0.7g/t gold cut-off applied.
6. All Mineral Resources are current as at 30 June 2018.
7. Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.

*EGM Ore Reserve estimate:*

The Ore Reserve is summarised below in Table 5 and is based on the Edikan Mineral Resources as at 30 June 2018 and updated pit optimisation, design and scheduling of the Open Pit resources and Esujah South Ore Reserve based on underground mining methods.

All Ore Reserves are reported in accordance with the JORC Code. The Ore Reserve estimate is summarised in the following table that 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).

The updated Proved and Probable Ore Reserves for Edikan are now estimated as 44.7Mt grading 1.1g/t gold, containing 1,566k ounces of gold including 18.3Mt of ore grading 1.0g/t gold and containing 587k ounces of gold in the Proved category and a further 26.4Mt of ore grading 1.2g/t gold containing 979k ounces of gold classified as Probable Ore Reserves. Details of these estimates are shown in Table 5.

**Perseus Mining Limited**  
**Directors' report**

**Table 5: Edikan Gold Mine Ore Reserves** <sup>3,6,7</sup>

| Deposit                      | Proved Reserves |                |              | Probable Reserves |                |              | Proved & Probable Reserves |                |              | Strip Ratio <sup>5</sup> |
|------------------------------|-----------------|----------------|--------------|-------------------|----------------|--------------|----------------------------|----------------|--------------|--------------------------|
|                              | Quantity Mt     | Grade g/t gold | Gold '000 oz | Quantity Mt       | Grade g/t gold | Gold '000 oz | Quantity Mt                | Grade g/t gold | Gold '000 oz |                          |
| AF Gap <sup>1,4</sup>        | 4.3             | 1.09           | 150          | 4.7               | 1.11           | 169          | 9.0                        | 1.10           | 319          | 4.5                      |
| Fobinso <sup>1,4</sup>       | 0.2             | 1.22           | 7            | 0.5               | 0.98           | 17           | 0.7                        | 1.05           | 24           | 1.1                      |
| Esujah North <sup>1,4</sup>  | 3.0             | 1.07           | 103          | 4.6               | 0.99           | 148          | 7.6                        | 1.02           | 250          | 1.5                      |
| Fetish <sup>1,4</sup>        | 4.7             | 1.09           | 164          | 7.7               | 1.00           | 248          | 12.4                       | 1.03           | 412          | 2.4                      |
| Bokitsi South <sup>1,4</sup> | 0.5             | 2.72           | 42           | 0.1               | 2.60           | 10           | 0.6                        | 2.70           | 52           | 7.0                      |
| Subtotal                     | 12.6            | 1.15           | 466          | 17.7              | 1.04           | 591          | 30.3                       | 1.08           | 1,057        | 2.8                      |
| Esujah South                 | -               | -              | -            | 4.9               | 1.99           | 312          | 4.9                        | 1.99           | 312          | -                        |
| Heap Leach <sup>5</sup>      | -               | -              | -            | 3.8               | 0.6            | 76           | 3.8                        | 0.6            | 76           | -                        |
| Stockpile <sup>2</sup>       | 5.7             | 0.67           | 121          | -                 | -              | -            | 5.7                        | 0.67           | 121          | -                        |
| <b>TOTAL</b>                 | <b>18.3</b>     | <b>1.00</b>    | <b>587</b>   | <b>26.4</b>       | <b>1.15</b>    | <b>979</b>   | <b>44.7</b>                | <b>1.09</b>    | <b>1,566</b> | <b>1.9</b>               |

Notes:

1. Based on June 2018 Mineral Resource estimate which is depleted to 30th June 2018.
2. Based on stockpile balance as at 30 June 2018.
3. All Ore Reserves current as at 30 June 2018.
4. Variable gold grade cut-off based on recovery of each material type in each deposit: Oxide 0.40 – 0.55 g/t, Transition 0.55 – 0.75 g/t and Fresh 0.50 – 0.60 g/t.
5. Based on 0.40 g/t gold grade cut-off.
6. Inferred Mineral Resource is considered as waste, t : t.
7. Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.

## SGM, 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 446km<sup>2</sup> 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.

### Project development

Construction and commissioning of Sissingué was completed ahead of schedule and on budget. First ore was fed to the Sissingué mill on 13 January 2018, first gold poured on 26 January 2018 and mill performance tests passed on 12 February 2018. Following this production ramp up, commercial production was declared at the SGM effective 31 March 2018.

During the financial year there was a progressive build-up of key management staff, various management systems, processes and procedures (including the important maintenance systems) were installed, and spare parts and consumables procured in preparation for production. Mining contractor, SFTP also assembled its mining fleet and team on site and commenced mining activities in early November 2017.

**Operations**

Operating results for the year to 30 June 2018 at Sissingué were as follows:

**Table 6: Key production statistics - SGM**

| Parameter                 | Unit     | Twelve months<br>to<br>30 June 2018 <sup>1</sup> | Twelve months<br>to<br>30 June 2017 |
|---------------------------|----------|--|-------------------------------------|
| Total ore and waste mined | kt       | 3,541  | -                                   |
| Ore mined                 | kt       | 1,019  | -                                   |
| Ore milled                | kt       | 678  | -                                   |
| Milled head grade         | g/t gold | 1.70   | -                                   |
| Gold recovery rate        | %        | 96.1   | -                                   |
| Gold produced             | ounces   | 35,425   | -                                   |

Notes:

1. Production data includes production both pre and post declaration of commercial production on 31 March 2018.

A total of 1,963k bcm of oxide ore and waste was mined during the year from the Sissingué pit, with the ore grading an average of 1.15g/t gold. A reconciliation of ore estimated in the Sissingué Reserve model to that which was actually fed to the mill from the commencement of mining in November 2017 to the end of the period indicated 9% more tonnes of ore was mined at a 1% lower head grade, resulting in 8% more contained ounces of gold. While it is still relatively early in the life of the mine to be drawing definitive conclusions, the results of this reconciliation study are encouraging and suggest that the Sissingué ore body is performing to expectations.

Ore stockpiles plus crushed ore increased to 312k tonnes of oxide ore at an average grade of 0.67 g/t, containing approximately 6,689 ounces of gold. Total mill throughput for the year was 678k tonnes of ore at an average grade of 1.70 g/t gold. The average gold recovery rate achieved was 96.1%. Gold production for the year was 35,425 ounces at an AISC of US\$520/oz. Sissingué's AISC was generally in line with expectations for mining (US\$3.88/tonne) and processing (US\$9.69/tonne) of oxide ore. General and administrative costs were approximately US\$0.78 million a month during the current year.

**Table 7: Key financial operating statistics - SGM**

| Parameter                   | Units                           | Twelve months<br>to<br>30 June 2018 <sup>1,2</sup> | Twelve months<br>to<br>30 June 2017 |
|-----------------------------|---------------------------------|--|-------------------------------------|
| Total gold sales            | Ounces                          | 14,726   | -                                   |
| Average sales price         | US\$/oz of gold sold            | 1,330  | -                                   |
| Production costs including: |                                 |  |                                     |
|                             | US\$/tonne of material<br>mined | 3.88   | -                                   |
| • Mining cost               |                                 |  |                                     |
| • Processing cost           | US\$/tonne of ore milled        | 9.69   | -                                   |
| • G & A cost                | US\$M / month                   | 0.78   | -                                   |
| Royalties                   | US\$/oz                         | 57   | -                                   |
| Sustaining Capital          | US\$/oz                         | 1  | -                                   |
| <b>All-in site cost</b>     | <b>US\$/oz</b>                  | <b>520</b>   | <b>-</b>                            |

Notes:

1. Production data includes production both pre and post declaration of commercial production on 31 March 2018.

2. Financial data (i.e. sales and costs) includes only data relevant to the period post-declaration of commercial production.

## **Exploration**

Exploration on the Sissingué Exploitation Licence during the period focussed on auger geochemical drilling to further investigate bedrock sources of widespread gold-in-soil anomalism and surficial artisanal gold mining, with 4,775 metres of aircore ("AC") drilling completed to follow this up. The review concluded that auger drilling to penetrate the upper, in many cases demonstrably transported, parts of the laterite profile to sample the lower, in-situ levels of the regolith, would provide much better definition of bedrock gold distribution. This work provided better definition of targets for follow-up AC drilling.

AC drilling was conducted in two areas on the Sissingué permit: Papara North-Tiongoli, located some 25km north of Sissingué, and Zanikan-Gbeni, located approximately 20km south of Sissingué. In both areas extensive artisanal workings and gold-in-soil anomalism had been only lightly tested by previous RAB and AC drilling. At Papara North-Tiongoli the AC drilling, guided by auger drilling, returned encouraging results. In the Zanikan area AC drilling totalling 1,983 metres was completed to investigate quartz veining (stockwork) mineralisation hosted by Birimian metasediments (greywackes and siltstones) previously tested by shallow rotary air blast ("RAB") drilling. The AC drilling was designed to undercut the RAB drilling and investigate the stockwork mineralisation at greater depths, with three holes returning significant results. The results appear to indicate multiple steeply west-dipping mineralised structures over 200 metres in strike and open ended. Additional AC and RC drilling is planned at both locations to further investigate the lateral and depth extent of the mineralisation.

A total of 5,586 metres of AC drilling was completed on the Mahalé licence, located 40km southwest of the SGM plant site, with drilling focussed on gold-in-soil and magnetic anomalies along the sheared margins of the Fimbiasso (previously referred to as Bélé) syenogranite. Previous RAB drilling at one of these anomalies, now termed the Fimbiasso South zone, returned further encouraging results. Immediately subsequent to the period end results were returned from follow up AC drilling.

Further AC and RC drilling is planned to infill, extend and undercut the coverage between and along strike from the existing drilling at Fimbiasso South as well as other coincident magnetic and geochemical targets marginal to the Fimbiasso Granite. In addition to the drilling activities, consultants Southern Geoscience Consultants were retained to compile and reprocess all airborne geophysical data sets covering the Sissingué district (including Mahalé). Interpretation of this new compilation at various scales is revealing new insights into controls on regional gold distribution and geological relationships within the Syama-Sissingué region. The SGC interpretation will in turn support a targeting exercise by consultants CSA Global currently underway.

### *Combined SGM and Fimbiasso Mineral Resource estimate*

The Mineral Resource estimate for the SGM is prepared in accordance with the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The Mineral Resource estimate is summarised in the following table that reports the Mineral Resources by category, deposit and deposit type. The classification categories of Measured, Indicated and Inferred under the JORC Code are equivalent to the CIM categories of the same name (CIM, 2010).

Mineral Resource estimates for Sissingué have been updated by depleting them to the 30 June 2018 surveyed mining surface. Also, Mineral Resources at the Sissingué and Fimbiasso (previously Bélé) deposits have been constrained to optimal pit shells derived using a gold price of US\$1,800/oz; previously US\$2,400/oz was used. The Company confirms that in all other respects there have been no material changes from the estimates of Mineral Resources previously released. In respect of Sissingué, readers are referred to ASX release "Perseus Activities Update" dated 15 December 2016. In respect of the Fimbiasso deposits, readers are referred to ASX release "Perseus Updates Mineral Resource Estimate at Bélé" dated 20 February 2017.

The combined global Measured and Indicated Mineral Resource for the SGM is estimated as 12.7Mt grading 1.7g/t gold, containing 701k ounces of gold. A further 0.9Mt of material grading 2.0g/t gold, containing a further 61k

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ounces of gold are classified as Inferred Mineral Resources. Details of these estimates are shown below in tables 8 and 9.

**Table 8: Sissingué Gold Mine Measured and Indicated Mineral Resources** <sup>6,7,8,9</sup>

| Deposit                       | Deposit Type | Measured Resources |                |              | Indicated Resources |                |              | Measured + Indicated Resources |                |              |
|-------------------------------|--------------|--------------------|----------------|--------------|---------------------|----------------|--------------|--------------------------------|----------------|--------------|
|                               |              | Quantity Mt        | Grade g/t gold | Gold '000 oz | Quantity Mt         | Grade g/t gold | Gold '000 oz | Quantity Mt                    | Grade g/t gold | Gold '000 oz |
| Sissingué <sup>1,2,3</sup>    | Open Pit     | 3.9                | 2.1            | 258          | 6.9                 | 1.5            | 328          | 10.8                           | 1.7            | 586          |
| Fimbiasso East <sup>4,5</sup> | Open Pit     | -                  | -              | -            | 0.6                 | 2.3            | 47           | 0.6                            | 2.3            | 47           |
| Fimbiasso West <sup>4,5</sup> | Open Pit     | -                  | -              | -            | 0.9                 | 2              | 61           | 0.9                            | 2.0            | 61           |
| Stockpiles                    | Open Pit     | 0.30               | 0.70           | 6.6          | -                   | -              | -            | 0.30                           | 0.70           | 6.6          |
| <b>Total</b>                  |              | <b>4.2</b>         | <b>2.0</b>     | <b>265</b>   | <b>8.5</b>          | <b>1.6</b>     | <b>437</b>   | <b>12.7</b>                    | <b>1.7</b>     | <b>701</b>   |

Notes:

1. Based on December 2016 Mineral Resource model constrained to US\$1,800/oz pit shell.
2. Depleted to 30 June 2018 mining surface.
3. 0.6g/t gold cut-off applied to in situ material.
4. Based on February 2017 Mineral Resource models constrained to USD1,800 pit shells.
5. 0.8g/t gold cut-off applied.
6. Mineral Resources current at 30 June 2018.
7. Mineral Resources are inclusive of Ore Reserves.
8. Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.
9. Fimbiasso East and West were previously called Bélé East and West.

**Table 9: Sissingué Gold Mine Inferred Mineral Resources** <sup>6,7,8</sup>

| Deposit                       | Deposit Type | Inferred Resources |                |              |
|-------------------------------|--------------|--------------------|----------------|--------------|
|                               |              | Quantity Mt        | Grade g/t gold | Gold '000 oz |
| Sissingué <sup>1,2,3</sup>    | Open Pit     | 0.7                | 2.0            | 44           |
| Fimbiasso East <sup>4,5</sup> | Open Pit     | 0.2                | 1.9            | 10           |
| Fimbiasso West <sup>4,5</sup> | Open Pit     | 0.1                | 2.2            | 6            |
| <b>Total</b>                  |              | <b>0.9</b>         | <b>2.0</b>     | <b>61</b>    |

Notes:

1. Based on December 2016 Mineral Resource model constrained to US\$1,800/oz pit shell.
2. Depleted to 30 June 2018 mining surface.
3. 0.6g/t gold cut-off applied.
4. Based on February 2017 Mineral Resource estimate.
5. 0.8g/t gold cut-off applied.
6. Mineral Resources current at 30 June 2018.
7. Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.
8. Fimbiasso East and West were previously called Bélé East and West respectively

**SGM Ore Reserve estimate**

The updated Ore Reserve estimate for Sissingué is a depletion of the previous Ore Reserve estimate with mining activities commencing at Sissingué in November 2017. The updated Ore Reserve for Sissingué incorporates the ore depleted due to mining activities between November 2017 and June 2018.

All Ore Reserves are reported in accordance with the JORC Code. The Ore Reserve estimate is summarised in the following table that 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).

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The Company confirms that other than depletion, there have been no material changes from the estimates of Ore Reserve previously released. Readers are referred to ASX release "Perseus Updates Life of Mine Plan for Sissingué Gold Mine" dated 31 March 2017 for the previous estimation.

The combined SGM and Fimbiasso project updated Ore Reserve which is summarised below in table 10 is estimated at 5.2 million tonnes of ore, grading 2.2 g/t gold and containing 363 kozs of gold Table10 reports the Ore Reserves by category, deposit, 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).

**Table 10: Sissingué Gold Mine Ore Reserves** <sup>6,7,9</sup>

| Deposit                          | Proved Reserves |                   |                 | Probable Reserves |                   |                 | Proved & Probable Reserves |                   |                 | Strip Ratio <sup>6</sup> |
|----------------------------------|-----------------|-------------------|-----------------|-------------------|-------------------|-----------------|----------------------------|-------------------|-----------------|--------------------------|
|                                  | Quantity<br>Mt  | Grade<br>g/t gold | Gold<br>'000 oz | Quantity<br>Mt    | Grade<br>g/t gold | Gold<br>'000 oz | Quantity<br>Mt             | Grade<br>g/t gold | Gold<br>'000 oz |                          |
| Sissingué <sup>1,2,7</sup>       | 2.6             | 2.5               | 213             | 1.3               | 1.7               | 69              | 3.9                        | 2.2               | 282             | 2.5                      |
| Fimbiasso East <sup>3,4,10</sup> | -               | -                 | -               | 0.5               | 2.5               | 39              | 0.5                        | 2.5               | 39              | 5.1                      |
| Fimbiasso West <sup>3,5,10</sup> | -               | -                 | -               | 0.5               | 2.1               | 35              | 0.5                        | 2.1               | 35              | 5.8                      |
| Subtotal                         | 2.6             | 2.5               | 213             | 2.3               | 2.0               | 144             | 4.9                        | 2.3               | 357             | 3.1                      |
| Stockpile <sup>8</sup>           | 0.30            | 0.70              | 7               | -                 | -                 | -               | 0.30                       | 0.70              | 7               | -                        |
| <b>TOTAL</b>                     | <b>2.9</b>      | <b>2.3</b>        | <b>219</b>      | <b>2.3</b>        | <b>2.0</b>        | <b>144</b>      | <b>5.2</b>                 | <b>2.2</b>        | <b>363</b>      | <b>3.0</b>               |

#### Notes

1. Based on January 2017 Ore Reserve estimation.
2. Variable gold grade cut-off based on recovery of each material type: Oxide 0.45 g/t, Transition 0.85 g/t, Granite – Porphyry 0.85 g/t and Sediment 1.05 g/t.
3. Based on March 2017 Ore Reserve estimation.
4. Variable gold grade cut-off based on recovery of each material type: Oxide 0.65 g/t, Transition 0.95 g/t, Granite 1.05 g/t and Mafic 1.20 g/t.
5. Variable gold grade cut-off based on recovery of each material type: Oxide 0.65 g/t, Transition 1.00 g/t, Granite 1.05 g/t and Mafic 1.20 g/t.
6. Inferred Mineral Resource is considered as waste, t : t.
7. Allows for mining depletion to 30 June 2018.
8. Ore Reserve current as at 30 June 2018.
9. Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.
10. Fimbiasso East and West were previously called Bélé East and West respectively

## Yaouré, 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.

### Definitive Feasibility Study

The DFS for Yaouré, potentially Perseus's third gold mine, was completed on schedule during the year, confirming the high quality of the project and the significant contribution that it can potentially make when in production to Perseus's short to medium term plans. The DFS has demonstrated that Yaouré is technically very robust, with attractive operating metrics based on an estimated Ore Reserve of 26.8 Mt of ore grading 1.76g/t gold containing 1.52 million ounces of gold.

The DFS also demonstrated that Yaouré has potential for growth, being located on a 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 km<sup>2</sup> land holding.

### **Engineering**

Towards the end of the year, Perseus appointed the highly regarded engineering group, Lycopodium, to perform a front-end engineering and design ("FEED") study for Yaouré. Lycopodium is well known to Perseus having successfully engineered and built the Sissingué processing facility for Perseus ahead of schedule and on budget earlier in the year. The Yaouré FEED study, which is expected to improve the level of estimating accuracy of capital costs to a range of +/- 10%, is currently scheduled to be completed by early October 2018.

### **Development Funding**

With the assistance of its corporate advisor, Gresham Partners, Perseus evaluated a range of alternative mechanisms for funding the development of Yaouré with the aim of identifying the optimum funding package from the perspective of Perseus's shareholders. It was determined that provided there were no material changes in market and operating conditions at our two gold mines, the optimum result for shareholders will be achieved by Perseus using a combination of internally generated cash (possibly including proceeds from the exercise of warrants that mature in April 2019) and a quantity of debt funding to finance the development of Yaouré.

At year end, preparation of an Information Memorandum that is needed to approach and seek funding proposals from a range of pre-qualified debt providers, was well in hand. Activity associated with the arrangement of the targeted debt funding will be significantly escalated in the September 2018 quarter with the aim of having committed offers of funding to hand in the December 2018 quarter, when the board of Perseus is aiming to review all aspects of the Yaouré development and consider the full-scale development decision.

### **Permitting**

Perseus's application for the granting of an Exploitation Permit ("EP") covering the Yaouré project development area was lodged in January 2018 and subsequently reviewed by the Minerals Commission and forwarded for consideration by the Government's Inter-ministerial Committee. Final sign off and granting of the EP is expected to occur later in 2018.

### **YGP Mineral Resource estimate:**

The global Mineral Resource estimate for the YGP is prepared in accordance with the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The Mineral Resource estimate is summarised in the following table that reports the Mineral Resources by category, deposit and deposit type. The classification categories of Measured, Indicated and Inferred under the JORC Code are equivalent to the CIM categories of the same name (CIM, 2010).

The global Measured and Indicated Mineral Resource estimate for Yaouré is estimated as 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 11 reports the Mineral Resources by category, deposit and type.

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**Table 11: Yaouré Gold Project Indicated & Inferred Mineral Resources**

| Deposit                 | Deposit Type | Indicated Resources |                   |              | Inferred Resources |                   |              |
|-------------------------|--------------|---------------------|-------------------|--------------|--------------------|-------------------|--------------|
|                         |              | Quantity<br>Mt      | Grade<br>g/t gold | Gold<br>koz  | Quantity<br>Mt     | Grade<br>g/t gold | Gold<br>koz  |
| CMA                     | Open Pit     | 24.8                | 1.81              | 1,440        | 16                 | 1.2               | 600          |
| Yaouré                  | Open Pit     | 16.5                | 0.81              | 430          | 30                 | 0.9               | 900          |
| Sub-total               | Open Pit     | 41.3                | 1.41              | 1,870        | 46                 | 1.0               | 1,500        |
| Heap Leach <sup>5</sup> | Stockpile    | 1.8                 | 1.02              | 60           | -                  | -                 | -            |
| <b>Total</b>            |              | <b>43.1</b>         | <b>1.39</b>       | <b>1,930</b> | <b>46</b>          | <b>1.0</b>        | <b>1,500</b> |

Notes:

1. Based on November 2017 Mineral Resource estimate.
2. Depleted for previous mining.
3. 0.4g/t gold cut-off applied to in situ open pit material.
4. In situ resources constrained to US\$1,800/oz pit shell
5. Heap leach resources are stated at 0.0g/t gold cut-off; only heap components with average grade above 0.4g/t included.
6. Mineral Resources current at 30 June 2018.
7. Indicated Mineral Resources are inclusive of Ore Reserves.
8. Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.

**YGP Ore Reserve estimate:**

All Ore Reserves are reported in accordance with the JORC Code. The Ore Reserve estimate is summarised in the following table that 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).

The Ore Reserve for Yaouré Gold Project remains unchanged from that previously reported in June 2017. Readers are referred to ASX release "Perseus Declares Initial Resource and Reserve Estimates for Yaouré Gold Project" dated 3 November 2017 and the notes thereto.

The Proved and Probable Ore Reserves for Yaouré are estimated as 26.8Mt grading 1.76g/t gold, containing 1,518k ounces of gold including. Details of these estimates are shown in table 12.

**Table 12: Yaoure Gold Project Proved and Probable Reserves <sup>4,5,6</sup>**

| Deposit                   | Proved         |                      |             | Probable       |                      |              | TOTAL          |                      |              | Strip Ratio <sup>4</sup><br>t:t |
|---------------------------|----------------|----------------------|-------------|----------------|----------------------|--------------|----------------|----------------------|--------------|---------------------------------|
|                           | Quantity<br>Mt | Au grade<br>g/t gold | Gold<br>koz | Quantity<br>Mt | Au grade<br>g/t gold | Gold<br>koz  | Quantity<br>Mt | Au grade<br>g/t gold | Gold<br>koz  |                                 |
| CMA <sup>1,2</sup>        | -              | -                    | -           | 20.7           | 1.97                 | 1,310        | 20.7           | 1.97                 | 1,310        | 6.0                             |
| Yaouré <sup>1,2</sup>     | -              | -                    | -           | 4.7            | 1.04                 | 155          | 4.7            | 1.04                 | 155          | 2.6                             |
| Subtotal                  | -              | -                    | -           | 25.3           | 1.80                 | 1,466        | 25.3           | 1.80                 | 1,466        | 5.4                             |
| Heap Leach <sup>1,3</sup> | -              | -                    | -           | 1.4            | 1.14                 | 52           | 1.4            | 1.14                 | 52           | -                               |
| <b>TOTAL</b>              | -              | -                    | -           | <b>26.8</b>    | <b>1.76</b>          | <b>1,518</b> | <b>26.8</b>    | <b>1.76</b>          | <b>1,518</b> | <b>5.1</b>                      |

Notes:

1. Based on September 2017 Ore Reserve estimation.
2. Variable gold grade cut-off based on recovery of each material type: Weathered 0.40 g/t, Transition 0.45 g/t, Fresh CMA - 0.50 g/t and Fresh Yaouré - 0.65 g/t.
3. Based on 0.45 g/t gold grade cut-off.
4. Inferred Mineral Resource is considered as waste, t : t.
5. Ore Reserve current as at 30 June 2018.
6. Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.

### **Exploration**

Exploration at Yaouré during the year included soil sampling, augering and AC and RC drilling. AC and RC drilling was focussed on the investigation of potential strike extensions of the CMA structure to the northeast of the currently defined Yaouré deposit. In this area, termed the CMA-NE zone, airborne magnetics reveals the CMA structure trends beneath a thick carapace of transported laterite where soil geochemistry has been ineffective. AC drilling totalling over 18,000 metres was used to track the structure beneath the laterite cover for 2.5km to the limits of the Company's tenure. Limited RC drilling totalling 570 metres was also used to undercut several of the better AC intersections. Mineralisation within this zone consists of a basalt-hosted quartz-tourmaline-pyrite vein system extending over at least 600 metres based on results received to date, with many results still pending at period end.

AC, RC and diamond drilling was continued beyond year-end to further investigate the CMA-NE zone and the prospective structural contact between the host basalt sequence and the volcanoclastic basin overlying to the north.

At the Akasou prospect, 5km southwest of the Yaouré pit, soil sampling was undertaken to infill and extend a previously identified trend of gold-in-soil anomalism. At the Sayikro prospect, 2km southwest of the Yaouré pit, just over 1,500 metres of augering was completed over an area of strong soil anomalism and intense artisanal mining. Both of these areas, as well as the Filon Akakro and Allekran North prospects, will be subjected to AC drilling following the current wet season.

Auger drilling also commenced on the Yaouré East property to investigate previously identified gold-in-soil anomalism, with 550 metres of an ongoing program drilled during the period.

### **Other exploration permits, Côte d'Ivoire**

Soil sampling and augering programs were completed over the Kounahiri and Zouan Hounien permits respectively. On the Kounahiri property, some 650 soil samples were collected to better define gold anomalism along the major regional shear structure traversing the length of the property. The results from this work, as well as geological mapping to identify alteration and favourable structural settings, have been disappointing and consideration is being given to farming the permit out. At Zouan-Hounien 173 auger holes totalling 1117 metres were drilled over the strongest gold-in-soil anomalies. Results were disappointing, with a maximum assay of only 69 ppb Au. As a result this property has been returned to the permit holder. The Mbengué and Napié properties were both farmed out, with Manas Resources Limited funding and managing exploration on Mbengué, and Mako Gold Limited funding and managing exploration on Napié.

**GROUP ORE RESERVES AND MINERAL RESOURCES**

For consistency, all open pit Mineral Resource estimates are now constrained using pit shells generated at US\$1,800/oz, whereas different criteria were previously used at Edikan and Sissingué. Where applicable, Mineral Resources are depleted to 30 June 2018 mining surfaces.

**Table 13: Group Mineral Resources** <sup>1,2</sup>

| Deposit             | Measured Resources |                   |                 | Indicated Resources |                   |                 | Inferred Resources |                   |                 |
|---------------------|--------------------|-------------------|-----------------|---------------------|-------------------|-----------------|--------------------|-------------------|-----------------|
|                     | Quantity<br>Mt     | Grade<br>g/t gold | Gold<br>'000 oz | Quantity<br>Mt      | Grade<br>g/t gold | Gold<br>'000 oz | Quantity<br>Mt     | Grade<br>g/t gold | Gold<br>'000 oz |
| Edikan Gold Mine    | 37.3               | 1.19              | 1,445           | 47.6                | 1.03              | 1,588           | 6.8                | 1.25              | 267             |
| Sissingué Gold Mine | 4.2                | 2.0               | 265             | 8.5                 | 1.6               | 437             | 0.9                | 2.0               | 61              |
| Yaouré Gold Project | -                  | -                 | -               | 43.1                | 1.39              | 1,930           | 46                 | 1.0               | 1,500           |
| <b>Total</b>        | <b>41.5</b>        | <b>1.28</b>       | <b>1,710</b>    | <b>99.2</b>         | <b>1.24</b>       | <b>3,955</b>    | <b>53.7</b>        | <b>1.1</b>        | <b>1,830</b>    |

Notes:

- Notes to individual tables of resources presented below in respect of each project.
- Measured and Indicated Mineral Resources are inclusive of Ore Reserves.

All Ore Reserves are based on Life of Mine Plans that were current at the time of reporting and are quoted from face positions as at 30 June 2018.

**Table 14: Group Ore Reserves** <sup>1,2</sup>

| Deposit                     | Proved Reserves |                   |                 | Probable Reserves |                   |                 | Proved & Probable Reserves |                   |                 |
|-----------------------------|-----------------|-------------------|-----------------|-------------------|-------------------|-----------------|----------------------------|-------------------|-----------------|
|                             | Quantity<br>Mt  | Grade<br>g/t gold | Gold<br>'000 oz | Quantity<br>Mt    | Grade<br>g/t gold | Gold<br>'000 oz | Quantity<br>Mt             | Grade<br>g/t gold | Gold<br>'000 oz |
| Edikan Gold Mine            | 18.3            | 1.00              | 587             | 26.4              | 1.15              | 979             | 44.7                       | 1.09              | 1,566           |
| Sissingué Gold Mine         | 2.9             | 2.3               | 219             | 2.3               | 2.0               | 144             | 5.2                        | 2.2               | 363             |
| Yaouré Gold Project         | -               | -                 | -               | 26.8              | 1.76              | 1,518           | 26.8                       | 1.76              | 1,518           |
| <b>Total</b> <sup>1,2</sup> | <b>21.2</b>     | <b>1.18</b>       | <b>807</b>      | <b>55.4</b>       | <b>1.48</b>       | <b>2,641</b>    | <b>76.6</b>                | <b>1.40</b>       | <b>3,447</b>    |

Notes:

- Notes to individual tables of Ore Reserves presented below in respect of each project.
- The Company holds 90% of Edikan Gold Mine (EGM), 86% of Sissingué Gold Mine (SGM) and 90% of Yaouré Gold Project (YGP) after allowing for Government equity at mining stage.

## **GOVERNANCE AND INTERNAL CONTROLS FOR RESERVE AND RESOURCE ESTIMATES**

Perseus' Mineral Resource and Ore Reserve estimates are prepared by suitably qualified external consultants and Perseus personnel using industry standard techniques in accordance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) and the National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). The estimates are subject to internal controls and sign off processes both at a site and corporate level. Perseus continues to develop its internal systems and controls.

## **FINANCIAL RESULTS**

The group recorded a net loss after tax of \$24.9 million for the period, compared to a net loss after tax of \$83.1 million in the previous financial year. This is 70.0% less than the loss recorded in the prior period, and this improvement is predominantly due to the following:

- An increase in revenue resulting from a 3.9% higher achieved gold sales price, and 31.4% higher gold sales following the commencement of commercial production at Sissingué and higher production at Edikan;
- Offset by an impairment of asset values along with write-offs totalling \$24.3 million. These related to impairment of the carrying value of the Sissingué cash generating unit, mainly due to lower future expected gold prices; write-off of exploration assets due to the non-discovery of commercially viable deposits at the Mbengué and Napie prospects in Cote d'Ivoire; as well as impairment of the group's investment in Amani Gold Limited ("Amani") due to the significant decline in the fair value of Amani's shares; and
- A depreciation and amortisation expense of \$119.6 million, representing an increase of 113% during the period due to higher rates of mining and processing at Edikan, and the inclusion of the investment in Sissingué within the capital base.

### **Cash, bullion and investments**

Based on the gold price of US\$1,250/oz (30 June 2017: US\$1,242/oz) and an A\$:US\$ exchange rate of 0.7411 as at 30 June 2018 (30 June 2017: 0.7687), the total value of available cash and bullion on hand was \$89.8 million, (30 June 2017: \$43.0 million) including cash of \$31.2 million (\$24.0 million) and 34,763 ounces of bullion on hand (30 June 2017: 11,741 ounces), valued at A\$58.6 million (30 June 2017: \$19.0 million).

The group also held additional deposits totalling \$12.9 million (30 June 2017: \$12.4 million) supported performance guarantees for environmental rehabilitation of the EGM as at 30 June 2018. The ramping up of production at Edikan and commencement of commercial production at Sissingué has driven the increase in the cash and bullion balance. As at 30 June 2018, Perseus held available for sale financial instruments comprising security holdings in Manas Resources Limited ("Manas") of \$0.7 million (30 June 2017: \$0.5 million) and in Amani of \$0.7 million (30 June 2017: \$2.8 million).

### **Debt finance**

The Company's US\$20 million working capital debt facility provided by Macquarie to Perseus's Ghanaian subsidiary that owns the EGM was converted into a US\$30 million revolving line of credit during the year to improve flexibility in terms of managing working capital and to fund high priority exploration activities. The amount drawn under the facility as at 30 June 2018 was US\$25 million.

The US\$40 million Macquarie debt facility agreement to finance the Sissingué project was executed in July 2017. This facility was fully drawn down during the year and US\$2 million was repaid in June 2018, reducing the amount outstanding at 30 June 2018 to US\$38 million.

## Financial position

At 30 June 2018, the group had net assets of \$714.3 million (30 June 2017: \$709.9 million) and an excess of current assets over current liabilities of \$65.1 million (30 June 2017: \$3.9 million). The group's net assets remained relatively constant compared with the prior period predominately due to an increase in inventory offset by an increase in borrowings.

## Summary of financial information

|  | 30 June 2018<br>\$'000 | 30 June 2017<br>(restated)<br>\$'000 |
|--|------------------------|--------------------------------------|
| Net loss after tax                                     | (24,906)               | (83,122)                             |
| Net increase / (decrease) in cash held                 | 6,082                  | (128,365)                            |
| Net increase / (decrease) in bullion held <sup>1</sup> | 39,664                 | 4,200                                |
| Total assets   | 963,188                | 858,704                              |
| Shareholders' equity                                   | 714,314                | 709,862                              |

Notes:

- Based on the 30 June 2018 gold price of US\$1,250/oz (30 June 2017: US\$1,242/oz, 30 June 2016: US\$1,321/oz), an A\$:US\$ exchange rate of 0.7411 (30 June 2017: 0.7687, 30 June 2016: 0.7443), 34,763 ounces of bullion on hand (30 June 2017: 11,741 ounces, 30 June 2016: 8,322 ounces).

## CORPORATE

### Dividends

No dividends were paid during the period and the directors do not recommend payment of a dividend.

### Equity capital raising

During the year, there were no equity capital raising activities.

### Revenue protection

Of the 210,956 ounces of gold that were sold at EGM during the year at an average delivered price of US\$1,288/oz, 18,000 ounces were delivered under forward sales contracts at a weighted average price of US\$1,279/oz while the balance of the gold sales were made at prevailing spot prices or under short-term spot deferred contracts.

Of the 14,726 ounces of gold that were sold at SGM during the year at an average delivered price of US\$1,330/oz, 4,650 ounces were delivered under forward sales contracts at a weighted average price of US\$1,296/oz while the balance of the gold sales were made at prevailing spot prices or under short-term spot deferred contracts.

At 30 June 2018 there were cash flow designated hedge contracts in place for 129,350 ounces of gold with settlements scheduled between September 2018 and September 2020 with a weighted average price of US\$1,312/oz. These include 62,350 ounces of cash flow designated hedge contracts at an average price of US\$1,301/oz specifically to support the Sissingué project finance debt facility.

### Metal Markets

From 1 July 2017 to 30 June 2018 the price of gold increased by 0.7% to US\$1,250/oz, (30 June 2017: US\$1,242/oz). Subsequent to 30 June 2018, the gold price has averaged at \$1,224/oz in July and August 2018. The risk posed to Perseus's business by possible downward movements in the gold price has, to a certain extent, been mitigated by hedging of a part of its gold production, as outlined above. Perseus has no reason to believe that the gold market fundamentals will not remain consistent with the current position over the short to medium term.

## Outlook for financial year 2019

| Parameter                 | Units          | Production and Cost Guidance |                        |                          |
|---------------------------|----------------|------------------------------|------------------------|--------------------------|
|                           |                | December 2018<br>Half Year   | June 2019 Half<br>Year | Full Fiscal Year<br>2019 |
| Group Gold Production     | '000 Ounces    | 130-150,000                  | 130-150,000            | 260-300,000              |
| Average All-In Site Costs | \$US per ounce | 950-1,150                    | 925-1,025              | 925-1,050                |

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the group during the period not otherwise disclosed in this report or the consolidated financial statements.

## MATTERS SUBSEQUENT TO BALANCE DATE

Subsequent to the end of the period, the following event occurred:

- On 8 August 2018, 1,366,666 performance rights that had previously been issued to employees were determined not to have vested under the terms of the Perseus's Performance Rights Plan and as a result were cancelled.

## LIKELY DEVELOPMENTS

The likely developments in the operations of the group and the expected results of those operations in the coming financial year are as follows:

- The continued production of gold from the EGM and SGM in accordance with guidance;
- Completion of the Yaouré FEED study, receipt of an exploitation permit, finalising financing and taking a decision to develop the Yaouré gold project; and
- Ongoing mineral exploration.

Further commentary on planned activities over the forthcoming year is provided in the section of this report headed "Review of Operations".

## ENVIRONMENTAL REGULATIONS

Located in Ghana and Côte d'Ivoire, the group's mining and processing operations, exploration and development projects are not subject to any significant Australian environmental laws. They are however, subject to environmental laws, regulations and permit conditions that apply in the relevant jurisdictions. There have been no known material breaches of environmental laws or permit conditions by the group while conducting operations in these jurisdictions during the period.

## INFORMATION ON DIRECTORS

The names, qualifications, experience and special responsibilities of the directors in office during or since the end of the financial year are as follows. Directors were in office for the entire financial year unless otherwise stated.

### **Terence Sean Harvey – BA MA LL.B MBA – Non-executive chairman (Appointed 2 September 2009 and Non-executive chairman effective 1 April 2017)**

Mr. Sean Harvey has extensive experience in investment banking and the resources sector and brings valuable experience in capital markets to the board to assist the company as it seeks to broaden global market awareness of its growth into a West African gold producer. Mr. Harvey holds an Honours BA degree in Economics and Geography and an MA in Economics, both from Carleton University, an LLB from the University of Western Ontario and an MBA from the University of Toronto and he is a member of the Law Society of Upper Canada. Mr. Harvey is a member of the company's audit and risk committee and remuneration committee.

## **Perseus Mining Limited**

### **Directors' report**

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During the past three years he has also served as a director of the following listed companies:

*Other current directorships:*

|   |                           |
|---|---------------------------|
| Victoria Gold Corporation               | appointed 31 July 2007    |
| Serabi Gold plc                         | appointed 30 March 2011   |
| Sarama Resources Ltd                    | appointed 2 November 2011 |
| Abacus Mining & Exploration Corporation | appointed 1 April 2016    |
| Carube Copper Corp                      | appointed 24 May 2018     |

**Jeffrey Allan Quartermaine – BE (Civil), MBA, FCPA – Managing director and chief executive officer  
(Appointed 1 February 2013)**

The managing director and chief executive officer, Mr. Jeffrey Quartermaine, was appointed on 1 February 2013 after previously serving as the group's chief financial officer from 2010 to 2013. Jeff Quartermaine has more than 25 years of experience in senior financial and strategic management roles with ASX and TSX-listed resources companies. He is a Fellow of the Society of Certified Practising Accountant (FCPA) and holds both business management (MBA) and engineering qualifications (BE). Mr. Quartermaine has extensive experience as chief financial officer and chief operating officer of a number of Australian public companies. During the past three years he has not served as a director of any other listed companies.

**Colin John Carson – CPA, MAICD, FGIA, FCIS – Executive director  
(Appointed 24 October 2003)**

Mr. Colin Carson has served as a director and company secretary of a number of Australian public companies since the early 1980s. As an executive director of Perseus, Mr. Carson is responsible for the company's compliance, corporate and legal matters. During the past three years he has also served as a director of the following listed companies:

*Former directorships in the last 3 years:*

|                         |   |
|-------------------------|---|
| Manas Resources Limited | appointed 17 October 2007 and resigned 21 November 2016 |
|-------------------------|---|

**Michael Andrew Bohm – B.AppSc (Mining Eng.), MAusIMM – Non executive director  
(Appointed 15 October 2009 and resigned 31 May 2018)**

Mr. Michael Bohm is a mining engineer with extensive experience in operations management, evaluation and project development in Australia, Northern Europe, SE Asia, North and South America. Mr. Bohm has more than 24 years minerals industry experience predominantly in the gold, nickel and diamond sectors in both open pit and underground mining environments. Mr. Bohm served on the company's audit and risk, remuneration and technical committees. Mr. Bohm was the chairman of both the remuneration committee and the technical committee. During the past three years he has also served as a director of the following listed companies:

*Other current directorships:*

|                            |                             |
|----------------------------|-----------------------------|
| Ramelius Resources Limited | appointed 29 November 2012  |
| Cygnus Gold Limited        | Appointed 30 September 2016 |
| Mincor Resources NL        | appointed 1 January 2017    |

*Former directorships in the last 3 years:*

|                         |  |
|-------------------------|--|
| Tawana Resources NL     | appointed 1 August 2015 and resigned 21 October 2016 |
| Berkut Minerals Limited | Appointed 1 July 2016 and resigned 30 June 2017      |

**John Francis Gerald McGloin – BEng. – Non executive director  
(Appointed 19 April 2016)**

Mr. McGloin is a geologist and graduate of Camborne School of Mines. He has worked for many years in Africa within the mining industry before moving into consultancy and subsequently into investment banking. Mr. McGloin joined



**Perseus Mining Limited**  
**Directors' report**

**Company secretary**

**Martijn Paul Bosboom – LL.B, LL.M, FGIA, FCIS, MAICD**  
**(Appointed 18 November 2013)**

Mr. Martijn Bosboom is also the company's general counsel and has more than 25 years of international in-house and private practice experience in both common law and civil law jurisdictions. Mr. Bosboom holds a Bachelor of Laws from the University of Western Australia and a Master of Laws from the University of Leiden, the Netherlands. Mr. Bosboom is a fellow of the Governance Institute of Australia ("GIA") and has completed the GIA's Graduate Diploma of Applied Corporate Governance.

**DIRECTORS' MEETINGS**

The number of meetings of the directors and the number of meetings attended by each director during the year ended 30 June 2018 were:

|                    | Full meetings of directors |   | Audit committee meetings |   | Remuneration committee meetings |   | Technical committee meetings |   |
|--------------------|----------------------------|---|--------------------------|---|---------------------------------|---|------------------------------|---|
|                    | A                          | B | A                        | B | A                               | B | A                            | B |
| T. S. Harvey       | 8                          | 8 | 3                        | 3 | 2                               | 2 | -                            | - |
| J. A. Quartermaine | 8                          | 8 | -                        | - | -                               | - | -                            | - |
| C. J. Carson       | 8                          | 8 | -                        | - | -                               | - | -                            | - |
| M. A. Bohm         | 7                          | 7 | 3                        | 3 | 2                               | 2 | 2                            | 2 |
| J. F. McGloin      | 8                          | 8 | -                        | - | 1                               | 1 | 2                            | 2 |
| A. J. Davidson     | 5                          | 5 | -                        | - | -                               | - | 2                            | 2 |
| S.G. Layman        | 6                          | 6 | 2                        | 2 | 1                               | 1 | -                            | - |

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the relevant committee during the period.

**DIRECTORS' INTERESTS**

The following relevant interests in shares, options and performance rights of the company were held directly and beneficially by the directors as at the date of this report:

|                         | Name             | Fully paid ordinary shares | Options to acquire ordinary shares | Performance rights | Warrants |
|-------------------------|------------------|----------------------------|------------------------------------|--------------------|----------|
| Non-executive directors | T S Harvey       | 2,300,000                  | -                                  | -                  | -        |
|                         | J F McGloin      | 1,282,907                  | -                                  | -                  | 641,453  |
|                         | S G Layman       | -                          | -                                  | -                  | -        |
| Executive directors     | J A Quartermaine | 1,000,000                  | -                                  | 1,666,667          | -        |
|                         | C J Carson       | 1,482,300                  | -                                  | 1,300,000          | -        |

**ROUNDING**

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 (Rounding Instrument). The company is an entity to which the class order applies.

## **REMUNERATION REPORT (audited)**

This report outlines the remuneration arrangements in place for Perseus's non-executive directors, executive directors and other key management personnel ("KMP") for the financial year ended 30 June 2018 in accordance with the *Corporations Act 2001* (Cth) (the "Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report has been set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration (including link to performance)
3. Service agreements
4. Share-based compensation
5. Additional information

### **1. Principles used to determine the nature and amount of remuneration**

#### **Remuneration committee**

The remuneration committee (the "committee") assists the board to fulfill its responsibilities to shareholders and other stakeholders by ensuring the group has remuneration policies for fairly and competitively rewarding executives with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive management team. The committee's decisions on reward structures are based on the state of the market for experienced resources industry executives, remuneration packages for executives and employees performing comparative roles in other companies in the resources industry and the size and complexity of the group. The committee comprises two independent non-executive directors.

The committee is primarily responsible for making recommendations to the board on:

- non-executive directors' fees;
- executive remuneration (directors and other executives); and
- the over-arching executive remuneration framework and incentive plan policies.

For further information on the remuneration committee's role, responsibilities and membership the reader is referred to the committee's charter which is available on [www.perseusmining.com](http://www.perseusmining.com).

#### *Use of remuneration advisors*

Independent remuneration consultants are engaged by the committee from time to time to ensure the group's remuneration system and reward practices are consistent with current market practices. Various remuneration arrangements in relation to the company's key management personnel during previous financial years were based on recommendations made by an independent remuneration consultant, PJ Kinder Consulting. Advice was last sought out from PJ Kinder Consulting in 2014. Instructions and scope of terms for the engagement of PJ Kinder Consulting were issued by the committee.

The board is satisfied that the remuneration recommendations made by PJ Kinder Consulting were made free from undue influence by the member or members of the key management personnel to whom the recommendations relate. The board's reasons for stating so are:

- (i) that the instructions and terms were issued and set by the committee;
- (ii) PJ Kinder Consulting discussed its findings and recommendations with the committee only and not any members of the management;
- (iii) PJ Kinder Consulting's fees were based on a time basis at rates commensurate with such professional services; and
- (iv) the committee had satisfied itself that PJ Kinder Consulting is a qualified and well-credentialed firm for the purposes of such professional advice and is independent from Perseus.

**REMUNERATION REPORT - continued**

**Policy and structure of non-executive directors' remuneration**

Perseus's non-executive director remuneration policy aims to reward the directors fairly and responsibly with regards to the demands which are made on, and the responsibilities of, the directors. It seeks to set aggregate remuneration of non-executive directors at a level which provides Perseus with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

With the assistance of external remuneration consultants from time to time, the committee reviews fees paid to non-executive directors on an annual basis and makes recommendations to the board. The committee considers fees paid to non-executive directors of comparable companies when undertaking the annual salary review process.

Any equity components of non-executive directors' remuneration, including the issue of options or performance rights, are required to be approved by shareholders prior to award.

*Directors' fee limits*

The aggregate amount of fees payable to non-executive directors is subject to periodic review and approval by shareholders. The maximum amount of directors' fees that is currently approved for payment to non-executive directors is \$900,000 per annum (excluding the value of approved share based payments). The current limit of non-executive directors' fees was approved by shareholders at the 2016 Annual General Meeting.

*Directors' fees framework*

Non-executive directors' remuneration consists of a base fee plus 9.5% statutory superannuation where the director is covered by Australian superannuation guarantee legislation. Board fees are not paid to executive directors as the time spent on board work and the responsibilities of board membership are considered in determining the remuneration package provided to executive directors as part of their normal employment conditions.

The remuneration of the non-executive directors for the year ended 30 June 2018 is detailed below.

**Table 1 - Annual board and committee fees payable to non-executive directors**

| Position                                   | Annual fees <sup>1</sup> from 1 July<br>2017 to 30 June 2018<br>\$ | Annual fees <sup>1</sup> from 1 July<br>2018<br>\$ |
|--|--|--|
| <b>Base fees</b>                           |  |  |
| Chair                                      | 170,000  | 170,000  |
| Other non-executive directors              | 85,000   | 85,000   |
| <b>Additional fees</b>                     |  |  |
| Audit committee – chair                    | 17,000   | 17,000   |
| Audit committee – member                   | 8,500  | 8,500  |
| Remuneration committee – chair             | 12,750   | 12,750   |
| Remuneration committee - member            | 6,800  | 6,800  |
| Technical directors – chair <sup>2</sup>   | 14,785   | -  |
| Technical directors – members <sup>2</sup> | 7,650  | -  |

1 Inclusive of statutory superannuation where applicable.

2 Technical committee was disbanded on 1 June 2018.

*Directors' retirement benefits*

No retirement benefits are paid to non-executive directors other than the statutory superannuation contributions (if applicable) of 9.5% for the year ending 30 June 2018, required under Australian superannuation guarantee legislation.

## **REMUNERATION REPORT - continued**

### **Policy on executive directors' and other senior executives' remuneration – continued**

Perseus aims to reward its executive directors and other senior executives with a level of remuneration commensurate with their position and responsibilities within the group. In doing so, it aims to:

- provide competitive rewards that attract, retain and motivate high calibre executives;
- align executive rewards with the achievement of strategic objectives and performance of the group and the creation of value for shareholders;
- ensure total remuneration is competitive and reasonable; and
- comply with applicable legal requirements and appropriate standards of governance.

In consultation with external remuneration consultants, the group has developed an executive remuneration framework that is market competitive and is consistent with the reward strategy of the organisation.

### **Executive remuneration structure**

The executive remuneration framework has two components, namely:

- fixed salary package including base salary and benefits such as superannuation; and
- variable remuneration.

#### *Fixed salary package*

The fixed component of an executive's remuneration comprises base salary and superannuation contributions. The size of the executive's salary package is based on the scope of each executive's role, the level of knowledge, skill and experience required to satisfactorily perform the role and the individual executive's performance in the role. The proportion of an executive's total fixed salary package that is paid as superannuation is at the executive's discretion, subject to compliance with relevant superannuation guarantee legislation.

The committee annually reviews each executive's performance and benchmarks the executive's salary package against appropriate market comparisons using information and advice provided by external consultants. There are no guarantees of salary increases included in any executive's employment contract.

#### *Variable remuneration*

The objective of providing a variable "at risk" component within executive directors' and senior executives' total remuneration packages is to directly align a proportion of their remuneration to achievement of the group's financial and strategic objectives with the objective of creating shareholder wealth. The group has a remuneration framework which sets out the basis of short term incentives ("STI") and long term incentives ("LTI"), these are discussed further below.

Receipt of variable remuneration in any form is not guaranteed under any executive's employment contract.

The remuneration of executive directors and senior executives including both fixed and variable remuneration components for the year ended 30 June 2018 is detailed in table 2 of this report.

### **Short term incentives (STI)**

The STI is the annual component of the "at risk" reward opportunity, which takes the form of a cash bonus. The STI is reliant on the achievement of job related KPIs, both financial and non-financial, over a mix of group, function and individual targets. The objective of a STI is to align the performance of the individual to the short term operational and financial objectives of the group.

After the board evaluates and approves the group's operating budget for the forthcoming financial year, a series of physical, financial and business sustainability targets are set. These are used to determine the KPIs of the CEO and executives, their direct reports and so on down the organisation structure.

**REMUNERATION REPORT - continued**

**Short term incentives – continued**

These performance measures are chosen to represent the key drivers of short term success for the group with reference to the group's long-term strategy. The CEO and executives have a target STI opportunity of 0% up to 33% of fixed remuneration.

KPIs are determined in three discrete groups: Group KPIs; Functional KPIs and Personal KPIs. These KPIs and the weighting placed on each indicator for each individual will differ depending on the role performed in the group, weightings for the CEO and executives are shown below.

|           | Potential STI as a percentage of fixed remuneration | Allocation Factor |               |               |
|-----------|---|-------------------|---------------|---------------|
|           |   | Group KPIs        | Function KPIs | Personal KPIs |
| CEO       | 30%   | 75%               | 0%            | 25%           |
| Executive | 30%   | 50%               | 25%           | 25%           |

Group KPIs include achievement of defined targets relative to budget relating to gold production and weighted average all in site cost as well as targeted net cash flow per share and share price metrics.

Functional and personal KPIs are tailored to the individual with regard to their role in the group and may include physical, financial and social licence parameters relevant to the performance of their specific function as well as qualitative assessment of effort applied, leadership, communications, risk management etc. on a personal level.

On an annual basis the board will evaluate the group's physical, financial and business sustainability targets to determine whether these were met, give consideration to the group's external environment including the outlook for future years and then determine the STI pool that is available for payment to individuals. Group performance is measured on the basis of achievement of target, up to 110% of target and greater than 110% of target. Functional and Personal performance is ranked on a scale of 1 to 5, with 1 being unsatisfactory and 5 being outstanding. Each individual has a performance review conducted to measure performance against set Personal KPIs.

The remuneration committee will then, after consideration of performance against KPIs and recommendation from the CEO, determine the amount (if any) of the STI to recommend be paid to each executive. The board has discretion in the approval of STI outcomes.

STI payments are awarded after the conclusion of the assessment period and confirmation of financial results/individual performance for all eligible participants to the extent they reach specific targets that were set at the beginning of the financial year. The cash bonuses are inclusive of superannuation. Given the group has a LTI plan the board does not consider it appropriate to defer a portion of the STI.

STI payments were made in July 2017 as determined by the remuneration committee with due regard to the performance of the group and the respective individuals throughout the financial year ended 30 June 2017. These STI payments as a percentage of total remuneration in the financial year ended 30 June 2018 were as follows:

|             |    |           |    |            |    |
|-------------|----|-----------|----|------------|----|
| Mr Carson   | 7% | Ms Brown  | 8% | Mr Bosboom | 9% |
| Mr Thompson | 8% | Mr Scully | 5% | Mr Jones   | 8% |
| Mr Woodall  | 7% |           |    |            |    |

Although eligible to receive an STI payment under Perseus's STI plan in respect of the financial year ended 30 June 2017, the CEO and Managing Director elected not to accept any payment.

The STI framework is subject to regular review. An updated STI framework is being implemented for the June 2019 financial year.

**REMUNERATION REPORT - continued**

**Long term incentives (LTI)**

The LTI is the “at risk” component that takes the form of an equity based incentive designed to attract, motivate and retain high quality employees at the same time as aligning their interests with those of the group’s shareholders. LTI awards are made under the Performance Rights Plan (“PRP”) and give eligible employees rights to acquire shares in Perseus subject to vesting conditions.

The company uses both total shareholder return (“TSR”) and individual achievement of a KPI rating of 3 or more over the vesting period as the performance measure for the LTI. TSR was selected as the LTI performance measure as it links rewards of the executives to the creation of long term shareholder wealth. Furthermore vesting only occurs if the group performs in the 50<sup>th</sup> percentile of its peer group or above, the greater the outperformance the greater the reward to the executive. The CEO and executives have a target LTI opportunity of up to 40%.

The peer group is chosen for comparison, having considered the following factors: ASX listing; TSX listing; commodity focus; geographic focus; and business development stage. The peer group for currently outstanding performance rights is shown below:

|                           |                          |                         |                 |
|---------------------------|--------------------------|-------------------------|-----------------|
| Acacia Mining plc*        | Medusa Mining Limited    | Resolute Mining Limited | Semafo Inc      |
| Golden Star Resources Ltd | Endeavour Mining Corp    | Kingsgate Consolidated  | Regis Resources |
| Teranga Gold Corporation  | St Barbara Mines Limited |                         |                 |

\* Formerly African Barrick Gold plc

The peer group for performance rights to be issued in the future is shown below:

|                           |                         |                            |                           |
|---------------------------|-------------------------|----------------------------|---------------------------|
| Acacia Mining plc         | Endeavour Mining Corp   | Roxgold Inc.               | Hummingbird Resources Ltd |
| Golden Star Resources Ltd | Resolute Mining Limited | Asanko Gold Inc.           | Cardinal Resources Ltd    |
| Teranga Gold Corporation  | Semafo Inc              | West African Resources Ltd |                           |

Subject to the performance conditions, the vesting and measurement periods for the rights range from one and a half to three years from the commencement of the period. The vesting schedule is as follows:

| <b>Relative TSR over the vesting period</b>                      | <b>Proportion of performance rights vested</b> |
|--|--|
| Below the 50 <sup>th</sup> percentile                            | 0%   |
| At the 50 <sup>th</sup> percentile                               | 50%  |
| Between the 50 <sup>th</sup> and the 75 <sup>th</sup> percentile | Pro-rata between 50% and 100%                  |
| Above the 75 <sup>th</sup> percentile                            | 100%   |

TSR performance and individual KPI performance is monitored on an annual basis. If the hurdles are not achieved during the performance period, the rights may lapse and no re-testing of rights is permitted. Table 7 provides details of rights awarded and vested during the year and table 5 provides details of the value of rights awarded, exercised and lapsed during the year.

Where a participant ceases employment for any reason, any unvested rights will lapse and be forfeited, subject to the discretion of the board in the case of death, disability, retirement or redundancy. In the event of a change of control of the group all unvested rights automatically vest and are automatically exercised.

The new performance rights that were issued on 3 August 2017 have a 3-year vesting period.

**REMUNERATION REPORT – continued**

The table below shows the portion of the share-based payments expense for performance rights, illustrated at table 2, that lapsed as at the date of this report.

| Name                 | Share based payments<br>(Performance rights)<br>\$ |
|----------------------|--|
| Jeffrey Quartermaine | 141,297  |
| Colin Carson         | 51,175   |
| Christopher Woodall  | 68,417   |

**2. Details of remuneration (including link to performance)**

Details of the remuneration of the directors and the KMP of Perseus and the group are set out in table 2 below. KMP (as defined in AASB 124 *Related Party Disclosures*) of the group are those persons having authority and responsibility for planning, directing and controlling the major activities of Perseus and the group, directly or indirectly, including any director (whether executive or otherwise) of the parent company. At the date of this report, the KMP of the group are the directors of Perseus (refer to pages 19 to 21 for details) plus the following senior executives.

|                        |   |
|------------------------|---|
| Ms Elissa Brown        | Chief financial officer                         |
| Mr Christopher Woodall | Chief operating officer                         |
| Mr Martijn Bosboom     | General counsel and company secretary           |
| Mr Paul Thompson       | Group general manager – technical services      |
| Mr Matthew Scully      | Group general manager - project development     |
| Mr Douglas Jones       | Group general manager – exploration and geology |

**Company performance**

The board issues performance rights to the executives of the group, as well as other employees with a certain level of influence over the group's performance. The performance measures that drive the vesting of these LTIs include Perseus's TSR relative to its peer group and the individual's performance over the relevant vesting period. Perseus's performance during the 12 months to 30 June 2018 and the four previous years are set out below:

| Year ended 30 June                                      | 2018     | 2017<br>(restated) | 2016     | 2015    | 2014     |
|---|----------|--------------------|----------|---------|----------|
| Net (loss) / profit after income tax (\$'000)           | (24,906) | (83,122)           | (37,546) | 92,167  | (32,060) |
| Basic (loss) / profit per share (cents)                 | (2.50)   | (7.74)             | (5.74)   | 16.67   | (6.43)   |
| Market capitalisation (\$'000)                          | 444,975  | 299,633            | 522,420  | 226,462 | 218,562  |
| Closing share price (\$)                                | 0.43     | 0.29               | 0.52     | 0.43    | 0.42     |
| TSR – 1 year (%)  | 41.5     | (42.1)             | 27.0     | 2.4     | (5.7)    |
| TSR – 3 year rolling (%)                                | (2.3)    | (14.7)             | (33.5)   | (82.7)  | (84.2)   |
| Median peer group TSR – 1 year (%) <sup>1</sup>         | 15.7     | 0.2                | 85.4     | (22.0)  | 20.1     |
| Median peer group TSR – 3 year rolling (%) <sup>1</sup> | 80.4     | 43.1               | 56.4     | (65.5)  |          |

Notes:

1 Only relevant for the financial years after and including 2013 as prior years would have had a different peer group.

For all performance rights granted after 1 July 2016, based on the group's performance over the relevant period up to 30 June 2018, Perseus is below the 50<sup>th</sup> percentile of the peer group. If the ranking remains unchanged at the end of the measurement period of each performance right tranche granted, then, subject to the Board not exercising its discretion otherwise, performance rights would not vest regardless of achievement of minimum individual employee KPI rating requirements.

**Perseus Mining Limited**  
**Directors' report**

**REMUNERATION REPORT - continued**

**Table 2 - Directors' and executives' remuneration for the year ended 30 June 2018**

|  |             | Short-term       |               |                       | Long-term                   | Post-employment | Termination /        | Share-based    | Total            | Performance |
|--|-------------|------------------|---------------|-----------------------|-----------------------------|-----------------|----------------------|----------------|------------------|-------------|
|  |             | Salary / fees    | Cash bonus    | Annual leave movement | Long service leave movement | Superannuation  | resignation payments | payments       |                  | related     |
|  |             | \$               | \$            | \$                    | \$                          | \$              | \$                   | \$             | \$               | %           |
| <b>Non-executive directors</b>           |             |                  |               |                       |                             |                 |                      |                |                  |             |
| Sean Harvey <sup>(ii)</sup>              | <b>2018</b> | <b>187,404</b>   | -             | -                     | -                           | -               | -                    | -              | <b>187,404</b>   | -           |
|  | 2017        | 130,378          | -             | -                     | -                           | -               | -                    | -              | 130,378          | -           |
| Michael Bohm <sup>(iii)</sup>            | <b>2018</b> | <b>101,398</b>   | -             | -                     | -                           | <b>9,633</b>    | -                    | -              | <b>111,031</b>   | -           |
|  | 2017        | 110,616          | -             | -                     | -                           | 10,509          | -                    | -              | 121,125          | -           |
| John McGloin                             | <b>2018</b> | <b>93,783</b>    | -             | -                     | -                           | -               | -                    | -              | <b>93,783</b>    | -           |
|  | 2017        | 93,013           | -             | -                     | -                           | -               | -                    | -              | 93,013           | -           |
| Alexander Davidson <sup>(iv)</sup>       | <b>2018</b> | <b>60,042</b>    | -             | -                     | -                           | -               | -                    | -              | <b>60,042</b>    | -           |
|  | 2017        | 98,167           | -             | -                     | -                           | -               | -                    | -              | 98,167           | -           |
| Sally-Anne Layman <sup>(v)</sup>         | <b>2018</b> | <b>79,420</b>    | -             | -                     | -                           | -               | -                    | -              | <b>79,420</b>    | -           |
|  | 2017        | -                | -             | -                     | -                           | -               | -                    | -              | -                | -           |
| Reginald Gillard <sup>(ii)</sup>         | <b>2018</b> | -                | -             | -                     | -                           | -               | -                    | -              | -                | -           |
|  | 2017        | 126,918          | -             | -                     | -                           | 12,057          | -                    | -              | 138,975          | -           |
| <b>Sub-total non-executive directors</b> |             |                  |               |                       |                             |                 |                      |                |                  |             |
|  | <b>2018</b> | <b>522,047</b>   | -             | -                     | -                           | <b>9,633</b>    | -                    | -              | <b>531,680</b>   | -           |
|  | 2017        | 559,092          | -             | -                     | -                           | 22,566          | -                    | -              | 581,658          | -           |
| <b>Executive directors</b>               |             |                  |               |                       |                             |                 |                      |                |                  |             |
| Jeffrey Quartermaine                     | <b>2018</b> | <b>715,563</b>   | -             | <b>43,351</b>         | <b>17,298</b>               | <b>25,000</b>   | -                    | <b>290,070</b> | <b>1,091,282</b> | <b>27</b>   |
|  | 2017        | 705,563          | 55,542        | 37,159                | 14,653                      | 35,000          | -                    | 299,014        | 1,146,931        | 31          |
| Colin Carson                             | <b>2018</b> | <b>352,614</b>   | <b>40,959</b> | <b>11,229</b>         | <b>11,940</b>               | <b>24,000</b>   | -                    | <b>149,821</b> | <b>590,563</b>   | <b>32</b>   |
|  | 2017        | 345,250          | 28,444        | (3,733)               | 10,695                      | 24,000          | -                    | 174,149        | 578,805          | 35          |
| <b>Sub-total executive directors</b>     |             |                  |               |                       |                             |                 |                      |                |                  |             |
|  | <b>2018</b> | <b>1,068,177</b> | <b>40,959</b> | <b>54,580</b>         | <b>29,238</b>               | <b>49,000</b>   | -                    | <b>439,891</b> | <b>1,681,845</b> | <b>29</b>   |
|  | 2017        | 1,050,813        | 83,986        | 33,426                | 25,348                      | 59,000          | -                    | 473,163        | 1,725,736        | 32          |
| <b>Directors total</b>                   |             |                  |               |                       |                             |                 |                      |                |                  |             |
|  | <b>2018</b> | <b>1,590,224</b> | <b>40,959</b> | <b>54,580</b>         | <b>29,238</b>               | <b>58,633</b>   | -                    | <b>439,891</b> | <b>2,213,525</b> | <b>22</b>   |
|  | 2017        | 1,609,905        | 83,986        | 33,426                | 25,348                      | 81,566          | -                    | 473,163        | 2,307,394        | 24          |

Notes:

- (i) Vesting expense for the financial year of performance rights issues to directors and employees under the terms of the company's Performance Rights Plan approved by shareholders in November 2017. The fair value of the performance rights is calculated at the date of grant using the Monte-Carlo Simulation pricing model.
- (ii) Mr Reginald Gillard retired from the roles of Chairman and Director of Perseus from 31 March 2017. Following Mr Reginald Gillard's retirement, Mr Sean Harvey assumed the role of non-executive Chairman of Perseus's Board.
- (iii) Mr Michael Bohm resigned as Non-Executive Director on 31 May 2018.
- (iv) Mr Alexander Davidson resigned as Non-Executive Director on 21 February 2018.
- (v) Ms Sally-Anne Layman was appointed Non-Executive Director on 13 September 2017.

**Perseus Mining Limited**  
**Directors' report**

**REMUNERATION REPORT – continued**

**Table 2 - Directors' and executives' remuneration for the year ended 30 June 2018 – continued**

|                                      |             | Short-term       |                | Long-term             |                             | Post-employment | Termination / resignation payments | Share-based payments              | Total            | Performance related |
|--------------------------------------|-------------|------------------|----------------|-----------------------|-----------------------------|-----------------|------------------------------------|-----------------------------------|------------------|---------------------|
|                                      |             | Salary / fees    | Cash bonus     | Annual leave movement | Long service leave movement | Superannuation  |                                    | Performance Rights <sup>(i)</sup> |                  |                     |
|                                      |             | \$               | \$             | \$                    | \$                          | \$              |                                    | \$                                |                  | \$                  |
| <b>Senior executives</b>             |             |                  |                |                       |                             |                 |                                    |                                   |                  |                     |
| Elissa Brown                         | <b>2018</b> | <b>369,951</b>   | <b>43,519</b>  | <b>25,442</b>         | <b>9,459</b>                | <b>20,049</b>   |                                    | <b>67,399</b>                     | <b>535,819</b>   | <b>21</b>           |
|                                      | 2017        | 359,634          | 28,444         | (5,298)               | 7,431                       | 19,616          | -                                  | 165,012                           | 574,839          | 34                  |
| Christopher Woodall <sup>(iii)</sup> | <b>2018</b> | <b>425,000</b>   | <b>45,225</b>  | <b>33,235</b>         | <b>2,591</b>                | <b>25,000</b>   |                                    | <b>115,778</b>                    | <b>646,829</b>   | <b>25</b>           |
|                                      | 2017        | 326,679          | -              | 21,083                | 532                         | 27,551          | -                                  | 158,617                           | 534,462          | 30                  |
| Martijn Bosboom                      | <b>2018</b> | <b>315,000</b>   | <b>37,799</b>  | <b>(4,770)</b>        | <b>8,349</b>                | <b>25,000</b>   |                                    | <b>60,332</b>                     | <b>441,710</b>   | <b>22</b>           |
|                                      | 2017        | 304,500          | 25,369         | (9,730)               | 6,019                       | 35,000          | -                                  | 169,056                           | 530,214          | 37                  |
| Paul Thompson                        | <b>2018</b> | <b>315,000</b>   | <b>34,871</b>  | <b>5,423</b>          | <b>6,302</b>                | <b>25,000</b>   |                                    | <b>50,197</b>                     | <b>436,793</b>   | <b>19</b>           |
|                                      | 2017        | 287,875          | 30,750         | 9,407                 | 2,334                       | 35,000          | -                                  | 204,838                           | 570,204          | 41                  |
| Matthew Scully <sup>(iii)</sup>      | <b>2018</b> | <b>300,000</b>   | <b>19,031</b>  | <b>10,769</b>         | <b>1,687</b>                | <b>25,000</b>   |                                    | <b>25,042</b>                     | <b>381,529</b>   | <b>12</b>           |
|                                      | 2017        | 146,118          | -              | 13,545                | 256                         | 13,881          | -                                  | 100,725                           | 274,525          | 37                  |
| Adam Smits <sup>(iv)</sup>           | <b>2018</b> | -                | -              | -                     | -                           | -               |                                    | -                                 | -                | -                   |
|                                      | 2017        | 103,281          | -              | 8,080                 | (539)                       | 7,359           | 26,962                             | (33,413)                          | 111,730          | (30)                |
| Douglas Jones <sup>(v)</sup>         | <b>2018</b> | <b>300,000</b>   | <b>32,175</b>  | <b>(6,481)</b>        | <b>2,091</b>                | <b>25,000</b>   |                                    | <b>39,377</b>                     | <b>392,162</b>   | <b>18</b>           |
|                                      | 2017        | 265,000          | -              | 2,890                 | 470                         | 35,000          | -                                  | 65,370                            | 368,730          | 18                  |
| Brent Horochuk <sup>(vi)</sup>       | <b>2018</b> | -                | -              | -                     | -                           | -               |                                    | -                                 | -                | -                   |
|                                      | 2017        | 193,160          | 49,770         | 22,023                | -                           | -               | -                                  | (60,404)                          | 204,549          | (5)                 |
| <b>Senior executives total</b>       | <b>2018</b> | <b>2,024,951</b> | <b>212,620</b> | <b>63,618</b>         | <b>30,479</b>               | <b>145,049</b>  | -                                  | <b>358,125</b>                    | <b>2,834,842</b> | <b>20</b>           |
|                                      | 2017        | 1,986,247        | 134,333        | 62,000                | 16,503                      | 173,407         | 26,962                             | 769,801                           | 3,169,253        | 29                  |

Notes:

- (i) Vesting expense for the financial year of performance rights issues to directors and employees under the terms of the company's Performance Rights Plan approved by shareholders in November 2017. The fair value of the performance rights is calculated at the date of grant using the Monte-Carlo Simulation pricing model.
- (ii) Mr Christopher Woodall was appointed Chief Operating Officer on 19 September 2016.
- (iii) Mr Matthew Scully was appointed Project Director on 5 December 2016.
- (iv) Mr Adam Smits resigned as Project Director on 11 November 2016 and forfeited his performance rights.
- (v) Between 13 March 2016 and 31 May 2016, fees for exploration management services provided by Mr Douglas Jones were charged to Perseus by Eburnean Geological Management Pty Ltd, a company in which Mr Jones has a beneficial interest. From 19 April 2016, Mr Jones was appointed Group General Manager – Exploration.
- (vi) Mr Brent Horochuk resigned as Executive General Manager on 22 October 2016 and forfeited his performance rights.

## REMUNERATION REPORT - continued

### 3. Service agreements

Remuneration and other terms of employment for the chief executive officer and managing director, chief financial officer and the other KMP are also formalised in employment agreements. Major provisions of the agreements relating to remuneration of the CEO are set out below.

#### **Remuneration of the chief executive officer, Mr. Jeffrey Quartermaine**

Mr. Jeffrey Quartermaine was appointed on 1 February 2013 as managing director and CEO and an employment contract with Perseus was entered outlining the terms of his employment.

Under his employment contract with Perseus, Mr. Quartermaine is currently entitled to receive fixed remuneration including a base salary and superannuation, plus variable remuneration including performance rights, options and cash bonuses determined under the STI/LTI plans and at the discretion of the board. A summary of these and other key terms of Mr. Quartermaine's employment contract are described below and set out in table 3 below.

*Fixed remuneration* – Mr. Quartermaine's annual salary is set at \$740,563 per annum, inclusive of statutory superannuation entitlements.

*Variable remuneration* – Mr. Quartermaine is eligible to participate in the group's STI and LTI scheme as described above.

#### *Statutory entitlements*

Mr. Quartermaine is entitled to 10 days sick leave per annum, 20 days of annual leave and long service leave of 13 weeks after 10 years of service.

#### *Termination of contract*

Perseus can terminate Mr. Quartermaine's contract without notice under certain circumstances including but not limited to material breaches of contract, grave misconduct, dishonesty, fraud or bringing the group into disrepute. Mr. Quartermaine may terminate the contract by giving Perseus three months' notice, whilst Perseus may terminate the contract by giving Mr. Quartermaine the greater of six months or a period that is not less than that specified by the *Fair Work Act 2009* (Cth) and the National Employment Standards. In the case of Perseus, it may at its sole discretion, terminate the contract sooner than the conclusion of the notice period by choosing to pay Mr. Quartermaine in lieu of the notice period.

If the terms of Mr. Quartermaine's employment contract are materially changed to the detriment of the chief executive officer then he is entitled to receive an amount of money from Perseus that is equivalent to two months of his originally contracted gross base salary (\$850,000 per annum prior to a 15% reduction taken by directors on 1 July 2013) for each year of employment by Perseus with a minimum payment equivalent to six months of his originally contracted gross base salary and a maximum of twelve months of his originally contracted gross base salary.

**Perseus Mining Limited**  
**Directors' report**

**REMUNERATION REPORT - continued**

**Contracts for KMP**

A summary of the key contractual provisions as at the date of this report for each of the current KMP is set out in table 3 below.

**Table 3 - Contractual provisions for key management personnel**

| Name and job title  | Employing company      | Contract duration                 | Notice period             | Fixed remuneration (including base salary and superannuation as applicable) <sup>(v)</sup> | Variable remuneration | Termination provision  |
|---|------------------------|-----------------------------------|---------------------------|--|-----------------------|--|
| <b>Jeffrey Quartermaine</b> <sup>(i)</sup><br><i>CEO &amp; managing director</i>        | Perseus Mining Limited | No fixed term and review annually | 6 months <sup>(i)</sup>   | \$740,563  | STI / LTI plan        | Applicable on early termination by the company <sup>(vi)</sup> |
| <b>Colin Carson</b><br><i>Executive director</i>  | Perseus Mining Limited | No fixed term and review annually | 3 months                  | \$379,250  | STI / LTI plan        | Applicable on early termination by the company <sup>(vi)</sup> |
| <b>Elissa Brown</b><br><i>Chief financial officer</i>                                   | Perseus Mining Limited | No fixed term and review annually | 3 months                  | \$390,000  | STI / LTI plan        | Applicable on early termination by the company <sup>(vi)</sup> |
| <b>Christopher Woodall</b> <sup>(ii)</sup><br><i>Chief Operating Officer</i>            | Perseus Mining Limited | No fixed term and review annually | 3 months                  | \$450,000  | STI / LTI plan        | Applicable on early termination by the company <sup>(vi)</sup> |
| <b>Martijn Bosboom</b> <sup>(iii)</sup><br><i>General counsel and company secretary</i> | Perseus Mining Limited | No fixed term and review annually | 3 months <sup>(iii)</sup> | \$340,000  | STI / LTI plan        | Applicable on early termination by the company <sup>(vi)</sup> |
| <b>Paul Thompson</b><br><i>Group general manager – technical services</i>               | Perseus Mining Limited | No fixed term and review annually | 3 months                  | \$340,000  | STI / LTI plan        | Applicable on early termination by the company <sup>(vi)</sup> |
| <b>Matthew Scully</b> <sup>(iv)</sup><br><i>Project director</i>                        | Perseus Mining Limited | No fixed term and review annually | 3 months                  | \$325,000  | STI / LTI plan        | Applicable on early termination by the company <sup>(vi)</sup> |
| <b>Douglas Jones</b><br><i>Group general manager – exploration</i>                      | Perseus Mining Limited | No fixed term and review annually | 3 months                  | \$325,000  | STI / LTI plan        | Applicable on early termination by the company <sup>(vi)</sup> |

Notes:

- (i) Mr Quartermaine is required to provide 3 months' notice on resignation; the company is required to provide 6 months' notice.
- (ii) Mr Woodall was appointed Chief Operating Officer on 19 September 2016.
- (iii) Mr Bosboom is required to provide 2 months' notice on resignation; the company is required to provide 3 months' notice.
- (iv) Mr Scully was appointed Project Director on 5 December 2016.
- (v) Represents current fixed remuneration of key management personnel from 1 July 2018.
- (vi) Termination benefits are payable on early termination by the company. Other than for gross misconduct, executives receive payment of between 2 to 12 months of originally contracted salary.

**REMUNERATION REPORT – continued**

**4. Share based compensation**

KMP are eligible to participate in Perseus's PRP. The terms and conditions of the performance rights affecting remuneration of directors and KMP in the current or a future reporting period are set out below. Performance rights granted carry no dividend or voting rights. When exercisable, the performance rights are convertible into one ordinary share per right. Further information is set out in note 24 to the financial statements.

**Table 4 - Key terms of share based compensation held by KMP and directors as at 30 June 2018**

| Type                               | Grant date       | Exercise price | Fair value at grant date | End of measurement period | % of grant vested | Expiry date      |
|------------------------------------|------------------|----------------|--------------------------|---------------------------|-------------------|------------------|
| Performance right <sup>(i)</sup>   | 20 November 2015 | nil            | \$0.33                   | 30 June 2018              | -                 | 31 December 2018 |
| Performance right <sup>(ii)</sup>  | 25 November 2016 | nil            | \$0.42                   | 30 June 2018              | -                 | 31 December 2018 |
| Performance right <sup>(iii)</sup> | 12 October 2016  | nil            | \$0.33                   | 30 June 2018              | -                 | 31 December 2019 |
| Performance right <sup>(iii)</sup> | 12 October 2016  | nil            | \$0.37                   | 30 June 2019              | -                 | 31 December 2019 |
| Performance right <sup>(iii)</sup> | 25 November 2016 | nil            | \$0.44                   | 31 December 2018          | -                 | 30 June 2019     |
| Performance right <sup>(iv)</sup>  | 25 November 2016 | nil            | \$0.44                   | 30 June 2019              | -                 | 31 December 2019 |
| Performance right <sup>(v)</sup>   | 3 August 2017    | nil            | \$0.22                   | 30 June 2020              | -                 | 30 June 2027     |
| Performance right <sup>(v)</sup>   | 24 November 2017 | nil            | \$0.25                   | 30 June 2020              | -                 | 30 June 2027     |

- (i) The assessed fair value at grant date of performance rights granted to the individuals is allocated equally over the performance period (36 month period from 1 July 2015 to 30 June 2018 over which the individuals and the company's performance is assessed), and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Monte Carlo Simulation pricing model. Further information is set out in note 24 to the financial statements. These rights expired after the period due to vesting conditions not having been met.
- (ii) The assessed fair value at grant date of performance rights granted to the individuals is allocated equally over the performance period (24 month period from 1 July 2016 to 30 June 2018 and 36 month period from 1 July 2016 to 30 June 2019 over which the individuals and the company's performance is assessed), and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Monte Carlo Simulation pricing model. Further information is set out in note 24 to the financial statements. These rights expired after the period due to vesting conditions not having been met.
- (iii) The assessed fair value at grant date of performance rights granted to the individuals is allocated equally over the performance period (30 month period from 1 July 2016 to 31 December 2018 over which the individuals and the company's performance is assessed), and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Monte Carlo Simulation pricing model. Further information is set out in note 24 to the financial statements.
- (iv) The assessed fair value at grant date of performance rights granted to the individuals is allocated equally over the performance period (36 month period from 1 July 2016 to 30 June 2019 over which the individuals and the company's performance is assessed), and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Monte Carlo Simulation pricing model. Further information is set out in note 24 to the financial statements.
- (v) The assessed fair value at grant date of performance rights granted to the individuals is allocated equally over the performance period (36 month period from 1 July 2017 to 30 June 2020 over which the individuals and the company's performance is assessed), and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Monte Carlo Simulation pricing model. Further information is set out in note 24 to the financial statements.

**Perseus Mining Limited**  
**Directors' report**

**REMUNERATION REPORT - continued**

Further information relating to the portion of KMP remuneration related to equity compensation for the period are set out below in table 5.

**Table 5 - Value of share based compensation**

| Name                       | Percentage of remuneration consisting of: |                    | Value granted, exercised or lapsed in 12 months ended 30 June 2018 |                    |         | Amount paid per share on exercise |
|----------------------------|---|--------------------|--|--------------------|---------|-----------------------------------|
|                            |   |                    | Granted  | Exercised          | Lapsed  |                                   |
|                            |   |                    | \$   | \$                 | \$      |                                   |
| Options                    | Performance rights                        | Performance rights | Performance rights   | Performance rights |         |                                   |
| <b>Executive directors</b> |   |                    |  |                    |         |                                   |
| Jeffrey Quartermaine       | -   | 27%                | 335,298  | -                  | 278,976 | -                                 |
| Colin Carson               | -   | 25%                | 226,326  | -                  | 167,385 | -                                 |
| <b>Senior executives</b>   |   |                    |  |                    |         |                                   |
| Elissa Brown               | -   | 13%                | 156,514  | -                  | 100,885 | -                                 |
| Chris Woodall              | -   | 18%                | 74,531   | -                  | 109,469 | -                                 |
| Martijn Bosboom            | -   | 14%                | 139,744  | -                  | 100,885 | -                                 |
| Paul Thompson              | -   | 11%                | 156,514  | -                  | 168,142 | -                                 |
| Matthew Scully             | -   | 7%                 | 111,796  | 161,171            | 40,293  | -                                 |
| Douglas Jones              | -   | 11%                | 111,796  | -                  | -       | -                                 |

No amounts were unpaid on any shares issued on the exercise of options.

**Perseus Mining Limited**  
**Directors' report**

**REMUNERATION REPORT - continued**

The movement in options and performance right holdings for KMP and directors during the period are set out below in table 6.

**Table 6 – Movement of options and performance rights granted to KMP and directors during the period**

| Name                           |                                   | Balance at the start of the year | Granted during the period as remuneration | Exercised during the year | Forfeited / lapsed | Other movements | Balance at the end of the year | Vested during the year | Vested and exercisable at the end of the year |
|--------------------------------|-----------------------------------|----------------------------------|---|---------------------------|--------------------|-----------------|--------------------------------|------------------------|---|
| <b>Non-executive directors</b> |                                   |                                  |   |                           |                    |                 |                                |                        |   |
| Sean Harvey                    | Options                           | -                                | -   | -                         | -                  | -               | -                              | -                      | -   |
|                                | Performance rights                | -                                | -   | -                         | -                  | -               | -                              | -                      | -   |
| Michael Bohm                   | Options                           | -                                | -   | -                         | -                  | -               | -                              | -                      | -   |
|                                | Performance rights                | -                                | -   | -                         | -                  | -               | -                              | -                      | -   |
| John McGloin                   | Options                           | -                                | -   | -                         | -                  | -               | -                              | -                      | -   |
|                                | Performance rights                | -                                | -   | -                         | -                  | -               | -                              | -                      | -   |
| Alexander Davidson             | Options                           | -                                | -   | -                         | -                  | -               | -                              | -                      | -   |
|                                | Performance rights                | -                                | -   | -                         | -                  | -               | -                              | -                      | -   |
| Sally-Anne Layman              | Options                           | -                                | -   | -                         | -                  | -               | -                              | -                      | -   |
|                                | Performance rights                | -                                | -   | -                         | -                  | -               | -                              | -                      | -   |
| <b>Executive directors</b>     |                                   |                                  |   |                           |                    |                 |                                |                        |   |
| Jeffrey Quartermaine           | Options                           | -                                | -   | -                         | -                  | -               | -                              | -                      | -   |
|                                | Performance rights <sup>(i)</sup> | 2,000,000                        | 1,333,334                                 | -                         | (833,334)          | -               | 2,500,000                      | -                      | -   |
| Colin Carson                   | Options                           | -                                | -   | -                         | -                  | -               | -                              | -                      | -   |
|                                | Performance rights <sup>(i)</sup> | 900,000                          | 900,000                                   | -                         | (500,000)          | -               | 1,300,000                      | -                      | -   |

**Perseus Mining Limited**  
**Directors' report**

**REMUNERATION REPORT - continued**

The movement in options and performance right holdings for KMP and directors during the period are set out below in table 6.

**Table 6 – Movement of options and performance rights granted to KMP and directors during the period – continued**

| Name                     |                                   | Balance at the start of the year | Granted during the period as remuneration | Exercised during the year | Forfeited / lapsed | Other movements | Balance at the end of the year | Vested during the year | Vested and exercisable at the end of the year |
|--------------------------|-----------------------------------|----------------------------------|---|---------------------------|--------------------|-----------------|--------------------------------|------------------------|---|
| <b>Senior executives</b> |                                   |                                  |   |                           |                    |                 |                                |                        |   |
| Elissa Brown             | Options                           | -                                | -   | -                         | -                  | -               | -                              | -                      | -   |
|                          | Performance rights                | 600,000                          | 700,000                                   | -                         | (300,000)          | -               | 1,000,000                      | -                      | -   |
| Chris Woodall            | Options                           | -                                | -   | -                         | -                  | -               | -                              | -                      | -   |
|                          | Performance rights <sup>(i)</sup> | 1,000,000                        | 333,334                                   | -                         | (333,334)          | -               | 1,000,000                      | -                      | -   |
| Martijn Bosboom          | Options                           | -                                | -   | -                         | -                  | -               | -                              | -                      | -   |
|                          | Performance rights                | 675,000                          | 625,000                                   | -                         | (300,000)          | -               | 1,000,000                      | -                      | -   |
| Paul Thompson            | Options                           | -                                | -   | -                         | -                  | -               | -                              | -                      | -   |
|                          | Performance rights                | 800,000                          | 700,000                                   | -                         | (500,000)          | -               | 1,000,000                      | -                      | -   |
| Matthew Scully           | Options                           | -                                | -   | -                         | -                  | -               | -                              | -                      | -   |
|                          | Performance rights                | 500,000                          | 500,000                                   | (400,000)                 | (100,000)          | -               | 500,000                        | -                      | -   |
| Douglas Jones            | Options                           | -                                | -   | -                         | -                  | -               | -                              | -                      | -   |
|                          | Performance rights                | 500,000                          | 500,000                                   | -                         | -                  | -               | 1,000,000                      | -                      | -   |

Notes:

- (i) Subsequent to the end of the financial year 833,333, 200,000 and 333,333 performance rights that had previously been issued to Mr Quartermaine, Mr Carson and Mr Woodall respectively were determined not to have vested under the terms of the Perseus's Performance Rights Plan and as a result were cancelled.

**Perseus Mining Limited**  
**Directors' report**

**REMUNERATION REPORT - continued**

*Details of remuneration: share-based compensation benefits*

The following table details the percentage of the available grant that vested in the financial year and the percentage forfeited because the person did not meet either/or service and performance criteria specified. The maximum value of the options and performance rights yet to vest has been determined as the amount of the grant date fair value of the options or performance rights.

**Table 7 – Options and performance rights granted as at 30 June 2018**

| Name                       |                    | Number of performance rights | Financial period granted | Vested in current financial period | Vested in prior financial period | Forfeited in current financial period | Financial period in which performance rights may vest | Minimum total value of grant yet to vest | Maximum total value of grant yet to vest |
|----------------------------|--------------------|------------------------------|--------------------------|------------------------------------|----------------------------------|---------------------------------------|---|--|--|
|                            |                    | No                           | Yr                       | %                                  | %                                | %                                     | Yr  | \$                                       | \$                                       |
| <b>Executive directors</b> |                    |                              |                          |                                    |                                  |                                       |   |  |  |
| Jeffrey Quartermaine       | Performance rights | 500,000                      | 2016                     | -                                  | -                                | 100.00                                | 2018  | -  | -  |
|                            | Performance rights | 500,000                      | 2016                     | -                                  | -                                | -                                     | 2019  | -  | 163,017                                  |
|                            | Performance rights | 333,334                      | 2017                     | -                                  | -                                | 100.00                                | 2018  | -  | -  |
|                            | Performance rights | 333,333                      | 2017                     | -                                  | -                                | -                                     | 2019  | -  | 139,136                                  |
|                            | Performance rights | 333,333                      | 2017                     | -                                  | -                                | -                                     | 2019  | -  | 148,021                                  |
|                            | Performance rights | 1,333,334                    | 2018                     | -                                  | -                                | -                                     | 2020  | -  | 335,298                                  |
| Colin Carson               | Performance rights | 300,000                      | 2017                     | -                                  | -                                | 100.00                                | 2018  | -  | -  |
|                            | Performance rights | 200,000                      | 2017                     | -                                  | -                                | 100.00                                | 2018  | -  | -  |
|                            | Performance rights | 200,000                      | 2017                     | -                                  | -                                | -                                     | 2019  | -  | 83,482                                   |
|                            | Performance rights | 200,000                      | 2017                     | -                                  | -                                | -                                     | 2019  | -  | 88,813                                   |
|                            | Performance rights | 900,000                      | 2018                     | -                                  | -                                | -                                     | 2020  | -  | 226,326                                  |

**Perseus Mining Limited**  
**Directors' report**

**REMUNERATION REPORT - continued**

**Table 7 – Options and performance rights granted as at 30 June 2018 – continued**

| Name                     |                    | Number of performance rights | Financial period granted | Vested in current financial period | Vested in prior financial period | Forfeited in current financial period | Financial period in which performance rights may vest | Minimum total value of grant yet to vest | Maximum total value of grant yet to vest |
|--------------------------|--------------------|------------------------------|--------------------------|------------------------------------|----------------------------------|---------------------------------------|---|--|--|
|                          |                    | No                           | Yr                       | %                                  | %                                | %                                     | Yr  | \$                                       | \$                                       |
| <b>Senior executives</b> |                    |                              |                          |                                    |                                  |                                       |   |  |  |
| Elissa Brown             | Performance rights | 300,000                      | 2016                     | -                                  | -                                | 100.00                                | 2018  | -  | -  |
|                          | Performance rights | 300,000                      | 2017                     | -                                  | -                                | -                                     | 2019  | -  | 130,733                                  |
|                          | Performance rights | 700,000                      | 2018                     | -                                  | -                                | -                                     | 2020  | -  | 156,514                                  |
| Chris Woodall            | Performance rights | 333,334                      | 2017                     | -                                  | -                                | 100.00                                | 2018  | -  | -  |
|                          | Performance rights | 333,333                      | 2017                     | -                                  | -                                | -                                     | 2018  | -  | 109,468                                  |
|                          | Performance rights | 333,333                      | 2017                     | -                                  | -                                | -                                     | 2019  | -  | 122,664                                  |
|                          | Performance rights | 333,334                      | 2018                     | -                                  | -                                | -                                     | 2020  | -  | 74,531                                   |
| Martijn Bosboom          | Performance rights | 300,000                      | 2016                     | -                                  | -                                | 100.00                                | 2018  | -  | -  |
|                          | Performance rights | 375,000                      | 2017                     | -                                  | -                                | -                                     | 2019  | -  | 163,416                                  |
|                          | Performance rights | 625,000                      | 2018                     | -                                  | -                                | -                                     | 2020  | -  | 139,744                                  |
| Paul Thompson            | Performance rights | 500,000                      | 2016                     | -                                  | -                                | 100.00                                | 2018  | -  | -  |
|                          | Performance rights | 300,000                      | 2017                     | -                                  | -                                | -                                     | 2019  | -  | 130,733                                  |
|                          | Performance rights | 700,000                      | 2018                     | -                                  | -                                | -                                     | 2020  | -  | 156,514                                  |
| Matthew Scully           | Performance rights | 500,000                      | 2017                     | 80.00                              | -                                | 20.00                                 | 2018  | -  | -  |
|                          | Performance rights | 500,000                      | 2018                     | -                                  | -                                | -                                     | 2020  | -  | 111,796                                  |
| Douglas Jones            | Performance rights | 500,000                      | 2017                     | -                                  | -                                | -                                     | 2019  | -  | 217,889                                  |
|                          | Performance rights | 500,000                      | 2018                     | -                                  | -                                | -                                     | 2020  | -  | 111,796                                  |

**REMUNERATION REPORT – continued**

**5. Additional information**

**Loans to directors and executives**

There were no loans outstanding at the reporting date to directors or executives.

**Share options**

As at the date of this report, there were no unissued ordinary shares in Perseus.

*Shares issued on exercise of options*

During the financial year no ordinary shares were issued by Perseus as a result of the exercise of options. None have been issued since the end of the financial year.

**Share holdings**

The numbers of shares in the company held during the financial year by directors and other key management personnel, including shares held by entities they control, are set out below:

|                                       | Balance at<br>30 June<br>2017 | Received as<br>remuneration | Received<br>during<br>the year<br>on<br>vesting | Shares sold | Other<br>movements <sup>(i)</sup> | Balance at 30 June<br>2018 |
|---------------------------------------|-------------------------------|-----------------------------|---|-------------|-----------------------------------|----------------------------|
| <b>Directors</b>                      |                               |                             |   |             |                                   |                            |
| Sean Harvey                           | 1,500,000                     | -                           | -   | -           | 800,000                           | <b>2,300,000</b>           |
| Jeffrey Quartermaine                  | 881,250                       | -                           | -   | -           | 118,750                           | <b>1,000,000</b>           |
| Colin Carson                          | 1,482,300                     | -                           | -   | -           | -                                 | <b>1,482,300</b>           |
| Michael Bohm <sup>(ii)</sup>          | -                             | -                           | -   | -           | -                                 | -                          |
| John McGloin                          | 1,282,907                     | -                           | -   | -           | -                                 | <b>1,282,907</b>           |
| Alexander Davidson <sup>(iii)</sup>   | -                             | -                           | -   | -           | -                                 | -                          |
| Sally-Anne Layman <sup>(iv)</sup>     | -                             | -                           | -   | -           | -                                 | -                          |
| <b>Other key management personnel</b> |                               |                             |   |             |                                   |                            |
| Elissa Brown                          | 266,375                       | -                           | -   | (45,000)    | -                                 | <b>221,375</b>             |
| Chris Woodall                         | -                             | -                           | -   | -           | -                                 | -                          |
| Martijn Bosboom                       | 162,500                       | -                           | -   | -           | -                                 | <b>162,500</b>             |
| Paul Thompson                         | -                             | -                           | -   | -           | -                                 | -                          |
| Matthew Scully                        | -                             | -                           | 400,000   | -           | -                                 | <b>400,000</b>             |
| Douglas Jones                         | 10,835                        | -                           | -   | -           | -                                 | <b>10,835</b>              |

Notes:

- (i) The remaining other movements represent on-market purchase of shares and/or participation in rights issue.
- (ii) Mr Michael Bohm resigned as Non-Executive Director on 31 May 2018.
- (iii) Mr Alexander Davidson resigned as Non-Executive Director on 21 February 2018.
- (iv) Ms Sally-Anne Layman was appointed Non-Executive Director on 13 September 2017.

**Perseus Mining Limited**  
**Directors' report**

**REMUNERATION REPORT – continued**

**Warrant holdings**

The numbers of warrants in the company held during the financial year by directors and other key management personnel, including warrants held by entities they control, are set out below:

|                                       | Balance at 30 June<br>2017 | Received during the<br>year | Other<br>movements | Balance at 30 June<br>2018 |
|---------------------------------------|----------------------------|-----------------------------|--------------------|----------------------------|
| <b>Directors</b>                      |                            |                             |                    |                            |
| Sean Harvey                           | -                          | -                           | -                  | -                          |
| Jeffrey Quartermaine                  | -                          | -                           | -                  | -                          |
| Colin Carson                          | -                          | -                           | -                  | -                          |
| Michael Bohm <sup>(i)</sup>           | -                          | -                           | -                  | -                          |
| John McGloin                          | 641,453                    | -                           | -                  | <b>641,453</b>             |
| Alexander Davidson <sup>(ii)</sup>    | -                          | -                           | -                  | -                          |
| <b>Other key management personnel</b> |                            |                             |                    |                            |
| Elissa Brown                          | -                          | -                           | -                  | -                          |
| Chris Woodall                         | -                          | -                           | -                  | -                          |
| Martijn Bosboom                       | -                          | -                           | -                  | -                          |
| Paul Thompson                         | -                          | -                           | -                  | -                          |
| Matthew Scully                        | -                          | -                           | -                  | -                          |
| Douglas Jones                         | -                          | -                           | -                  | -                          |

Notes:

(i) Mr Michael Bohm resigned as Non-Executive Director on 31 May 2018.

(ii) Mr Alexander Davidson resigned as Non-Executive Director on 21 February 2018.

**Performance rights**

As at the date of this report, the total number of performance rights outstanding under the Performance Rights Plan was 16,608,334 as follows:

| Type of security   | Number    | Exercise price | Issue date       | Vesting date     | Expiry date      |
|--------------------|-----------|----------------|------------------|------------------|------------------|
| Performance rights | 333,333   | nil            | 12 October 2016  | 30 June 2019     | 31 December 2019 |
| Performance rights | 5,000,000 | nil            | 25 November 2016 | 31 December 2018 | 30 June 2019     |
| Performance rights | 533,333   | nil            | 25 November 2016 | 30 June 2019     | 31 December 2019 |
| Performance rights | 8,508,334 | nil            | 3 August 2017    | 30 June 2020     | 30 June 2027     |
| Performance rights | 2,233,334 | nil            | 24 November 2017 | 30 June 2020     | 30 June 2027     |

These performance rights do not entitle the holder to participate in any share issue of Perseus or any other body corporate. There are no performance rights to subscribe for shares in any controlled entity.

**REMUNERATION REPORT – continued**

*Shares issued on exercise of performance rights*

On 2 March and 13 April 2018, 750,000 and 400,000 performance rights respectively successfully vested under their terms and converted to ordinary shares on a 1 for 1 basis on satisfaction of specified conditions. The shares were issued to employees at nil consideration as part of employee remuneration.

*Performance rights issued*

8,958,334 performance rights were issued to employees of the company under the terms of the company's Performance Rights Plan approved by shareholders in November 2017. These performance rights were issued at nil consideration with an effective issue date of 3 August 2017. Each performance right will convert to an ordinary share upon satisfaction of vesting criteria.

2,233,334 performance rights were issued to employees of the company under the terms of the company's Performance Rights Plan approved by shareholders in November 2017. These performance rights were issued at nil consideration with an effective issue date of 24 November 2017. Each performance right will convert to an ordinary share upon satisfaction of vesting criteria.

*Performance rights forfeited*

During the year, 7,141,668 performance rights did not vest under the terms of the company's Performance Rights Plan.

End of remuneration report.

## **INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS**

Perseus's Constitution requires it to indemnify directors and officers of any entity within the group against liabilities incurred to third parties and against costs and expenses incurred in defending civil or criminal proceedings, except in certain circumstances. In April 2014, the company entered into Deeds of Indemnity, Access and Insurance with all persons who were an officer of the company at that time. Independent legal advice was received that the content of the deeds conforms with the Act and current market practice. The directors and officers of the group have been insured against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The insurance premiums, paid during the year ended 30 June 2018 amounted to \$182,605, and relates to:

1. costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever the outcome; and
2. other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

To the extent permitted by law, the company has agreed to indemnify its auditors, PriceWaterhouseCoopers, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify PriceWaterhouseCoopers during or since the financial year end.

## **PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of Perseus or to intervene in any proceedings to which Perseus is a party, for the purposes of taking responsibility on behalf of Perseus for all or part of the proceedings. No proceeding has been brought or intervened in on behalf of Perseus with leave of the Court under section 237 of the Act.

## **NON-AUDIT SERVICES**

During the year PricewaterhouseCoopers, the group's auditor, performed other non-audit services in addition to statutory duties. The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the group, acting as an advocate for the group or jointly sharing risks and rewards. Further information is set out at note 22 of the financial statements.

## **CORPORATE GOVERNANCE STATEMENT**

The ASX Corporate Governance Council (CGC) has developed corporate governance principles and recommendations for listed entities with the aim of promoting investor confidence and meeting stakeholder expectations. ASX listing rule 4.10.3 requires that listed entities disclose the extent to which they have followed the CGC's recommendations and, where a recommendation has not been followed, the reasons why.

Perseus's corporate governance statement can be found on the company's website at the following link:

[http://www.perseusmining.com/aurora/assets/user\\_content/CorpGovStatementAug2018.pdf](http://www.perseusmining.com/aurora/assets/user_content/CorpGovStatementAug2018.pdf)

## **AUDITORS' 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 financial report. This Independence Declaration is set out on the next page and forms part of this directors' report for the year ended 30 June 2018.

Signed in accordance with a resolution of directors.



**J A Quartermaine**  
**Managing Director**  
Perth, 29 August 2018

### **Competent Person Statement**

*The information in the Annual Group Ore Reserves and Mineral Resources Statement is based on, and fairly represents information and supporting documentation prepared by competent persons in accordance with the requirements of the JORC Code. The Annual Group Mineral Resources Statement as a whole has been approved by Mr Gary Brabham, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Brabham is an employee of the Company. Mr Brabham has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves') and to qualify as a "Qualified Person" under National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). Mr Brabham consents to the inclusion in this report of the information in the form and context in which it appears. The Annual Group Ore Reserve Statement as a whole has been approved by Mr Paul Thompson, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Thompson is an employee of the Company. Mr Thompson has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and to qualify as a "Qualified Person" under NI 43-101. Mr Thompson consents to the inclusion in this report of the information in the form and context in which it appears.*

*The information in this report that relates to 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 29 August 2018. 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 information in this report that relates to Mineral Resources 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 and includes an update for depletion as at 30 June 2018 as well as an adjustment of the model constrained to a US\$1,800/oz pit shell which were reported in a market announcement on 29 August 2018. The information in this report that relates to Mineral Resources for Fimbiasso 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 and includes an adjustment of the model constrained to a US\$1,800/oz pit shell which was reported in a market announcement on 29 August 2018. The information in this report that relates to Ore Reserves for Sissingué and Fimbiasso was first reported by the Company in compliance with the JORC Code 2012 and NI43-101 in a market announcement released on 31 March 2017 and includes an update for depletion as at 30 June 2018 which was reported in a market announcement on 29 August 2018. The Company confirms that it is not aware of any new information or data that materially affect the information in these market releases 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 2015 continue to apply.*

*The information in this report in relation to Yaouré Mineral Resource and Ore Reserve estimates was first reported by the Company in compliance with the JORC Code 2012 and NI43-101 in a market announcement on 3 November 2017. The Company confirms that all material assumptions underpinning those estimates and the production targets, or the forecast financial information derived therefrom, in that market release 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 — Yaouré Gold Project, Côte d'Ivoire" dated 18 December 2017 continue to apply.*



## *Auditor's Independence Declaration*

As lead auditor for the audit of Perseus Mining Limited for the year ended 30 June 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 audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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'.

Craig Heatley  
Partner  
PricewaterhouseCoopers

Perth  
29 August 2018

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**PricewaterhouseCoopers, ABN 52 780 433 757**  
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840  
T: +61 8 9238 3000, F: +61 8 9238 3999, [www.pwc.com.au](http://www.pwc.com.au)

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**Perseus Mining Limited**  
**Financial statements**  
**30 June 2018**

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

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

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

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the directors' report on pages 3 to 19, which is not part of these financial statements.

These financial statements were authorised for issue by the directors on 29 August 2018. The directors have the power to amend and reissue the 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.au](http://www.perseusmining.com.au).

**Perseus Mining Limited**  
**Statement of comprehensive income**  
**For the year ended 30 June 2018**

|  | Notes           | Consolidated        |                            |
|--|-----------------|---------------------|----------------------------|
|  |                 | 2018<br>\$'000      | 2017 (restated*)<br>\$'000 |
| <b>Continuing operations</b>   |                 |                     |                            |
| Revenue  |                 | 378,076             | 276,924                    |
| Cost of sales  |                 | (240,282)           | (253,121)                  |
| <b>Gross profit before depreciation and amortisation</b>             |                 | <b>137,794</b>      | <b>23,803</b>              |
| Depreciation and amortisation relating to gold production            | 2               | (119,463)           | (55,925)                   |
| <b>Gross profit / (loss) from operations</b>                         |                 | <b>18,331</b>       | <b>(32,122)</b>            |
| Other income   | 2               | 786                 | 5,346                      |
| Other expenses   |                 | (3,660)             | (28,216)                   |
| Administration and other corporate expenses                          |                 | (12,729)            | (17,054)                   |
| Foreign exchange gain/(loss)   | 2               | 5,707               | (11,653)                   |
| Depreciation and amortisation expense                                |                 | (121)               | (245)                      |
| Impairment and write-offs  | 2, 8, 9, 10, 11 | (24,334)            | (16,111)                   |
| Finance Costs  | 2               | (3,094)             | (332)                      |
| <b>Loss before income tax expense</b>                                |                 | <b>(19,114)</b>     | <b>(100,387)</b>           |
| Income tax (expense) / benefit                                       | 3               | (5,792)             | 17,265                     |
| <b>Net loss after tax expense</b>                                    |                 | <b>(24,906)</b>     | <b>(83,122)</b>            |
| <b>Other comprehensive income</b>                                    |                 |                     |                            |
| <i>Items that may be reclassified subsequently to profit or loss</i> |                 |                     |                            |
| Exchange differences on translation of foreign operations            |                 | 24,983              | (5,766)                    |
| Net changes in fair value of cash flow hedges                        |                 | 4,951               | 23,318                     |
| Net changes in fair value of financial assets                        |                 | (673)               | (1,382)                    |
| Income tax relating to components of other comprehensive loss        | 3               | (1,942)             | (7,614)                    |
| <b>Total comprehensive profit / (loss) for the period</b>            |                 | <b>2,413</b>        | <b>(74,566)</b>            |
| <b>Loss attributable to:</b>   |                 |                     |                            |
| Owners of the parent   |                 | (25,853)            | (79,613)                   |
| Non-controlling interest   |                 | 947                 | (3,509)                    |
|  |                 | <b>(24,906)</b>     | <b>(83,122)</b>            |
| <b>Comprehensive profit attributable to:</b>                         |                 |                     |                            |
| Owners of the parent   |                 | 839                 | (72,111)                   |
| Non-controlling interest   |                 | 1,574               | (2,455)                    |
|  |                 | <b>2,413</b>        | <b>(74,566)</b>            |
| Basic loss per share   | 4               | <b>(2.50) cents</b> | (7.74) cents               |
| Diluted loss per share   | 4               | <b>(2.50) cents</b> | (7.74) cents               |

\* See note 25(a)(i) 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 30 June 2018**

|  | Notes | Consolidated   |                  |
|--|-------|----------------|------------------|
|  |       | 2018           | 2017 (restated*) |
|  |       | \$'000         | \$'000           |
| <b>Current assets</b>                                    |       |                |                  |
| Cash and cash equivalents                                | 5     | 31,166         | 24,027           |
| Receivables  | 6     | 21,876         | 10,441           |
| Inventories  | 7     | 124,762        | 58,363           |
| Prepayments  |       | 14,905         | 4,290            |
| Derivative financial instruments                         | 15    | 5,076          | 490              |
| <b>Total current assets</b>                              |       | <b>197,785</b> | <b>97,611</b>    |
| <b>Non-current assets</b>                                |       |                |                  |
| Receivables  | 6     | 12,857         | 12,375           |
| Inventories  | 7     | 20,061         | 6,311            |
| Available for sale financial assets                      | 8     | 1,400          | 3,324            |
| Derivative financial instruments                         | 15    | 24             | 1,265            |
| Property, plant and equipment                            | 9     | 417,322        | 299,622          |
| Mine properties  | 10    | 304,132        | 254,240          |
| Mineral interest acquisition and exploration expenditure | 11    | 9,607          | 183,956          |
| <b>Total non-current assets</b>                          |       | <b>765,403</b> | <b>761,093</b>   |
| <b>Total assets</b>                                      |       | <b>963,188</b> | <b>858,704</b>   |
| <b>Current liabilities</b>                               |       |                |                  |
| Payables and provisions                                  | 12    | 100,064        | 74,040           |
| Derivative financial instruments                         | 15    | -              | 157              |
| Interest bearing liabilities                             | 14    | 32,632         | 19,514           |
| <b>Total current liabilities</b>                         |       | <b>132,696</b> | <b>93,711</b>    |
| <b>Non-current liabilities</b>                           |       |                |                  |
| Provision  | 12    | 18,679         | 19,201           |
| Interest bearing liabilities                             | 14    | 52,383         | -                |
| Deferred tax liability                                   | 13    | 45,116         | 35,930           |
| <b>Total non-current liabilities</b>                     |       | <b>116,178</b> | <b>55,131</b>    |
| <b>Total liabilities</b>                                 |       | <b>248,874</b> | <b>148,842</b>   |
| <b>Net assets</b>  |       | <b>714,314</b> | <b>709,862</b>   |
| <b>Equity</b>  |       |                |                  |
| Issued capital   | 17    | 720,943        | 720,739          |
| Reserves   | 17    | 54,485         | 26,007           |
| Accumulated losses                                       | 18    | (68,567)       | (42,714)         |
| <b>Parent entity interest</b>                            |       | <b>706,861</b> | <b>704,032</b>   |
| Non-controlling interest                                 |       | 7,453          | 5,830            |
| <b>Total equity</b>                                      |       | <b>714,314</b> | <b>709,862</b>   |

\* See note 25(a)(i) 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 changes in equity**  
**For the year ended 30 June 2018**

|  | Consolidated   |  |                              |                                      |                           |               |                                   |                          |                 |
|--|----------------|--|------------------------------|--------------------------------------|---------------------------|---------------|-----------------------------------|--------------------------|-----------------|
|  | Issued capital | Retained earnings / (accumulated losses) | Share based payments reserve | Foreign currency translation reserve | Asset revaluation reserve | Hedge reserve | Non-controlling interests reserve | Non-controlling interest | Total equity    |
|  | \$'000         | \$'000                                   | \$'000                       | \$'000                               | \$'000                    | \$'000        | \$'000                            | \$'000                   | \$'000          |
| <b>Balance at 1 July 2017 (restated*)</b>                          | 720,739        | (42,714)                                 | 22,858                       | 93                                   | 1,412                     | 1,902         | (258)                             | 5,830                    | 709,862         |
| Loss for the period  | -              | (25,853)                                 | -                            | -                                    | -                         | -             | -                                 | 947                      | (24,906)        |
| Currency translation differences                                   | -              | -  | -                            | 24,716                               | -                         | -             | -                                 | 267                      | 24,983          |
| Net change in the available-for-sale financial assets              | -              | -  | -                            | -                                    | (673)                     | -             | -                                 | -                        | (673)           |
| Net change in the fair value of cash flow hedges                   | -              | -  | -                            | -                                    | -                         | 4,396         | -                                 | 555                      | 4,951           |
| Income tax relating to components of other comprehensive income    | -              | -  | -                            | -                                    | -                         | (1,748)       | -                                 | (194)                    | (1,942)         |
| <b>Total comprehensive profit</b>                                  | -              | <b>(25,853)</b>                          | -                            | <b>24,716</b>                        | <b>(673)</b>              | <b>2,648</b>  | -                                 | <b>1,575</b>             | <b>2,413</b>    |
| Shares issued during the period                                    | -              | -  | -                            | -                                    | -                         | -             | -                                 | -                        | -               |
| Share issue expenses   | -              | -  | -                            | -                                    | -                         | -             | -                                 | -                        | -               |
| Exercise of warrants   | 204            | -  | -                            | -                                    | -                         | -             | -                                 | -                        | 204             |
| Share based payments   | -              | -  | 1,787                        | -                                    | -                         | -             | -                                 | 48                       | 1,835           |
| <b>Balance at 30 June 2018</b>                                     | <b>720,943</b> | <b>(68,567)</b>                          | <b>24,645</b>                | <b>24,809</b>                        | <b>739</b>                | <b>4,550</b>  | <b>(258)</b>                      | <b>7,453</b>             | <b>714,314</b>  |
| <b>Balance at 1 July 2016</b>                                      | 708,692        | 36,899                                   | 19,907                       | 5,500                                | 2,794                     | (12,388)      | (258)                             | 8,192                    | 769,338         |
| Loss for the period  | -              | (79,613)                                 | -                            | -                                    | -                         | -             | -                                 | (3,509)                  | (83,122)        |
| Currency translation differences                                   | -              | -  | -                            | (5,407)                              | -                         | -             | -                                 | (359)                    | (5,766)         |
| Net change in the available-for-sale financial assets              | -              | -  | -                            | -                                    | (1,382)                   | -             | -                                 | -                        | (1,382)         |
| Net change in the fair value of cash flow hedges                   | -              | -  | -                            | -                                    | -                         | 21,142        | -                                 | 2,176                    | 23,318          |
| Income tax relating to components of other comprehensive income    | -              | -  | -                            | -                                    | -                         | (6,852)       | -                                 | (762)                    | (7,614)         |
| <b>Total comprehensive loss</b>                                    | -              | <b>(79,613)</b>                          | -                            | <b>(5,407)</b>                       | <b>(1,382)</b>            | <b>14,290</b> | -                                 | <b>(2,454)</b>           | <b>(74,566)</b> |
| Shares issued during the period                                    | 7,651          | -  | -                            | -                                    | -                         | -             | -                                 | -                        | 7,651           |
| Share issue expenses   | (797)          | -  | -                            | -                                    | -                         | -             | -                                 | -                        | (797)           |
| Exercise of warrants   | 5,193          | -  | -                            | -                                    | -                         | -             | -                                 | -                        | 5,193           |
| Share based payments   | -              | -  | 2,951                        | -                                    | -                         | -             | -                                 | 92                       | 3,043           |
| Non-controlling interest arising from change in ownership interest | -              | -  | -                            | -                                    | -                         | -             | -                                 | -                        | -               |
| <b>Balance at 30 June 2017 (restated*)</b>                         | <b>720,739</b> | <b>(42,714)</b>                          | <b>22,858</b>                | <b>93</b>                            | <b>1,412</b>              | <b>1,902</b>  | <b>(258)</b>                      | <b>5,830</b>             | <b>709,862</b>  |

\* See note 25(a)(i) 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 year ended 30 June 2018**

|  | Notes | Consolidated<br>2018<br>\$'000 | 2017<br>\$'000   |
|--|-------|--------------------------------|------------------|
| <b>Operating activities</b>  |       |                                |                  |
| Receipts in the course of operations   |       | 375,063                        | 287,082          |
| Payments to suppliers and employees  |       | (307,370)                      | (286,877)        |
| Interest received  |       | 598                            | 655              |
| <b>Net cash from operating activities</b>  | 23    | <b>68,291</b>                  | <b>860</b>       |
| <b>Investing activities</b>  |       |                                |                  |
| Payments for exploration and evaluation expenditure                                      |       | (16,371)                       | (15,945)         |
| Payments for property, plant and equipment   |       | (92)                           | (123)            |
| Payments for mine properties   |       | (25,828)                       | (31,566)         |
| Payments for assets under construction   |       | (77,387)                       | (111,959)        |
| Proceeds on disposal of property, plant and equipment                                    |       | -                              | 235              |
| Proceeds on disposal of investment in listed entity                                      |       | 27                             | 316              |
| <b>Net cash used in investing activities</b>   |       | <b>(119,651)</b>               | <b>(159,042)</b> |
| <b>Financing activities</b>  |       |                                |                  |
| Proceeds from share issues   |       | -                              | 7,651            |
| Proceeds from exercise of warrants   |       | 204                            | 5,193            |
| Repayment of borrowings  |       | (8,976)                        | (6,631)          |
| Proceeds from borrowings   |       | 70,368                         | 26,161           |
| Borrowing costs  |       | (4,154)                        | (1,761)          |
| Share issue expenses   |       | -                              | (796)            |
| <b>Net cash provided by financing activities</b>   |       | <b>57,442</b>                  | <b>29,817</b>    |
| Net increase / (decrease) in cash held   |       | 6,082                          | (128,365)        |
| Cash and cash equivalents at the beginning of the financial year                         |       | 24,027                         | 151,257          |
| Effects of exchange rate fluctuations on the balances of cash held in foreign currencies |       | 1,057                          | 1,135            |
| <b>Cash and cash equivalents at the end of the financial year</b>                        | 5     | <b>31,166</b>                  | <b>24,027</b>    |

The accompanying notes form part of these financial statements.

**Perseus Mining Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2018**

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**ABOUT THIS REPORT**

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated in note 25. The 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 year ended 30 June 2018, the consolidated entity conducted operations in Australia, Ghana and Côte d’Ivoire.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

*Compliance with IFRS*

The consolidated financial statements of the group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

*Historical cost convention*

These financial statements have been prepared under the historical cost convention, except for derivative instruments and available for sale financial assets which are carried at fair value.

*Critical accounting estimates*

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

*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.

**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.

|  | <b>Note</b> |
|--|-------------|
| Depreciation and amortisation                          | 2           |
| Unit-of-production method of depreciation/amortisation | 2           |
| Deferred stripping expenditure                         | 2           |
| Impairment   | 2           |
| Income tax   | 3           |
| Inventory  | 7           |
| Reserves and resources                                 | 10          |
| Exploration and evaluation expenditure                 | 11          |
| Restoration and Rehabilitation provision               | 12          |
| Derivative financial instruments                       | 15          |
| Measurement of fair value                              | 16          |
| Share based payments                                   | 17, 24      |

**Perseus Mining Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2018**

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**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 along 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 segment.

**(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 year ended 30 June 2018**

**1. SEGMENT INFORMATION – continued**

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

|   | Edikan         |                | Sissingué      |                | Yaouré         |                | Corporate / other |                | Consolidated        |                     |
|---|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|----------------|---------------------|---------------------|
|   | 2018           | 2017           | 2018           | 2017           | 2018           | 2017           | 2018              | 2017           | 2018                | 2017                |
|   | \$'000         | \$'000         | \$'000         | \$'000         | \$'000         | \$'000         | \$'000            | \$'000         | \$'000              | \$'000              |
| <b>Revenue and other income</b>                               |                |                |                |                |                |                |                   |                |                     |                     |
| Revenue   | 353,896        | 276,924        | 24,180         | -              | -              | -              | -                 | -              | 378,076             | 276,924             |
| Other income  | 409            | 4,998          | -              | -              | -              | -              | 377               | 346            | 786                 | 5,344               |
| <b>Total revenue and other income</b>                         | <b>354,305</b> | <b>281,922</b> | <b>24,180</b>  | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>377</b>        | <b>346</b>     | <b>378,862</b>      | <b>282,268</b>      |
| <b>Results</b>  |                |                |                |                |                |                |                   |                |                     |                     |
| Operating (loss) / profit before income tax                   | 17,218         | (50,100)       | (23,327)       | 6,128          | 2,495          | 3,731          | (15,500)          | (60,146)       | (19,114)            | (100,387)           |
| Income tax (expense) / benefit                                |                |                |                |                |                |                |                   |                | (5,792)             | 17,265              |
| <b>Net loss</b>   |                |                |                |                |                |                |                   |                | <b>(24,906)</b>     | <b>(83,122)</b>     |
| <b>Included within segment results:</b>                       |                |                |                |                |                |                |                   |                |                     |                     |
| Impairment and write-offs                                     | (575)          | (16,111)       | (22,009)       | -              | -              | -              | (1,750)           | -              | (24,334)            | (16,111)            |
| Depreciation and amortisation                                 | (99,900)       | (54,827)       | (17,514)       | -              | (2)            | (70)           | (2,170)           | (1,273)        | (119,584)           | (56,170)            |
| Share based payments  | (352)          | (771)          | (28)           | -              | -              | -              | (1,336)           | (2,015)        | (1,716)             | (2,786)             |
| Foreign exchange gain / (loss)                                | 2,816          | (2,794)        | (10,220)       | -              | 9              | -              | 13,102            | (8,859)        | 5,707               | (11,653)            |
|   | <b>As at</b>      | <b>As at</b>   | <b>As at</b>        | <b>As at</b>        |
|   | <b>30 June</b>    | <b>30 June</b> | <b>30 June 2018</b> | <b>30 June 2017</b> |
|   | <b>2018</b>    | <b>2017</b>    | <b>2018</b>    | <b>2017</b>    | <b>2018</b>    | <b>2017</b>    | <b>2018</b>       | <b>2017</b>    | <b>\$'000</b>       | <b>\$'000</b>       |
|   | <b>\$'000</b>     | <b>\$'000</b>  | <b>\$'000</b>       | <b>\$'000</b>       |
| <b>Assets</b>   |                |                |                |                |                |                |                   |                |                     |                     |
| Segment assets  | 495,121        | 483,243        | 237,816        | 182,944        | 197,154        | 171,372        | 33,097            | 21,145         | 963,188             | 858,704             |
| <b>Total segment assets</b>                                   |                |                |                |                |                |                |                   |                | <b>963,188</b>      | <b>858,704</b>      |
| Total assets includes:  |                |                |                |                |                |                |                   |                |                     |                     |
| Additions to non-current assets (other than financial assets) | 33,468         | 62,486         | 62,040         | 85,536         | 8,906          | 20,835         | 356               | 108            | 104,770             | 168,965             |
| <b>Liabilities</b>  |                |                |                |                |                |                |                   |                |                     |                     |
| Segment liabilities   | 165,108        | 121,799        | 74,435         | 12,270         | 9,449          | 14,177         | (118)             | 596            | 248,874             | 148,842             |
| <b>Total segment liabilities</b>                              |                |                |                |                |                |                |                   |                | <b>248,874</b>      | <b>148,842</b>      |

**Perseus Mining Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2018**

**2. OTHER INCOME / EXPENSES**

|  | <b>Consolidated</b> |          |
|--|---------------------|----------|
|  | <b>2018</b>         | 2017     |
|  | <b>\$'000</b>       | \$'000   |
| Loss before income tax has been determined after:  |                     |          |
| <b>Other income:</b>   |                     |          |
| Unrealised gain on fair value of gold forward contracts  | -                   | 4,730    |
| Interest revenue   | <b>786</b>          | 616      |
|  | <b>786</b>          | 5,346    |
| <b>Foreign exchange gain / (loss):</b>   |                     |          |
| Foreign exchange gain / (loss) on translation of inter-company loans   | <b>12,251</b>       | (9,000)  |
| Foreign exchange loss on translation of VAT receivable   | <b>(1,300)</b>      | (4,623)  |
| Foreign exchange (loss) / gain on other translations   | <b>(5,244)</b>      | 1,970    |
|  | <b>5,707</b>        | (11,653) |
| <b>Changes in inventories of finished goods and work in progress:</b>  |                     |          |
| Write back / (Write down) of inventories due to increase / (decrease) in net realisable value  | <b>5,926</b>        | (6,330)  |
| <b>Finance costs:</b>  |                     |          |
| Interest and finance charges   | <b>(3,094)</b>      | (332)    |
| <b>Other costs:</b>  |                     |          |
| Write-down of receivable   | <b>(335)</b>        | (532)    |
| Legal settlement   | -                   | (24,485) |
|  | <b>(335)</b>        | (25,017) |
| Legal settlement related to previously outstanding claims made by BCM against Amara in relation to contract mining services provided by BCM at Amara's now closed Kalsaka and Seguenega mines in Burkina Faso. |                     |          |
| <b>Depreciation and amortisation:</b>  |                     |          |
| Amortisation of stripping asset  | <b>(30,844)</b>     | (1,880)  |
| Other depreciation and amortisation  | <b>(88,740)</b>     | (54,290) |
|  | <b>(119,584)</b>    | (56,170) |

**RECOGNITION & MEASUREMENT**

*(i) Revenue recognition*

The group has for the first time 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 year comparatives were restated. Refer to note 25(a)(i) 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.

*(ii) Borrowing costs*

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

**Perseus Mining Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2018**

**SIGNIFICANT JUDGEMENTS AND ESTIMATES**

*(i) Impairment of assets*

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units or "CGU"). The group has three cash generating units, Edikan Gold Mine, the Sissingué Gold Mine and the Yaouré Gold Project. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In determining whether the recoverable amount of each cash generating unit 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:

- (i) 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;
- (ii) Estimated production and sales levels;
- (iii) Estimate future commodity prices are based on brokers consensus forecast;
- (iv) Future costs of production;
- (v) Future capital expenditure;
- (vi) Future exchange rates; and/or
- (vii) 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 cash generating units are most sensitive to fluctuations in the gold price.

At 30 June 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 expense was determined under 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 ("FVLCOD") or value in use ("VIU") of that CGU. The group applied FVLCOD for the Edikan, Sissingué and Yaouré CGUs.

The key economic assumptions used in the Impairment review for the 2018 financial year are as follows:

|                             | Units          | Cash Generating Unit |               |               |
|-----------------------------|----------------|----------------------|---------------|---------------|
|                             |                | Edikan               | Sissingué     | Yaouré        |
| Gold price range            | US\$ per ounce | 1,210 – 1,298        | 1,210 – 1,298 | 1,210 – 1,298 |
| Post-tax real discount rate | Percentage     | 9.70%                | 9.82%         | 11.48%        |
| AUD:USD exchange rate       | Rate           | 0.74                 | 0.74          | 0.74          |
| USD:XOF exchange rate       | Rate           | -                    | 560           | 560           |

**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 cash generating unit.

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**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, found the Sissingué CGU to be impaired and as a result recorded the impairment charges detailed in the table below for the financial year ended 30 June 2018.

|                               | Note | Impairment<br>Sissingué<br>\$'000 |
|-------------------------------|------|-----------------------------------|
| Mine properties               | 10   | 10,151                            |
| Property, plant and equipment |      | -                                 |
| Total impairment              |      | <u>10,151</u>                     |

*(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).

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.

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**3. INCOME TAX EXPENSE**

|  | <b>Consolidated</b> |                        |
|--|---------------------|------------------------|
|  | <b>2018</b>         | <b>2017 (restated)</b> |
|  | <b>\$'000</b>       | <b>\$'000</b>          |
| <b>(a) Income tax expense</b>  |                     |                        |
| Current tax expense  | 138                 | 233                    |
| Deferred tax expense / (benefit)   | 5,654               | (17,498)               |
| Income tax expense / (benefit)   | <u>5,792</u>        | <u>(17,265)</u>        |
| <b>Income tax expense is attributable to:</b>  |                     |                        |
| Profit / (loss) from continuing operations   | 5,792               | (17,265)               |
| Loss from discontinued operations  | -                   | -                      |
| Aggregate income tax benefit   | <u>5,792</u>        | <u>(17,265)</u>        |
| <b>Deferred income tax expense included in tax comprises:</b>  |                     |                        |
| Decrease / (increase) in deferred tax assets   | 21,775              | (23,147)               |
| (Decrease) / increase in deferred tax liabilities  | (16,121)            | 5,649                  |
| Aggregate deferred tax expense / (benefit)   | <u>5,654</u>        | <u>(17,498)</u>        |
| <b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>   |                     |                        |
| Loss from continuing operations before income tax expense  | (19,114)            | (100,387)              |
| Loss from discontinuing operations before income tax expense   | -                   | -                      |
|  | <u>(19,114)</u>     | <u>(100,387)</u>       |
| Tax at the Australian tax rate of 30%  | (5,734)             | (30,116)               |
| Effect of tax rates in foreign jurisdictions   | 849                 | (2,531)                |
| Non-deductible expenses  | 108                 | 664                    |
| Share based payments   | 520                 | 829                    |
| Foreign exchange on investment in foreign subsidiaries   | (5,976)             | 2,227                  |
| Deferred tax asset not brought to account  | 16,516              | 11,662                 |
|  | <u>6,283</u>        | <u>(17,265)</u>        |
| (Over) / under provision in prior years  | (491)               | -                      |
| Income tax expense / (benefit)   | <u>5,792</u>        | <u>(17,265)</u>        |
| <b>(c) Amounts recognised directly in equity</b>   |                     |                        |
| Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity | (1,942)             | (7,614)                |
| Net deferred tax credited directly to equity   | <u>(1,942)</u>      | <u>(7,614)</u>         |
| <b>(d) Tax losses</b>  |                     |                        |
| Estimated Australian revenue tax losses  | 45,205              | 36,484                 |
| Estimated Australian capital tax losses  | 4,100               | 4,103                  |
|  | <u>49,305</u>       | <u>40,587</u>          |
| Potential tax benefit at 30%   | 14,792              | 12,176                 |
| Unused foreign tax losses for which no deferred tax has been recognised  | -                   | -                      |
|  | <u>14,792</u>       | <u>12,176</u>          |

**Perseus Mining Limited**  
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**3. INCOME TAX EXPENSE – continued**

**RECOGNITION & MEASUREMENT**

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associated operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**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.

**4. LOSS PER SHARE**

|   | <b>Consolidated</b>  |                        |
|---|----------------------|------------------------|
|   | <b>2018</b>          | <b>2017 (restated)</b> |
|   | <b>\$'000</b>        | <b>\$'000</b>          |
| <b>(a) Earnings used in calculating earnings per share</b>                            |                      |                        |
| Loss attributable to ordinary shareholders of the parent                              | <b>(25,853)</b>      | (79,613)               |
| <b>(b) Weighted average number of shares</b>  |                      |                        |
|   | <b>No. of shares</b> | <b>No. of shares</b>   |
| Weighted average number of ordinary shares used in calculating basic loss per share   | <b>1,033,696,169</b> | 1,027,960,331          |
| Effect of dilution from performance rights  | -                    | -                      |
| Effect of dilution from warrants  | -                    | -                      |
| Weighted average number of ordinary shares used in calculating diluted loss per share | <b>1,033,696,169</b> | 1,027,960,331          |

Performance rights, first issued in November 2012 (see note 24) and granted to employees under the terms of the company's Performance Rights Plan approved by shareholders in November 2012 and amended in October 2014, are considered to be potential ordinary shares. However, these performance rights are anti-dilutive for the year ended 30 June 2018 and therefore have been excluded from the calculation of diluted earnings per share. Warrants issued in April 2016 to the shareholders of Amara, are also considered to be potential ordinary shares. However, these warrants are anti-dilutive for the year ended 30 June 2018 and therefore have been excluded from the calculation of diluted earnings per share.

**RECOGNITION & MEASUREMENT**

*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing the net result attributable to owners of the parent, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus element.

*(ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of ordinary shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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**5. CASH AND CASH EQUIVALENTS**

|                     |      | <b>Consolidated</b> |        |
|---------------------|------|---------------------|--------|
|                     |      | <b>2018</b>         | 2017   |
|                     |      | <b>\$'000</b>       | \$'000 |
| Cash assets         | (i)  | <b>20,791</b>       | 11,228 |
| Short term deposits | (ii) | <b>10,375</b>       | 12,799 |
|                     |      | <b>31,166</b>       | 24,027 |

(i) Cash at bank earns interest at floating rates based on daily bank deposit rates.

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

**RECOGNITION & MEASUREMENT**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions with an original maturity not exceeding three months, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. If greater than three months principal amounts can be redeemed in full with interest payable at the same cash rate from inception as per the agreement with each bank. Bank overdrafts, if utilised, are shown within borrowings in current liabilities on the statement of financial position.

**6. RECEIVABLES**

|                              |       | <b>Consolidated</b> | <b>Consolidated</b> |
|------------------------------|-------|---------------------|---------------------|
|                              |       | <b>2018</b>         | 2017 (restated)     |
|                              |       | <b>\$'000</b>       | \$'000              |
| <b>Current</b>               |       |                     |                     |
| Trade debtors                | (i)   | <b>533</b>          | 481                 |
| Sundry debtors               | (i)   | <b>2,013</b>        | 4,365               |
| Other receivable             | (ii)  | <b>23,097</b>       | 9,227               |
| Allowance for doubtful debts | (iii) | <b>(3,767)</b>      | (3,632)             |
|                              |       | <b>21,876</b>       | 10,441              |
| <b>Non-current</b>           |       |                     |                     |
| Security deposits            | (iv)  | <b>12,857</b>       | 12,375              |
|                              |       | <b>12,857</b>       | 12,375              |

**Movement in the allowance for doubtful debts:**

|  |       |              |       |
|--|-------|--------------|-------|
| Balance at beginning of the year           |       | <b>3,632</b> | 3,751 |
| Foreign exchange translation (loss) / gain |       | <b>135</b>   | (119) |
| Balance at the end of the year             | (iii) | <b>3,767</b> | 3,632 |

Terms relating to the above financial instruments:

- (i) Trade and sundry debtors are non-interest bearing and generally on 30 day terms.
- (ii) Other receivable relates to GST and VAT receivable throughout the group. At 30 June 2018 \$19.3 million (30 June 2017: \$9.2 million) related to a VAT refund receivable from the Ghana Revenue Authority ("GRA"). During the year, the group received a total of GHS 83.8 million (US\$19.0 million) from the GRA for the VAT receivable.
- (iii) Allowance for doubtful debts are recognised against sundry and other debtors for estimated irrecoverable amounts determined by reference to an analysis of the counterparty's current financial position.
- (iv) At 30 June 2018, the group had US\$9.6 million (approximately A\$12.9 million) (30 June 2017: US\$9.5 million (approximately A\$12.4 million)) held in bank deposits which are subject to a lien and are collateral for a bank guarantee that has been issued to the Ghana Environmental Protection Agency in relation to environmental rehabilitation provisions concerning the EGM.

*Past due but not impaired*

With the exception of \$3.8 million (30 June 2017: \$3.6 million) disclosed above which is fully provided for, all of the remaining trade and other receivables are not past due.

**Perseus Mining Limited**  
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**6. RECEIVABLES – continued**

*Fair value and foreign exchange and credit risk*

Due to the short-term nature of the current receivables, their carrying amount is assumed to approximate their fair value. Long term receivables are evaluated by the group based on parameters such as individual creditworthiness of the customer and specific country risk factors. The carrying amount of long term receivables is assumed to approximate fair value, as the security deposits that make up the long-term receivables have a market based interest rate. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivable mentioned above.

The other receivable relating to a VAT refund from the GRA is immediately repayable on demand in Ghanaian Cedis, is unsecured and bears no interest. Since the authorisation of treasury credit notes by the GRA, payments of employment taxes, withholding taxes and royalties have been offset against the VAT receivable.

Further information about the group's exposure to these risks is provided in note 16.

**RECOGNITION & MEASUREMENT**

*(i) Trade and other receivables*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

An allowance for doubtful debts is made when collection of the full amount is no longer probable. Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses.

*(ii) Loan and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

**7. INVENTORIES**

|  | <b>Consolidated</b> |                        |
|--|---------------------|------------------------|
|  | <b>2018</b>         | <b>2017 (restated)</b> |
| <b>Current</b>                           | <b>\$'000</b>       | <b>\$'000</b>          |
| Ore stockpiles – at cost                 | 691                 | 6,865                  |
| Ore stockpiles – at net realisable value | 30,481              | 3,580                  |
| Gold in circuit – at cost                | 14,283              | 4,840                  |
| Bullion on hand – at cost                | 39,895              | 12,544                 |
| Materials and supplies                   | 39,412              | 30,534                 |
|  | <b>124,762</b>      | <b>58,563</b>          |

*Inventory expense*

The inventory expense during the year ended 30 June 2018 was \$334.2 million (30 June 2017: \$287.8 million). The write back of inventories due to an increase in net realisable value recognised during the year ended 30 June 2018 amounted to \$5.9 million (30 June 2017 write down: \$6.3 million) and is included in 'cost of sales' in the statement of comprehensive income.

**Non-current**

|  |               |              |
|--|---------------|--------------|
| Ore stockpiles – at net realisable value | <b>20,061</b> | 6,311        |
|  | <b>20,061</b> | <b>6,311</b> |

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**7. INVENTORIES – continued**

**RECOGNITION & MEASUREMENT**

Gold bullion, gold in circuit and ore stockpiles are physically measured or estimated and stated at the lower of cost and net realisable value.

Cost comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs in getting such inventories to their existing location and condition, based on weighted average costs incurred during the period in which such inventories were produced. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling the final product.

Inventories of consumable supplies and spare parts expected to be used in production are valued at weighted average cost. Obsolete or damaged inventories of such item are valued at net realisable value.

**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.

**8. AVAILABLE FOR SALE FINANCIAL ASSETS**

|  | <b>Consolidated</b> |              |
|--|---------------------|--------------|
|  | <b>2018</b>         | 2017         |
|  | <b>\$'000</b>       | \$'000       |
| <b>Non-current</b>   |                     |              |
| Available for sale financial assets  | (i) <b>1,400</b>    | 3,324        |
|  | <b>1,400</b>        | <b>3,324</b> |
| <b>Reconciliation of movements in available for sale financial assets:</b> |                     |              |
| Balance at beginning of the year   | <b>3,324</b>        | 5,044        |
| Additions  | -                   | -            |
| Disposals  | <b>(29)</b>         | (338)        |
| Impairment   | (ii) <b>(1,222)</b> | -            |
| (Loss) / gain on fair value re-measurements                                | <b>(673)</b>        | (1,382)      |
| Balance at end of the year   | <b>1,400</b>        | <b>3,324</b> |

(i) The group's investment in Manas Resources Limited ("Manas") of \$0.7 million and Amani Gold Limited ("Amani") of \$0.7 million are recognised as available for sale financial assets.

(ii) During the year ended 30 June 2018, impairment of the investment in Manas was considered and no evidence of impairment existed. The investment in Manas is recognised at fair value at 30 June 2018. During the year ended 30 June 2018, impairment of the investment in Amani was considered. The significant decline in the fair value of Amani's shares was considered objective evidence of impairment and as such, an impairment of \$1.2 million was made. The investment in Amani is recognised at fair value 30 June 2018.

*Risk exposure and fair value measurements*

Information about the group's exposure to price risk and about the methods and assumptions used in determining fair value is provided in note 16.

**8. AVAILABLE FOR SALE FINANCIAL ASSETS – continued**

**RECOGNITION & MEASUREMENT**

*(i) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term

Purchase and sale of investments are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses on sale of available-for-sale financial assets.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss in the period in which they arise. Changes in value of non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 16.

*(ii) Impairment*

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered an indicator in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in the profit or loss.

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| 9. PROPERTY, PLANT AND EQUIPMENT                    | Consolidated   |                |
|---|----------------|----------------|
|   | 2018<br>\$'000 | 2017<br>\$'000 |
| Plant and equipment - at cost                       | 341,916        | 213,664        |
| Accumulated depreciation                            | (127,126)      | (91,605)       |
|   | <b>214,790</b> | <b>122,059</b> |
| <b>Reconciliation of plant and equipment:</b>       |                |                |
| Balance at the beginning of the year                | 122,059        | 118,731        |
| Additions   | 92             | 123            |
| Transferred from assets under construction          | 117,269        | 28,004         |
| Transferred from exploration                        | -              | 29             |
| Depreciation  | (30,844)       | (20,946)       |
| Disposals   | -              | (6)            |
| Translation difference movement                     | 6,214          | (3,876)        |
| Carrying amount at the end of the year              | <b>214,790</b> | <b>122,059</b> |
| Assets under construction – at cost                 | <b>202,532</b> | <b>177,563</b> |
| <b>Reconciliation of assets under construction:</b> |                |                |
| Balance at the beginning of the year                | 177,563        | 122,072        |
| Additions   | 72,424         | 109,409        |
| Transferred to property, plant and equipment        | (117,269)      | (28,004)       |
| Transferred to mine properties                      | (112,393)      | (35,309)       |
| Transferred from exploration                        | 177,566        | 7,303          |
| Asset written off                                   | (7,189)        | -              |
| Disposals   | -              | (577)          |
| Translation difference movement                     | 11,830         | 2,669          |
| Carrying amount at the end of the year              | <b>202,532</b> | <b>177,563</b> |
| Total property, plant and equipment net book value  | <b>417,322</b> | <b>299,622</b> |

The \$7.2 million (30 June 2017: \$nil) asset write off occurred in December 2017 and 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 buyer for the asset, it was written off.

**9. PROPERTY, PLANT AND EQUIPMENT – continued**

**RECOGNITION & MEASUREMENT**

*(i) Assets under construction*

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified as 'assets under construction', and disclosed as a component of property, plant and equipment.

All subsequent expenditure incurred in the construction of a mine by or on behalf of, the group is accumulated separately for each area of interest in which economically recoverable reserves have been identified. This expenditure includes net direct costs of construction and borrowing costs capitalised during construction. On completion of development, all assets included in 'assets under construction' are reclassified as either 'plant and equipment' or 'mine properties'.

*(ii) Property, plant and equipment*

Land and buildings and all other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated.

Property, plant and equipment directly engaged in the crushing and milling operations are depreciated over the shorter of expected economic life or over the remaining life of the mine on a units-of-production basis. Assets which are depreciated on a basis other than units-of-production method are typically depreciated on a straight-line basis over their estimated useful lives as follows:

| <b>Item</b>         | <b>Estimated useful life (years)</b> |
|---------------------|--------------------------------------|
| Plant and equipment | 3-10                                 |
| Buildings           | 20                                   |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

*(iii) Impairment of assets*

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating value in use, a pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs of disposal is the amount the cash generating unit can be sold to a knowledgeable and willing market participant in an arm's length transaction, less the disposal costs. In estimating fair value less costs of disposal, discounted cash flow methodology is utilised, and a post-tax discount rate is used.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generated units). The group has three cash generating units, Edikan Gold Mine, Sissingué Gold Mine and the Yaouré Gold Project. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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**10. MINE PROPERTIES**

|  | <b>Consolidated</b> |           |
|--|---------------------|-----------|
|  | <b>2018</b>         | 2017      |
|  | <b>\$'000</b>       | \$'000    |
| Mine properties - at cost                  | <b>580,538</b>      | 431,456   |
| Accumulated depreciation                   | <b>(276,406)</b>    | (177,216) |
|  | <b>304,132</b>      | 254,240   |
| <b>Reconciliation of mine properties:</b>  |                     |           |
| Balance at the beginning of the year       | <b>254,240</b>      | 227,245   |
| Additions                                  | <b>28,101</b>       | 34,731    |
| Transferred from assets under construction | <b>112,393</b>      | 35,309    |
| Amortisation                               | <b>(88,740)</b>     | (35,486)  |
| Impairment                                 | <b>(10,151)</b>     | -         |
| Translation difference movement            | <b>8,289</b>        | (7,559)   |
| Carrying amount at the end of the year     | <b>304,132</b>      | 254,240   |

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 was achieved was capitalised to mine properties. There were no pre-commercial production gold bullion sales at Sissingué.

The \$10.2 million (30 June 2017: \$nil) impairment expense relates 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.

**RECOGNITION AND MEASUREMENT**

*(i) Mine Properties*

Accumulated mine development costs (classified as either 'plant and equipment' or 'mine properties') are depreciated/amortised on a unit of production basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of mine, in which case the straight line method is applied. The units of measure for amortisation of mine properties is tonnes of ore mined and the amortisation of mine properties takes into account expenditures incurred to date. The EGM and SGM mine properties work in progress is assessed at the end of every month and when the work is completed it is transferred to mine properties and then amortised.

The units of measure for depreciating mine related plant and equipment is tonnes of ore processed.

*(ii) Deferred stripping costs*

The group incurs waste removal costs (stripping costs) during the development and production phases of its surface mining operations. During the production phase, stripping costs (production stripping costs) can be incurred both in relation to the production of inventory in that period and the creation of improved access and mining flexibility in relation to ore to be mined in the future. The former are included as part of the costs of inventory, while the latter are capitalised as a stripping activity asset, where certain criteria are met. Once the group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset. The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of 'Mine properties' in the statement of financial position. This forms part of the total investment in the relevant cash generating unit, which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

**Perseus Mining Limited**  
**Notes to the financial statements**  
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**10. MINE PROPERTIES – continued**

**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.

**11. MINERAL INTEREST ACQUISITION AND EXPLORATION EXPENDITURE**

|  | <b>Consolidated</b> |          |
|--|---------------------|----------|
|  | <b>2018</b>         | 2017     |
|  | <b>\$'000</b>       | \$'000   |
| Mineral interest acquisition and exploration – at cost | <b>9,607</b>        | 183,956  |
| <b>Reconciliation:</b>                                 |                     |          |
| Balance at the beginning of the year                   | <b>183,956</b>      | 184,443  |
| Additions  | <b>6,265</b>        | 26,127   |
| Transferred to plant and equipment                     | -                   | (29)     |
| Transferred to assets under construction               | <b>(177,566)</b>    | (7,303)  |
| Exploration costs written off                          | <b>(5,772)</b>      | (16,111) |
| Translation difference movement                        | <b>2,724</b>        | (3,171)  |
| Carrying amount at the end of the year                 | <b>9,607</b>        | 183,956  |

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 \$5.8 million as at 30 June 2018 was mainly attributable to the non-discovery of commercially viable deposits at the Mbengué and Napie prospects in Cote d'Ivoire, whilst the write-off of \$16.1 million as at 30 June 2017 was a result of writing off both the Nsuaem and Nkotumso areas of interest as no commercially viable deposits had been discovered.

**RECOGNITION AND MEASUREMENT**

Exploration and evaluation expenditures in relation to each separate area of interest with current tenure are carried forward to the extent that:

- (i) such expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
- (ii) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

In the event that an area of interest is abandoned or, if facts and circumstances suggest that the carrying amount of an exploration and evaluation asset is impaired then the accumulated costs carried forward are written off in the year in which the assessment is made.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified as 'assets under construction'.

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**Notes to the financial statements**  
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**11. MINERAL INTEREST ACQUISITION AND EXPLORATION EXPENDITURE – continued**

**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.

**12. PAYABLES AND PROVISIONS**

|  |     | Consolidated   |                |
|--|-----|----------------|----------------|
|  |     | 2018<br>\$'000 | 2017<br>\$'000 |
| <b>Current</b>   |     |                |                |
| Trade creditors and accruals   | (i) | 98,047         | 72,204         |
| Employee benefits  |     | 2,017          | 1,836          |
|  |     | <b>100,064</b> | <b>74,040</b>  |
| Terms and conditions relating to the above financial instruments:                                |     |                |                |
| (i) Trade and other creditors are non-interest bearing and are normally settled on 30 day terms. |     |                |                |
| Risk exposure  |     |                |                |
| Information about the group's exposure to risk is provided in note 16.                           |     |                |                |
| <b>Non-current</b>   |     |                |                |
| Provision for rehabilitation work  |     | 18,060         | 18,574         |
| Balance at the beginning of the year   |     | 18,574         | 15,648         |
| (Decreased) / increased obligations during the year  |     | (1,172)        | 3,407          |
| Rehabilitation expenditure during the year   |     | (194)          | (169)          |
| Unwinding of discount  |     | 58             | 29             |
| Translation difference movement  |     | 794            | (341)          |
| Balance at the end of the year   |     | <b>18,060</b>  | <b>18,574</b>  |
| Employee benefits  |     | 619            | 627            |
| Total non-current provisions   |     | <b>18,679</b>  | <b>19,201</b>  |

The provision for rehabilitation work relates to the EGM in Ghana, SGM in Côte d'Ivoire and the historical heap leach operations at Yaouré in Côte d'Ivoire. The timing of settlement of these obligations cannot be established with any certainty. The group has commenced mining the EGM project area and many of the old pits identified for rehabilitation work will be subject to new mining. The group has also commenced mining the SGM project area. The provision related to the EGM, SGM and YGP has been reviewed and updated in line with the additional development that has occurred since June 2017.

**RECOGNITION AND MEASUREMENT**

*(i) Trade and other payables*

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

*(ii) Provisions*

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured as the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

**12. PAYABLES AND PROVISIONS – continued**

**RECOGNITION AND MEASUREMENT – continued**

*(iii) Employee benefits*

*(a) Short term obligations*

Liabilities for short-term employee benefits expected to be wholly settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

*(b) Other long-term employee benefit obligations*

The liability for long service leave which is not expected to be wholly settled within 12 months of the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments. Consideration is given to expected future wage and salary level, experience of employees' departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*(c) Retirement benefit obligations*

Contributions are made by the group to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

*(iv) Rehabilitation provision*

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

**SIGNIFICANT JUDGEMENTS AND ESTIMATES**

*Restoration and Rehabilitation provision*

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

**Perseus Mining Limited**  
**Notes to the financial statements**  
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| 13. DEFERRED TAX   | Consolidated   |                |
|--|----------------|----------------|
|  | 2018<br>\$'000 | 2017<br>\$'000 |
| Deferred tax asset   | 27,493         | 47,498         |
| Set off of deferred tax liabilities of entity pursuant to set off provisions                   | (27,493)       | (47,498)       |
| Net deferred tax asset   | -              | -              |
| Deferred tax liability   | 72,609         | 83,428         |
| Set off of deferred tax assets of entity pursuant to set off provisions                        | (27,493)       | (47,498)       |
| Net deferred tax liability   | 45,116         | 35,930         |
| <b>(a) The deferred tax asset balance comprising of temporary differences attributable to:</b> |                |                |
| Employee benefits  | 66             | 93             |
| Derivatives held for trading   | -              | 55             |
| Other  | 1,319          | 2,230          |
| Tax losses   | 26,108         | 45,120         |
| Net deferred tax asset   | 27,493         | 47,498         |
| <b>(b) Movement in the deferred tax asset:</b>   |                |                |
| Opening balance at 1 July  | 47,498         | 29,794         |
| Credited to the income statement   | (21,775)       | 23,146         |
| Credited to the equity – hedging reserve   | -              | (4,494)        |
| Foreign exchange   | 1,770          | (948)          |
| Closing balance at 30 June   | 27,493         | 47,498         |
| <b>(c) The deferred tax liability comprises temporary differences attributable to:</b>         |                |                |
| Property, plant and equipment  | 27,961         | 31,299         |
| Mine properties in use   | 42,509         | 52,012         |
| Cash flow hedges   | 2,139          | 117            |
| Net deferred tax liability   | 72,609         | 83,428         |
| <b>(d) Movement in the deferred tax liability:</b>   |                |                |
| Opening balance at 1 July  | 83,428         | 77,010         |
| (Credited) / charged to the income statement   | (16,121)       | 5,647          |
| Charged to the equity – hedging reserve  | 1,942          | 3,120          |
| Foreign exchange   | 3,360          | (2,349)        |
| Closing balance at 30 June   | 72,609         | 83,428         |

**RECOGNITION AND MEASUREMENT**

Deferred income tax is provided in full, using the balance sheet full liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affect neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

**Perseus Mining Limited**  
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**13. DEFERRED TAX – continued**

**RECOGNITION AND MEASUREMENT - continued**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**14. INTEREST BEARING LIABILITIES**

|   |     | <b>Consolidated</b> |               |
|---|-----|---------------------|---------------|
|   |     | <b>2018</b>         | 2017          |
|   |     | <b>\$'000</b>       | \$'000        |
| <b>Current</b>  |     |                     |               |
| Interest-bearing loan facility  | (i) | <u>32,632</u>       | 19,514        |
|   |     | <u>32,632</u>       | <u>19,514</u> |
| <b>Non-current</b>  |     |                     |               |
| Interest-bearing loan facility  | (i) | <u>52,383</u>       | -             |
|   |     | <u>52,383</u>       | -             |
| <b>Reconciliation of liabilities arising from financing activities:</b> |     |                     |               |
| Balance at the beginning of the year                                    |     | 19,514              | -             |
| Cashflows   |     | 61,392              | 19,530        |
| Translation difference movement   |     | 4,109               | (16)          |
| Carrying amount at the end of the year                                  |     | <u>85,015</u>       | <u>19,514</u> |

(i) The Company's US\$20 million working capital debt facility provided to Perseus's Ghanaian subsidiary by Macquarie Bank Limited was converted into a US\$30 million revolving line of credit to improve flexibility in terms of managing working capital and fund high potential exploration activities. The amount drawn as at 30 June 2018 was US\$25 million.

The loan agreement for the US\$40 million Sissingué project debt facility provided by Macquarie Bank Limited was executed during the year and the facility was fully drawn during the year. The first principle repayment of US\$2 million was made in June 2018 and the amount outstanding on the facility was US\$38 million as at 30 June 2018.

*Secured liabilities and assets pledged as security*

The debt and hedge facilities provided by Macquarie Bank Limited to Perseus Mining Ghana Limited ("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.

*Risk exposures and fair value measurements*

Information about the group's exposure to interest rate and foreign currency changes is provided in note 16.

**Perseus Mining Limited**  
**Notes to the financial statements**  
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**RECOGNITION AND MEASUREMENT**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**15. DERIVATIVE FINANCIAL INSTRUMENTS**

|  | <b>Consolidated</b> |        |
|--|---------------------|--------|
|  | <b>2018</b>         | 2017   |
|  | <b>\$'000</b>       | \$'000 |
| <b>Current assets</b>  |                     |        |
| Cash flow hedge asset  | <u>5,076</u>        | 490    |
|  | <u>5,076</u>        | 490    |
| <b>Non-current assets</b>                                    |                     |        |
| Cash flow hedge asset  | <u>24</u>           | 1,265  |
|  | <u>24</u>           | 1,265  |
| <b>Current liabilities</b>                                   |                     |        |
| Financial liabilities at fair value – gold forward contracts | <u>-</u>            | 157    |
|  | <u>-</u>            | 157    |

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

*Forward metal contracts – cash flow hedges:*

The group uses cash flow designated USD forward metal contracts to hedge movements in USD precious metal prices on its anticipated sales of gold. At 30 June 2018 there were cash flow designated hedge contracts in place for 129,350 ounces of gold with settlements scheduled between September 2018 and September 2020 with a weighted average price of US\$1,312/oz. These include 62,350 ounces of cash flow designated hedge contracts at an average price of US\$1,301/oz specifically to support the proposed Sissingué project finance debt facility. The portion of the gain or loss on these hedging instruments that are determined to be an effective hedge are recognised and retained directly in equity. The ineffective portion will be recognised in the statement of comprehensive income.

The amount reclassified during the year to revenue in the income statement was a loss of \$0.8 million (30 June 2017 loss: \$10.5 million)

*Financial liabilities at fair value – gold forward contracts:*

Financial liabilities at fair value through profit or loss include the change in value of gold forward contracts put in place during the year ending 30 June 2018. The group uses USD forward metal contracts to hedge movements in USD precious metal prices on its anticipated sales of gold. The risk management policies related to these contracts are provided in note 16.

**Perseus Mining Limited**  
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**15. DERIVATIVE FINANCIAL INSTRUMENTS – continued**

Movements in fair value between inception and close-out of the contract are taken to the statement of comprehensive income. When necessary, these contracts may be rolled over into new contracts at maturity, subject to counterparty credit approval.

At 30 June 2018, the group did not hold any spot deferred contracts.

*Risk exposures and fair value measurements*

Information about the group's exposure to credit risk, price risk and liquidity risk related to the undiscounted cash flow exposure from derivative contracts is provided at note 16.

**RECOGNITION AND MEASUREMENT**

*(i) Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Liabilities in this category are classified as current liabilities if they are expected to be settled within 12 months; otherwise they are classified as non-current.

*(ii) Fair value measurement*

The group measures derivatives at fair value at each balance-sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

*(iii) Derivatives and hedging activities*

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At the inception of a hedge transaction, the group formally designates and documents the hedge relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedge items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed as above. Movements in the hedging reserve in shareholders' equity are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

## **15. DERIVATIVE FINANCIAL INSTRUMENTS – continued**

### **RECOGNITION AND MEASUREMENT – continued**

Where forward contracts are entered into and continue to be held for the purpose of receipt or delivery of a physical commodity in accordance with expected purchase, sale or usage requirements, the contracts are outside of the scope of AASB 139 Financial Instruments: Recognition and Measurement and are therefore off balance sheet.

#### *(i) Fair value hedges*

Changes in fair value of derivatives that are designated and qualify as fair value hedges are recorded in the comprehensive income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of derivative contracts are recognised in the statement of comprehensive income within “Revenue” with a corresponding offsetting amount to the carrying amount of the asset or liability being the fair value movement of the hedged asset or liability. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income as other income or expense.

#### *(ii) Cash flow hedges*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss related to the ineffective portion is recognised immediately in profit or loss within other income or expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of derivative contracts is recognised in the statement of comprehensive income within “revenue”. However when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

#### *(iii) Derivatives that do not qualify for hedge accounting*

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the statement of comprehensive income.

### **SIGNIFICANT JUDGEMENTS AND ESTIMATES**

The group makes judgements on the effectiveness of all derivative financial instrument entered into, including forward metal contracts, metal options and foreign currency option contracts in accordance with the above accounting policy. 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.

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**16. FINANCIAL RISK MANAGEMENT**

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the group as at 30 June 2018:

|                                    | Loans and<br>receivables /<br>amortised cost<br>\$'000 | Available-for-<br>sale<br>\$'000 | Fair value<br>through profit<br>and loss<br>\$'000 | Fair value through other<br>comprehensive income<br>(cash flow hedge)<br>\$'000 |
|------------------------------------|--|----------------------------------|--|---|
| <b>Financial assets:</b>           |  |                                  |  |   |
| Receivables                        | 21,876   | -                                | -  | -   |
| Derivative financial instruments   | -  | -                                | -  | 5,076   |
| <b>Total current</b>               | <b>21,876</b>  | <b>-</b>                         | <b>-</b>   | <b>5,076</b>  |
| Receivables                        | 12,857   | -                                | -  | -   |
| Available for sale investments     | -  | 1,400                            | -  | -   |
| Derivative financial instruments   | -  | -                                | -  | 24  |
| <b>Total non-current</b>           | <b>12,857</b>  | <b>1,400</b>                     | <b>-</b>   | <b>24</b>   |
| <b>Total financial assets</b>      | <b>34,733</b>  | <b>1,400</b>                     | <b>-</b>   | <b>5,100</b>  |
| <b>Financial liabilities:</b>      |  |                                  |  |   |
| Payables                           | 98,047   | -                                | -  | -   |
| Interest-bearing liabilities       | 32,632   | -                                | -  | -   |
| <b>Total current</b>               | <b>130,679</b>   | <b>-</b>                         | <b>-</b>   | <b>-</b>  |
| Interest-bearing liabilities       | 52,383   | -                                | -  | -   |
| <b>Total non-current</b>           | <b>52,383</b>  | <b>-</b>                         | <b>-</b>   | <b>-</b>  |
| <b>Total financial liabilities</b> | <b>183,062</b>   | <b>-</b>                         | <b>-</b>   | <b>-</b>  |

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the group as at 30 June 2017:

|                                  | Loans and<br>receivables /<br>amortised cost<br>\$'000 | Available-for-<br>sale<br>\$'000 | Fair value<br>through profit<br>and loss<br>\$'000 | Fair value through other<br>comprehensive income<br>(cash flow hedge)<br>\$'000 |
|----------------------------------|--|----------------------------------|--|---|
| <b>Financial assets:</b>         |  |                                  |  |   |
| Receivables                      | 10,441   | -                                | -  | -   |
| Derivative financial instruments | -  | -                                | -  | 490   |
| <b>Total current</b>             | <b>10,441</b>  | <b>-</b>                         | <b>-</b>   | <b>490</b>  |
| Receivables                      | 12,375   | -                                | -  | -   |
| Available for sale investments   | -  | 3,324                            | -  | -   |
| Derivative financial instruments | -  | -                                | -  | 1,265   |
| <b>Total non-current</b>         | <b>12,375</b>  | <b>3,324</b>                     | <b>-</b>   | <b>1,265</b>  |
| <b>Total</b>                     | <b>22,816</b>  | <b>3,324</b>                     | <b>-</b>   | <b>1,755</b>  |
| <b>Financial liabilities:</b>    |  |                                  |  |   |
| Payables                         | 72,204   | -                                | -  | -   |
| Interest-bearing liabilities     | 19,514   | -                                | -  | -   |
| Derivative financial instruments | -  | -                                | 157  | -   |
| <b>Total current</b>             | <b>91,718</b>  | <b>-</b>                         | <b>157</b>   | <b>-</b>  |
| <b>Total</b>                     | <b>91,718</b>  | <b>-</b>                         | <b>157</b>   | <b>-</b>  |

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**16. FINANCIAL RISK MANAGEMENT – continued**

The group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk); credit risk; liquidity risk and equity price risk. The group therefore has an overall risk management program that focuses on the unpredictability of financial and precious metal commodity markets and seeks to minimise potential adverse effects on the financial performance of the group.

The group uses different methods to measure different types of risk to which it is exposed including sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk. The group then uses derivative financial instruments such as forward metal and forward metal option contracts to hedge certain risk exposures.

Financial risk management is carried out by the finance area of the group under policies approved by the board of directors with identification, evaluation and hedging of financial and commodity risks being undertaken in close co-operation with the group's operating units. The board provides written principles for overall risk management as well as written policies covering specific areas such as use of derivative financial instruments and investment of excess liquidity.

**Market Risk**

*(i) Foreign exchange risk*

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, West African CFA franc and Ghanaian cedi. Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The group is also exposed to foreign exchange risk arising from the translation of its foreign operations, the group's investments in its subsidiaries are not hedged as those currency positions are considered to be long term in nature. In addition, the parent entity has intercompany receivables from its subsidiaries denominated in US Dollars which are eliminated on consolidation. The gains or losses on re-measurement of these intercompany receivables from US Dollars to Australian Dollars are not eliminated on consolidation as those loans are not considered to be part of the net investment in the subsidiaries.

The group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

**Market Risk Table:**

|                                     | <b>2018</b>   |               |               |               |               |               |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                     | <b>USD</b>    | <b>ZAR</b>    | <b>CFA</b>    | <b>EUR</b>    | <b>GHS</b>    | <b>GBP</b>    |
|                                     | <b>\$'000</b> | <b>\$'000</b> | <b>\$'000</b> | <b>\$'000</b> | <b>\$'000</b> | <b>\$'000</b> |
| <b>Financial Assets</b>             |               |               |               |               |               |               |
| Cash and cash equivalents           | 10,242        | -             | -             | 2             | 1,472         | 206           |
| Receivables                         | 11,102        | -             | -             | -             | 19,320        | -             |
| Derivative financial instruments    | 5,100         | -             | -             | -             | -             | -             |
| <b>Total Assets</b>                 | <b>26,444</b> | <b>-</b>      | <b>-</b>      | <b>2</b>      | <b>20,792</b> | <b>206</b>    |
| <b>Financial Liabilities</b>        |               |               |               |               |               |               |
| Payables                            | 78            | 287           | -             | 475           | 2,829         | 25            |
| Financial liabilities at fair value | -             | -             | -             | -             | -             | -             |
| Interest-bearing liabilities        | 85,015        | -             | -             | -             | -             | -             |
| <b>Total Liabilities</b>            | <b>85,093</b> | <b>287</b>    | <b>-</b>      | <b>475</b>    | <b>2,829</b>  | <b>25</b>     |

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**16. FINANCIAL RISK MANAGEMENT – continued**

**Market risk - continued**

|                                     | USD<br>\$'000 | ZAR<br>\$'000 | CFA<br>\$'000 | 2017<br>EUR<br>\$'000 | GHS<br>\$'000 | GBP<br>\$'000 |
|-------------------------------------|---------------|---------------|---------------|-----------------------|---------------|---------------|
| <b>Financial Assets</b>             |               |               |               |                       |               |               |
| Cash and cash equivalents           | 13,643        | -             | 622           | 614                   | 7,830         | 450           |
| Receivables                         | 10,638        | -             | -             | -                     | 9,217         | -             |
| Derivative financial instruments    | 1,755         | -             | -             | -                     | -             | -             |
| <b>Total assets</b>                 | <b>26,036</b> | <b>-</b>      | <b>622</b>    | <b>614</b>            | <b>17,047</b> | <b>450</b>    |
| <b>Financial Liabilities</b>        |               |               |               |                       |               |               |
| Payables                            | 45            | -             | -             | 124                   | 5,489         | 10            |
| Financial liabilities at fair value | 157           | -             | -             | -                     | -             | -             |
| Interest-bearing liabilities        | 19,514        | -             | -             | -                     | -             | -             |
| <b>Total liabilities</b>            | <b>19,716</b> | <b>-</b>      | <b>-</b>      | <b>124</b>            | <b>5,489</b>  | <b>10</b>     |

*Sensitivity*

The following table summarises the sensitivity of financial instruments held at balance date to movement in the exchange rate of the AUD to the USD with all other variables held constant and the AUD to the GHS with all other variables held constant, including the impact of the foreign exchange movement on the inter-company loan of \$261.2 million (2017: \$248.1 million). The sensitivity is based on management's estimate of reasonably possible changes over a financial year.

|             | Change in USD rate | Impact on profit or loss before tax and equity \$'000 |
|-------------|--------------------|---|
| <b>2018</b> | <b>+10%</b>        | <b>(20,941)</b>                                       |
|             | <b>-10%</b>        | <b>25,595</b>   |
| 2017        | +10%               | (24,645)  |
|             | -10%               | 30,322  |
|             | Change in GHS rate | Impact on profit or loss before tax and equity \$'000 |
| <b>2018</b> | <b>+10%</b>        | <b>(1,633)</b>  |
|             | <b>-10%</b>        | <b>1,996</b>  |
| 2017        | +10%               | (1,051)   |
|             | -10%               | 1,284   |

The group's exposure to other foreign exchange movements is not material.

(ii) *Price risk*

The group is exposed to commodity price risk for its future gold production. These risks are measured using sensitivity analysis and cash flow forecasting and to manage exposures the group enters into forward commodity price derivatives. The group's policy is to hedge no more than 40% of anticipated gold sales in the subsequent 12 months and no more than 30% of anticipated gold sales in the 12 months subsequent to that first 12 months.

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**16. FINANCIAL RISK MANAGEMENT – continued**

**Market risk – continued**

At the end of the reporting period the group had a total of 93,350 ounces of forward metal contracts in place over approximately 26% of anticipated monthly gold production from 1 July 2018 through to 30 June 2019, 27,500 ounces of forward metal contracts in place over approximately 10% of anticipated monthly gold production from 1 July 2019 through to 30 June 2020 and 8,500 ounces of forward metal contracts in place over approximately 9% of anticipated monthly gold production from 1 July 2020 through to 30 September 2020.

When necessary these contracts may be rolled over into new contracts at maturity, subject to counterparty credit approval. Of this total, the group held forward metal contracts for 67,000 ounces of forward metal contracts designated as hedging contracted specifically to support the proposed Sissingué project finance debt facility. Balance date exposures and further details of current commodity price derivatives are provided at note 15.

*Sensitivity*

The following table summarises the sensitivity of the fair value of instruments held at balance date to movements in the forward gold price, with all other variables held constant.

|             | Increase / decrease in gold prices | Impact on profit or loss before tax<br>\$'000 | Impact on equity before tax<br>\$'000 |
|-------------|------------------------------------|---|---------------------------------------|
| <b>2018</b> | <b>+10%</b>                        | -   | <b>(16,778)</b>                       |
|             | <b>-10%</b>                        | -   | <b>26,899</b>                         |
| 2017        | +10%                               | (5,462)                                       | (22,266)                              |
|             | -10%                               | 5,462   | 24,792                                |

(iii) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's debt obligations which have floating interest rates. At the end of the reporting period the group's interest rate risk exposure and the weighted average interest rate for each class of financial assets and liabilities was:

|   | Weighted average effective interest rate | Fixed interest rate<br>\$'000 | Floating interest rate<br>\$'000 | Non-interest bearing<br>\$'000 | Total<br>\$'000 |
|---|--|-------------------------------|----------------------------------|--------------------------------|-----------------|
| <b>30 June 2018</b>                                 |  |                               |                                  |                                |                 |
| <b>Financial assets:</b>                            |  |                               |                                  |                                |                 |
| Cash and cash equivalents                           | 0.7%                                     | -                             | 10,956                           | 20,210                         | 31,166          |
| Security deposit                                    | 1.6%                                     | 8,322                         | 2,733                            | 1,802                          | 12,857          |
| <b>Net exposure to cash flow interest rate risk</b> |  | <b>8,322</b>                  | <b>13,689</b>                    | <b>22,012</b>                  | <b>44,023</b>   |
| <b>Financial liabilities:</b>                       |  |                               |                                  |                                |                 |
| Interest-bearing liabilities                        | 6.6%                                     | -                             | 85,015                           | -                              | 85,015          |
| <b>Net exposure to cash flow interest rate risk</b> |  | <b>-</b>                      | <b>85,015</b>                    | <b>-</b>                       | <b>85,015</b>   |
| <b>30 June 2017</b>                                 |  |                               |                                  |                                |                 |
| <b>Financial assets:</b>                            |  |                               |                                  |                                |                 |
| Cash and cash equivalents                           | 3.9%                                     | -                             | 21,601                           | 2,426                          | 24,027          |
| Security deposit                                    | 0.6%                                     | 2,620                         | 8,017                            | 1,738                          | 12,375          |
| <b>Net exposure to cash flow interest rate risk</b> |  | <b>2,620</b>                  | <b>29,618</b>                    | <b>4,164</b>                   | <b>36,402</b>   |
| <b>Financial liabilities:</b>                       |  |                               |                                  |                                |                 |
| Interest-bearing liabilities                        | 4.3%                                     | -                             | 19,514                           | -                              | 19,514          |
| <b>Net exposure to cash flow interest rate risk</b> |  | <b>-</b>                      | <b>19,514</b>                    | <b>-</b>                       | <b>19,514</b>   |

**Perseus Mining Limited**  
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**16. FINANCIAL RISK MANAGEMENT – continued**

*Sensitivity*

If interest rates were to move up by 1% with all other variables held constant, then the pre-tax impact on the group's profit as well as total equity would be a movement of \$0.6million (30 June 2017: \$0.1 million), a 1% decrease would be a movement of \$0.6 million (30 June 2017: \$0.01 million).

**Credit risk**

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted under a financial instrument resulting in a financial loss to the group and arises from deposits with banks and financial institutions, favourable derivative financial instruments as well as credit exposures to customers including outstanding receivables and committed transactions. For banks and financial institutions, only independent parties with a minimum credit rating of 'A' are accepted.

The carrying amount the group's financial assets, represents the maximum credit exposure.

The group restricts the exposure to credit losses on derivative instruments it holds by entering into master netting arrangements with major counterparties with whom a significant volume of transactions are undertaken.

Such an arrangement provides for a single net settlement of all financial instruments covered by the agreement in the event of default on any one contract. Master-netting arrangements do not result in an offset of balance-sheet assets and liabilities unless certain conditions for offsetting under AASB 132 apply.

Although master-netting arrangements may significantly reduce credit risk, it should be noted that:

- (i) Credit risk is eliminated only to the extent that amounts due to the same counterparty will be settled after the assets are realised; and
- (ii) The extent to which overall credit risk is reduced may change substantially within a short period because the exposure is affected by each transaction subject to the arrangement.

At 30 June 2018, master netting arrangements reduced the credit risk on favourable contracts that have a fair value of \$6.5million (2017: \$1.8 million).

**Liquidity Risk**

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, that as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows, matching maturity profiles of financial assets and financial liabilities, and by ensuring that surplus funds are generally only invested in instruments that are tradable in highly liquid markets or that can be relinquished with minimal risk of loss.

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**16. FINANCIAL RISK MANAGEMENT – continued**

*Maturities of financial liabilities*

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

| Consolidated                     | Less than 6 months<br>\$'000 | 6 months – 1 year<br>\$'000 | 1 – 2 years<br>\$'000 | 2 – 5 years<br>\$'000 | Greater than 5 years<br>\$'000 | Total contractual cash flows<br>\$'000 |
|----------------------------------|------------------------------|-----------------------------|-----------------------|-----------------------|--------------------------------|--|
| <b>30 June 2018</b>              |                              |                             |                       |                       |                                |  |
| <b>Non-derivatives</b>           |                              |                             |                       |                       |                                |  |
| Payables                         | 98,047                       | -                           | -                     | -                     | -                              | 98,047                                 |
| Interest-bearing liabilities     | 2,193                        | 35,087                      | 55,820                | -                     | -                              | 93,100                                 |
|                                  | <b>100,240</b>               | <b>35,087</b>               | <b>55,820</b>         | -                     | -                              | <b>191,147</b>                         |
| <b>Derivatives</b>               |                              |                             |                       |                       |                                |  |
| Derivative financial instruments | -                            | -                           | -                     | -                     | -                              | -                                      |
|                                  | -                            | -                           | -                     | -                     | -                              | -                                      |
| <b>30 June 2017</b>              |                              |                             |                       |                       |                                |  |
| <b>Non-derivatives</b>           |                              |                             |                       |                       |                                |  |
| Payables                         | 72,204                       | -                           | -                     | -                     | -                              | 72,204                                 |
| Interest-bearing liabilities     | -                            | 19,514                      | -                     | -                     | -                              | 19,514                                 |
|                                  | <b>72,204</b>                | <b>19,514</b>               | -                     | -                     | -                              | <b>91,718</b>                          |
| <b>Derivatives</b>               |                              |                             |                       |                       |                                |  |
| Derivative financial instruments | (1,674)                      | 1,831                       | -                     | -                     | -                              | 157                                    |
|                                  | <b>(1,674)</b>               | <b>1,831</b>                | -                     | -                     | -                              | <b>157</b>                             |

**Fair values**

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 30 June 2018:

|                                  | Consolidated                      |                      |                                   |                      |
|----------------------------------|-----------------------------------|----------------------|-----------------------------------|----------------------|
|                                  | 2018<br>Carrying amount<br>\$'000 | Fair value<br>\$'000 | 2017<br>Carrying amount<br>\$'000 | Fair value<br>\$'000 |
| <b>Financial assets:</b>         |                                   |                      |                                   |                      |
| Cash                             | 31,166                            | 31,166               | 24,027                            | 24,027               |
| Receivables                      | 21,876                            | 21,876               | 10,441                            | 10,441               |
| Derivative financial instruments | 5,076                             | 5,076                | 490                               | 490                  |
| <b>Total current</b>             | <b>58,118</b>                     | <b>58,118</b>        | <b>34,958</b>                     | <b>34,958</b>        |
| Receivables                      | 12,857                            | 12,857               | 12,375                            | 12,375               |
| Available for sale instruments   | 1,400                             | 1,400                | 3,324                             | 3,324                |
| Derivative financial instruments | 24                                | 24                   | -                                 | -                    |
| <b>Total non-current</b>         | <b>14,281</b>                     | <b>14,281</b>        | <b>15,699</b>                     | <b>15,699</b>        |
| <b>Total</b>                     | <b>72,399</b>                     | <b>72,399</b>        | <b>50,657</b>                     | <b>50,657</b>        |
| <b>Financial liabilities:</b>    |                                   |                      |                                   |                      |
| Payables                         | 98,047                            | 98,047               | 72,204                            | 72,204               |
| Gold forward contracts           | -                                 | -                    | 157                               | 157                  |
| <b>Total current</b>             | <b>98,047</b>                     | <b>98,047</b>        | <b>72,361</b>                     | <b>72,361</b>        |
| <b>Total</b>                     | <b>98,047</b>                     | <b>98,047</b>        | <b>72,361</b>                     | <b>72,361</b>        |

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**16. FINANCIAL RISK MANAGEMENT – continued**

**Fair value hierarchy**

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

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

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

There were no transfers between categories during the period.

The following table presents the group's financial instruments measured and recognised at fair value at 30 June 2018 and 30 June 2017.

| <b>30 June 2018</b>              | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>  |
|----------------------------------|----------------|----------------|----------------|---------------|
|                                  | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b> |
| <b>Financial assets:</b>         |                |                |                |               |
| Available for sale instruments   | 1,400          | -              | -              | 1,400         |
| Derivative financial instruments | -              | 5,100          | -              | 5,100         |
| <b>Total</b>                     | <b>1,400</b>   | <b>5,100</b>   | <b>-</b>       | <b>6,500</b>  |
| <b>Financial liabilities:</b>    |                |                |                |               |
| Derivative financial instruments | -              | -              | -              | -             |
| <b>Total</b>                     | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>      |
| <b>30 June 2017</b>              |                |                |                |               |
| <b>Financial assets:</b>         |                |                |                |               |
| Available for sale instruments   | 3,324          | -              | -              | 3,324         |
| Derivative financial instruments | -              | 1,755          | -              | 1,755         |
| <b>Total</b>                     | <b>3,324</b>   | <b>1,755</b>   | <b>-</b>       | <b>5,079</b>  |
| <b>Financial liabilities:</b>    |                |                |                |               |
| Derivative financial instruments | -              | 157            | -              | 157           |
| <b>Total</b>                     | <b>-</b>       | <b>157</b>     | <b>-</b>       | <b>157</b>    |

**Valuation techniques**

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties and forward rate curves of the underlying commodity. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

## **16. FINANCIAL RISK MANAGEMENT – continued**

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

Specific valuation techniques used to value financial instruments include;

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

The net fair value of cash and cash equivalents and non-interest bearing financial assets and liabilities of the group approximate their carrying values. The carrying values (less impairment provision if provided) of trade receivables and payable are assumed to approximate their fair values due to their short-term nature.

### **RECOGNITION AND MEASUREMENT**

#### *Measurement*

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### *Fair value measurement*

The group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is either:

- Expected to be realised within 12 months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as non-current.

A liability is current when either:

- It is due to be settled within 12 months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The group classifies all other liabilities as non-current.

### **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.

#### **Equity price risk**

The group's investments in Manas and Amani, which are classified as available for sale financial assets, is susceptible to market price risk arising from uncertainties about future values of the investment securities. At the reporting date, the exposure to listed equity securities at fair value was \$1.4 million (30 June 2017: \$3.3 million). A decrease of 10% on the share price of Manas could have an impact of approximately (\$0.05 million) on the income or equity attributable to the group and a decrease of 10% on the share price of Amani could have an impact of approximately (\$0.31 million), depending on whether the decline is prolonged. An increase of 10% in the value of the listed securities would only impact equity by \$0.05 million for Manas and \$0.31 million for Amani and would not have an effect on the profit or loss.

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**16. FINANCIAL RISK MANAGEMENT – continued**

**Capital management**

Management controls the capital of the group in order to ensure that the group can fund its operations in an efficient and timely basis and continue as a going concern. Due to the funding provided by Macquarie the group is required to hold a minimum liquid assets balance of US\$15.0 million. Management effectively manages the group's capital by assessing the group's cash projections up to twenty-four months in the future and any associated financial risks. Management will adjust the group's capital structure in response to changes in these risks and in the market. There have been no changes in the strategy adopted by management to control the capital of the group since the prior year.

During the prior year, the group formally accepted Committed Letters of Offer from Macquarie to provide members of the group with a total of US\$60 million of debt finance to be used to finance its growth strategy. The financing included a US\$40 million project debt facility that will be used to finance the completion of the development of Sissingué. Execution of the loan agreement for the US\$40 million Sissingué project debt facility provided by Macquarie Bank Limited was completed and the facility was fully drawn during the year. The first principal repayment of US\$2 million was made during June 2018 and the amount outstanding on the facility was US\$38 million as at 30 June 2018.

The Company's US\$20 million working capital debt facility provided to Perseus's Ghanaian subsidiary by Macquarie Bank Limited was converted into a US\$30 million revolving line of credit to improve flexibility in terms of managing working capital and fund high potential exploration activities. The amount drawn as at 30 June 2018 was US\$25 million. This facility is for the purpose of providing general working capital while production at Edikan is ramping up and Perseus's corporate cash resources are being applied to fund Sissingué as well as exploration and corporate expenses.

**17. ISSUED CAPITAL AND RESERVES**

|   | <b>Consolidated</b> |         |
|---|---------------------|---------|
|   | <b>2018</b>         | 2017    |
|   | <b>\$'000</b>       | \$'000  |
| <b>(a) Issued and paid-up share capital</b>                     |                     |         |
| 1,034,826,432 (2017: 1,033,217,813) ordinary shares, fully paid | <b>720,943</b>      | 720,739 |

|   | <b>Consolidated</b> |                      |         |               |
|---|---------------------|----------------------|---------|---------------|
|   | <b>2018</b>         |                      | 2017    |               |
|   | <b>\$'000</b>       | <b>Number</b>        | \$'000  | Number        |
| Balance at the beginning of the year  | <b>720,739</b>      | <b>1,033,217,813</b> | 708,692 | 1,004,653,217 |
| Transaction costs arising from issue of securities                            | -                   | -                    | (797)   | -             |
| Vesting of performance rights on 28 July 2016                                 | -                   | -                    | -       | 375,000       |
| Vesting of performance rights on 21 February 2017                             | -                   | -                    | -       | 1,062,500     |
| Vesting of performance rights on 2 March 2018                                 | -                   | <b>750,000</b>       | -       | -             |
| Vesting of performance rights on 13 April 2018                                | -                   | <b>400,000</b>       | -       | -             |
| Share placement at issue price of \$0.44 pursuant to the exercise of warrants | <b>204</b>          | <b>458,619</b>       | 5,193   | 11,824,727    |
| Share placement at issue price of \$0.50 on 22 July 2016                      | -                   | -                    | 7,651   | 15,302,369    |
| Issued and paid-up share capital  | <b>720,943</b>      | <b>1,034,826,432</b> | 720,739 | 1,033,217,813 |
| Balance at the end of the year  | <b>720,943</b>      | <b>1,034,826,432</b> | 720,739 | 1,033,217,813 |

**RECOGNITION AND MEASUREMENT**

Ordinary shares are classified as equity and incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. If the company reacquires its own equity instruments for the purpose of reducing its issued capital, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of tax) is recognised directly in equity.

**Perseus Mining Limited**  
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**17. ISSUED CAPITAL AND RESERVES – continued**

**(b) Performance rights**

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. Refer to Note 24 for further details.

**(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.

**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 and Amani to market value as the investment is designated as an available for sale financial asset.

**18. ACCUMULATED LOSSES**

Movements in accumulated losses were as follows:

|   | <b>Consolidated</b> |          |
|---|---------------------|----------|
|   | <b>2018</b>         | 2017     |
|   | <b>\$'000</b>       | \$'000   |
| Balance at beginning of financial year        | <b>(42,714)</b>     | 36,899   |
| Loss attributable to the owners of the parent | <b>(25,853)</b>     | (79,613) |
| Balance at end of financial year              | <b>(68,567)</b>     | (42,714) |

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**19. SUBSIDIARIES**

| Name of subsidiary  | Notes   | Place of incorporation | Consolidated entity interest 2018 (%) | Consolidated entity interest 2017 (%) |
|---|---------|------------------------|---------------------------------------|---------------------------------------|
| <b>Parent entity</b>  |         |                        |                                       |                                       |
| Perseus Mining Limited  | (a)     | Australia              |                                       |                                       |
| <b>Subsidiaries</b>   |         |                        |                                       |                                       |
| Occidental Gold Pty Ltd (i)                                     | (a)     | Australia              | 100                                   | 100                                   |
| Centash Holdings Pty Limited (ii)                               | (a)     | Australia              | 100                                   | 100                                   |
| Sun Gold Resources Ltd  | (b)     | Ghana                  | 100                                   | 100                                   |
| Kojina Resources Ltd (iii)                                      | (b)     | Ghana                  | 100                                   | 100                                   |
| Perseus Burkina Holdings Pty Ltd                                | (a)     | Australia              | 100                                   | 100                                   |
| Amara Mining Limited (iv)                                       | (g)     | UK                     | 100                                   | 100                                   |
| Perseus Canada Ltd  | (a)     | Australia              | 100                                   | 100                                   |
| <b>(i) Subsidiaries of Occidental Gold Pty Ltd</b>              |         |                        |                                       |                                       |
| Occidental Gold SARL  | (c)     | Côte d'Ivoire          | 100                                   | 100                                   |
| Perseus Mining Côte d'Ivoire SA                                 | (c) (e) | Côte d'Ivoire          | 86                                    | 86                                    |
| <b>(ii) Subsidiaries of Centash Holdings Pty Ltd</b>            |         |                        |                                       |                                       |
| Perex SARL  | (c)     | Côte d'Ivoire          | 100                                   | 100                                   |
| Perseus Services SARL   | (c)     | Côte d'Ivoire          | 100                                   | 100                                   |
| <b>(iii) Subsidiary of Kojina Resources Ltd</b>                 |         |                        |                                       |                                       |
| Perseus Mining (Ghana) Limited                                  | (b) (d) | Ghana                  | 90                                    | 90                                    |
| <b>(iv) Subsidiaries of Amara Mining Limited</b>                |         |                        |                                       |                                       |
| Amara Mining (Burkina) Limited                                  | (f)     | UK                     | 100                                   | 100                                   |
| Amara Mining (Sierra Leone) Limited                             | (f)     | UK                     | 100                                   | 100                                   |
| Amara Mining (Côte d'Ivoire) Limited                            | (f)     | UK                     | 100                                   | 100                                   |
| Winston Mining Limited  | (g)     | BVI                    | -                                     | 100                                   |
| <b>(v) Subsidiaries of Amara Mining (Côte d'Ivoire) Limited</b> |         |                        |                                       |                                       |
| Perseus Yaouré sarl   | (c)     | Côte d'Ivoire          | 100                                   | 100                                   |
| Yaouré Mining SA  | (c)     | Côte d'Ivoire          | 90                                    | 90                                    |

Notes:

- (a) Audited by PriceWaterhouseCoopers Australia.
- (b) Audited by PriceWaterhouseCoopers Ghana.
- (c) Audited by PriceWaterhouseCoopers Côte d'Ivoire.
- (d) For key financial information of Perseus Mining (Ghana) Limited which has a non-controlling interest. The entity accounts for the majority of the Ghana reporting segment.
- (e) The 86% interest in the Perseus Mining Côte d'Ivoire SA reflects a 10% free carried interest which is required to be allocated to the Government of Côte d'Ivoire in consideration of the issue of an Exploitation Permit pursuant to the Ivorian Mining Code, and 4% owned by local interests. For key financial information of PMCI which has a non-controlling interest, refer to note 1. Perseus Mining Côte d'Ivoire SA accounts for the majority of the Côte d'Ivoire reporting segment.
- (f) Audited by BDO United Kingdom.
- (g) Liquidated on 4 July 2017.

**Perseus Mining Limited**  
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**20. PARENT ENTITY DISCLOSURES**

| Statement of financial position            | Parent         |                 |
|--|----------------|-----------------|
|  | 2018<br>\$'000 | 2017<br>\$'000  |
| <b>Assets</b>                              |                |                 |
| Current assets                             | 12,710         | 3,805           |
| Non-current assets                         | 692,886        | 709,903         |
| Total assets                               | <b>705,596</b> | <b>713,708</b>  |
| <b>Liabilities</b>                         |                |                 |
| Current liabilities                        | 1,378          | 1,238           |
| Non-current liabilities                    | 447            | 354             |
| Total liabilities                          | <b>1,825</b>   | <b>1,592</b>    |
| <b>Equity</b>                              |                |                 |
| Issued capital                             | 720,943        | 720,739         |
| (Accumulated losses) / retained earnings   | (38,158)       | (35,017)        |
| Asset revaluation reserve                  | (4,265)        | 1,412           |
| Share-based payments reserve               | 25,251         | 23,418          |
| Hedge reserve                              | -              | 1,564           |
| Total equity                               | <b>703,771</b> | <b>712,116</b>  |
| <b>(Loss) / profit for the year</b>        | <b>(3,141)</b> | <b>(54,447)</b> |
| Other comprehensive (loss) / income        | -              | -               |
| <b>Total comprehensive (loss) / income</b> | <b>(3,141)</b> | <b>(54,447)</b> |

*Contingent liabilities of the parent entity:*

There were no contingent liabilities of the parent entity at 30 June 2018.

*Commitments for the acquisition of property, plant and equipment by the parent entity:*

**Plant and equipment**

|   |   |   |
|---|---|---|
| Within one year                                 | - | - |
| One year or later and not later than five years | - | - |
| Later than five years                           | - | - |

*Commitments for operating lease by the parent entity:*

**Operating lease**

|   |       |       |
|---|-------|-------|
| Within one year                                 | 269   | 262   |
| One year or later and not later than five years | 1,070 | 1,339 |
| Later than five years                           | -     | -     |

**RECOGNITION AND MEASUREMENT**

The financial information for the parent entity, Perseus Mining Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

*(i) Investments in subsidiaries, associates and joint venture entities*

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Perseus Mining Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

*(ii) Share-based payments*

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

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**21. RELATED PARTY DISCLOSURES**

**(a) Identity of related parties**

The consolidated entity has a related party relationship with its subsidiaries (see note 19) and with its key management personnel (refer below).

**(b) Transactions with other related parties**

The consolidated entity had no transactions with any other related party during the year ended 30 June 2018.

**(c) Key management personnel compensation**

The key management personnel compensation included in 'Employee benefits expenses' and 'Share based payments' is as follows:

|                                    | <b>Consolidated</b> |        |
|------------------------------------|---------------------|--------|
|                                    | <b>2018</b>         | 2017   |
|                                    | <b>\$'000</b>       | \$'000 |
| Short-term employee benefits       | <b>3,987</b>        | 3,910  |
| Long-term employee benefits        | <b>60</b>           | 42     |
| Post-employment benefits           | <b>204</b>          | 255    |
| Termination / resignation payments | <b>-</b>            | 27     |
| Share-based payments               | <b>798</b>          | 1,243  |
|                                    | <b>5,049</b>        | 5,477  |

Details of remuneration disclosures are provided in the remuneration report on pages 23 to 41.

**22. REMUNERATION OF AUDITORS**

|  | <b>Consolidated</b> |         |
|--|---------------------|---------|
|  | <b>2018</b>         | 2017    |
|  | <b>\$</b>           | \$      |
| <i>Amounts received or due and receivable by Ernst &amp; Young Australia for:</i>          |                     |         |
| Audit or review of the financial report of the entity and any other entity in the group    | -                   | 134,000 |
| Non-statutory audit services in relation to the entity and any other entity in the group   | <b>5,839</b>        | 28,000  |
| <i>Amounts received or due and receivable by overseas Ernst &amp; Young firm for:</i>      |                     |         |
| Audit or review of the financial report of the entity and any other entity in the group    | -                   | 107,000 |
| Non-statutory audit services in relation to the entity and any other entity in the group   | -                   | -       |
| <i>Amounts received or due and receivable by PricewaterhouseCoopers Australia for:</i>     |                     |         |
| Audit or review of the financial report of the entity and any other entity in the group    | <b>100,000</b>      | -       |
| Non-statutory audit services in relation to the entity and any other entity in the group   | -                   | -       |
| <i>Amounts received or due and receivable by overseas PricewaterhouseCoopers firm for:</i> |                     |         |
| Audit or review of the financial report of the entity and any other entity in the group    | <b>85,000</b>       | -       |
| Non-statutory audit services in relation to the entity and any other entity in the group   | <b>5,223</b>        | -       |
| <i>Amounts received or due and receivable by overseas BDO for:</i>                         |                     |         |
| Audit or review of the financial report of the entity and any other entity in the group    | <b>42,819</b>       | -       |
| Non-statutory audit services in relation to the entity and any other entity in the group   | <b>28,263</b>       | -       |
|  | <b>267,144</b>      | 269,000 |

**Perseus Mining Limited**  
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**23. CASH FLOWS FROM OPERATING ACTIVITIES RECONCILIATION**

|   | <b>Consolidated</b> |               |
|---|---------------------|---------------|
|   | <b>2018</b>         | <b>2017</b>   |
|   | <b>\$'000</b>       | <b>\$'000</b> |
| <b>Reconciliation of the loss from ordinary activities to net cash provided in operating activities</b> |                     |               |
| Loss from ordinary activities after income tax  | <b>(24,906)</b>     | (83,122)      |
| Add back non-cash items:  |                     |               |
| Depreciation and amortisation   | <b>119,584</b>      | 56,171        |
| Foreign currency (gain)/ loss   | <b>(5,707)</b>      | 11,653        |
| Gain on derivative financial instruments  | <b>(157)</b>        | (2,363)       |
| (Gain) / loss on disposal of property, plant and equipment  | <b>(311)</b>        | 13            |
| Share based payments  | <b>1,716</b>        | 2,786         |
| Impairment and write-offs   | <b>24,334</b>       | 16,111        |
| Dissolution of entities   | <b>-</b>            | 1,703         |
| Write down of receivable  | <b>335</b>          | 532           |
| Borrowing costs   | <b>2,797</b>        | 1,664         |
| Unrealised derivative gains   | <b>1,412</b>        | 7,885         |
| Change in operating assets and liabilities:   |                     |               |
| Decrease / (increase) in net tax balances   | <b>10,346</b>       | (12,987)      |
| (Increase) / decrease in inventories  | <b>(80,148)</b>     | 9,235         |
| (Increase) / decrease in receivables  | <b>(3,187)</b>      | 4,775         |
| (Increase) / decrease in other assets   | <b>(8,473)</b>      | 437           |
| Increase / (decrease) in payables   | <b>30,422</b>       | (14,250)      |
| Increase in provision   | <b>234</b>          | 617           |
| <b>Net cash from operating activities</b>   | <b>68,291</b>       | <b>860</b>    |

**24. SHARE BASED PAYMENTS**

*Performance Rights Plan*

Performance rights were issued to directors and employees of the company under the terms of the company's Performance Rights Plan approved by shareholders in November 2014 as disclosed in the remuneration report under the heading "LTI". These performance rights were issued at nil consideration and each performance right will convert to an ordinary share upon satisfaction of vesting criteria.

The following table illustrates the number and movements in performance rights during the year under the Plan:

**Perseus Mining Limited**  
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**24. SHARE BASED PAYMENTS – continued**

| Grant date  | End of measurement period | Expiry date | Exercise price | Balance at start of the year | Granted during the year | Exercised during the year | Forfeited during the year | Balance at the end of the year | Vested and exercisable at end of the year |
|-------------|---------------------------|-------------|----------------|------------------------------|-------------------------|---------------------------|---------------------------|--------------------------------|---|
|             |                           |             |                | Number                       | Number                  | Number                    | Number                    | Number                         | Number                                    |
| <b>2018</b> |                           |             |                |                              |                         |                           |                           |                                |   |
| 1-Jan-15    | 31-Dec-17                 | 30-Jun-18   | nil            | 250,000                      | -                       | (125,000)                 | (125,000)                 | -                              | -   |
| 1-Jul-15    | 30-Jun-17                 | 31-Dec-17   | nil            | 3,725,000                    | -                       | -                         | (3,725,000)               | -                              | -   |
| 20-Nov-15   | 30-Jun-17                 | 31-Dec-17   | nil            | 800,000                      | -                       | -                         | (800,000)                 | -                              | -   |
| 20-Nov-15   | 30-Jun-18                 | 31-Dec-18   | nil            | 500,000                      | -                       | -                         | -                         | 500,000                        | -   |
| 12-Oct-16   | 30-Jun-17                 | 31-Dec-17   | nil            | 1,116,668                    | -                       | -                         | (1,116,668)               | -                              | -   |
| 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-17                 | 30-Jun-18   | nil            | 1,525,000                    | -                       | (1,025,000)               | (500,000)                 | -                              | -   |
| 25-Nov-16   | 31-Dec-18                 | 30-Jun-19   | nil            | 5,300,000                    | -                       | -                         | (300,000)                 | 5,000,000                      | -   |
| 3-Aug-17    | 30-Jun-20                 | 31-Dec-20   | Nil            | -                            | 8,958,334               | -                         | (450,000)                 | 8,508,334                      | -   |
| 24-Nov-17   | 30-Jun-20                 | 31-Dec-20   | nil            | -                            | 2,233,334               | -                         | -                         | 2,233,334                      | -   |
|             |                           |             |                | 14,950,000                   | 11,191,668              | (1,150,000)               | (7,016,668)               | 17,975,000                     | -   |

| Grant date  | End of measurement period | Expiry date | Exercise price | Balance at start of the year | Granted during the year | Exercised during the year | Forfeited during the year | Balance at the end of the year | Vested and exercisable at end of the year |
|-------------|---------------------------|-------------|----------------|------------------------------|-------------------------|---------------------------|---------------------------|--------------------------------|---|
|             |                           |             |                | Number                       | Number                  | Number                    | Number                    | Number                         | Number                                    |
| <b>2017</b> |                           |             |                |                              |                         |                           |                           |                                |   |
| 1-Jan-14    | 31-Dec-16                 | 30-Jun-17   | nil            | 1,925,000                    | -                       | (781,250)                 | (1,143,750)               | -                              | -   |
| 4-Jun-14    | 31-Dec-16                 | 30-Jun-17   | nil            | 562,500                      | -                       | (281,250)                 | (281,250)                 | -                              | -   |
| 1-Jan-15    | 30-Jun-16                 | 31-Dec-16   | nil            | 750,000                      | -                       | (375,000)                 | (375,000)                 | -                              | -   |
| 1-Jan-15    | 31-Dec-17                 | 30-Jun-18   | nil            | 750,000                      | -                       | -                         | (500,000)                 | 250,000                        | -   |
| 1-Jul-15    | 30-Jun-17                 | 31-Dec-17   | nil            | 4,725,000                    | -                       | -                         | (1,000,000)               | 3,725,000                      | -   |
| 20-Nov-15   | 30-Jun-17                 | 31-Dec-17   | nil            | 800,000                      | -                       | -                         | -                         | 800,000                        | -   |
| 20-Nov-15   | 30-Jun-18                 | 31-Dec-18   | nil            | 500,000                      | -                       | -                         | -                         | 500,000                        | -   |
| 13-Jan-16   | 31-Dec-16                 | 30-Jun-17   | nil            | 1,325,000                    | -                       | -                         | (1,325,000)               | -                              | -   |
| 12-Oct-16   | 30-Jun-17                 | 31-Dec-17   | nil            | -                            | 1,241,668               | -                         | (125,000)                 | 1,116,668                      | -   |
| 12-Oct-16   | 30-Jun-18                 | 31-Dec-18   | nil            | -                            | 991,666                 | -                         | (125,000)                 | 866,666                        | -   |
| 12-Oct-16   | 30-Jun-19                 | 31-Dec-19   | nil            | -                            | 866,666                 | -                         | -                         | 866,666                        | -   |
| 25-Nov-16   | 31-Dec-17                 | 30-Jun-18   | nil            | -                            | 1,925,000               | -                         | (400,000)                 | 1,525,000                      | -   |
| 25-Nov-16   | 31-Dec-18                 | 30-Jun-19   | nil            | -                            | 5,700,000               | -                         | (400,000)                 | 5,300,000                      | -   |
|             |                           |             |                | 11,337,500                   | 10,725,000              | (1,437,500)               | (5,675,000)               | 14,950,000                     | -   |

The weighted average exercise price of all performance rights granted was nil.

The fair value of the equity-settled performance rights granted under the Performance Rights Plan is estimated as at the date of grant using a Monte Carlo model taking into account the terms and conditions upon which the performance rights were granted.

The following table lists the inputs to the model used for the performance rights in existence during the year ended 30 June 2017 and 30 June 2018.

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**24. SHARE BASED PAYMENTS – continued**

| Grant date | Exercise price | Expected life of performance rights (years) | Price of underlying shares at grant date | Volatility (%) – Perseus share price | Volatility (%) – per group range | Dividends expected on shares | Risk-free interest rate (%) - range | Performance period      |
|------------|----------------|---|--|--------------------------------------|----------------------------------|------------------------------|-------------------------------------|-------------------------|
| 01/01/2015 | nil            | 1.5   | \$0.26                                   | 94.0%                                | 55.0% - 110.7%                   | nil                          | 2.15%                               | 01/01/2015 – 30/06/2016 |
| 01/01/2015 | nil            | 3.0   | \$0.26                                   | 217.2%                               | 52.0% - 113.3%                   | nil                          | 2.11%                               | 01/01/2015 – 31/12/2017 |
| 01/07/2015 | nil            | 2.0   | \$0.42                                   | 86.8%                                | 42.2% - 98.2%                    | nil                          | 1.92%                               | 01/07/2015 – 30/06/2017 |
| 20/11/2015 | nil            | 2.0   | \$0.42                                   | 71.9%                                | 42.5% - 83.4%                    | nil                          | 1.92%                               | 01/07/2015 – 30/06/2017 |
| 20/11/2015 | nil            | 3.0   | \$0.42                                   | 74.0%                                | 50.6% - 82.7%                    | nil                          | 1.95%                               | 01/07/2015 – 30/06/2018 |
| 13/01/2016 | nil            | 1.0   | \$0.33                                   | 75.7%                                | 48.1% - 82.9%                    | nil                          | 1.95%                               | 01/01/2016 – 31/12/2016 |
| 17/08/2016 | nil            | 0.9   | \$0.53                                   | 77.9%                                | 0.7%-86.5%                       | nil                          | 1.57%                               | 01/07/2016 – 30/06/2017 |
| 17/08/2016 | nil            | 1.9   | \$0.53                                   | 78.8%                                | 48.7%-170.0%                     | nil                          | 1.57%                               | 01/07/2016 – 30/06/2018 |
| 12/10/2016 | nil            | 0.7   | \$0.48                                   | 78.8%                                | 3.9%-85.1%                       | nil                          | 1.57%                               | 01/07/2016 – 30/06/2017 |
| 12/10/2016 | nil            | 1.7   | \$0.48                                   | 78.2%                                | 48.9%-169.4%                     | nil                          | 1.57%                               | 01/07/2016 – 30/06/2018 |
| 12/10/2016 | nil            | 2.7   | \$0.48                                   | 79.8%                                | 49.5%-143.2%                     | nil                          | 1.52%                               | 01/07/2016 – 30/06/2019 |
| 25/11/2016 | nil            | 0.6   | \$0.54                                   | 80.8%                                | 3.6%-89.9%                       | nil                          | 1.57%                               | 01/07/2016 – 30/06/2017 |
| 25/11/2016 | nil            | 1.1   | \$0.54                                   | 75.1%                                | 3.7%-79.4%                       | nil                          | 1.57%                               | 01/07/2016 – 31/12/2017 |
| 25/11/2016 | nil            | 1.6   | \$0.54                                   | 78.6%                                | 49.9%-168.4%                     | nil                          | 1.57%                               | 01/07/2016 – 30/06/2018 |
| 25/11/2016 | nil            | 2.1   | \$0.54                                   | 78.9%                                | 47.4%-167.0%                     | nil                          | 1.52%                               | 01/07/2016 – 31/12/2018 |
| 25/11/2016 | nil            | 2.6   | \$0.54                                   | 78.3%                                | 49.0%-132.7%                     | nil                          | 1.52%                               | 01/07/2016 – 30/06/2019 |
| 03/08/2017 | nil            | 2.9   | \$0.29                                   | 48.6%                                | 5.0%-78.1%                       | nil                          | 1.90%                               | 01/07/2017 – 30/06/2020 |
| 24/11/2017 | nil            | 2.6   | \$0.33                                   | 78.0%                                | 1.2%-82.8%                       | nil                          | 1.90%                               | 01/07/2017 – 30/06/2020 |

The expected life of the performance rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumptions that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. Refer to table 5 of the remuneration report for the fair value of the performance rights at the grant date.

**RECOGNITION AND MEASUREMENT**

Share based compensation benefits are provided to employees, consultants and contractors via the Perseus Mining Limited Employee Option Plan and the Performance Rights Plan.

The fair value of options or performance rights granted under the Perseus Mining Limited's Employee Option Plan or the Performance Rights Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options or performance rights granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specific vesting conditions are to be satisfied. At the end of each reporting period, the group revises its estimate of the number of options or performance rights that are expected to become vested. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to equity.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

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**25. SUMMARY OF OTHER SIGNIFICANT ACCOUNTING POLICIES**

Other significant accounting policies adopted in the preparation of these consolidated financial statements are set out in relevant sections of the notes and below. These policies have been consistently applied to all the years presented, unless otherwise stated. Where necessary, comparative information has been restated to conform with changes in presentation in the current year.

**(a) Basis of preparation**

*Changes in accounting policies*

(i) AASB 15 *Revenue from contracts with customers* replaces the existing revenue recognition 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 has 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 year 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.

| <b>Statement of comprehensive income</b>                             | <b>2017<br/>(as originally<br/>presented)<br/>\$'000</b> | <b>AASB<br/>15<br/>\$'000</b> | <b>2017<br/>(restated)<br/>\$'000</b> |
|--|--|-------------------------------|---------------------------------------|
| <b>Continuing operations</b>   |  |                               |                                       |
| Revenue  | 282,648  | (5,724)                       | 276,924                               |
| Cost of sales  | (252,978)  | (143)                         | (253,121)                             |
| <b>Gross profit before depreciation and amortisation</b>             | 29,670   | (5,867)                       | 23,803                                |
| <b>Gross profit / (loss) from operations</b>                         | (26,255)   | (5,867)                       | (32,122)                              |
| <b>Loss before income tax expense</b>                                | (94,520)   | (5,867)                       | (100,387)                             |
| Income tax (expense) / benefit                                       | 15,212   | 2,053                         | 17,265                                |
| <b>Net loss after tax expense</b>                                    | (79,308)   | (3,814)                       | (83,122)                              |
| <b>Other comprehensive income</b>                                    |  |                               |                                       |
| <i>Items that may be reclassified subsequently to profit or loss</i> |  |                               |                                       |
| Exchange differences on translation of foreign operations            | (4,143)  | (1,623)                       | (5,766)                               |
| <b>Total comprehensive loss for the period</b>                       | (69,129)   | (5,437)                       | (74,566)                              |

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| Statement of comprehensive income - continued | 2017<br>(as originally presented)<br>\$'000 | AASB<br>15<br>\$'000 | 2017<br>(restated)<br>\$'000 |
|---|---|----------------------|------------------------------|
| <b>Loss attributable to:</b>                  |   |                      |                              |
| Owners of the parent                          | (76,180)                                    | (3,433)              | (79,613)                     |
| Non-controlling interest                      | (3,128)                                     | (381)                | (3,509)                      |
|   | <u>(79,308)</u>                             | <u>(3,814)</u>       | <u>(83,122)</u>              |
| <b>Comprehensive loss attributable to:</b>    |   |                      |                              |
| Owners of the parent                          | (67,218)                                    | (4,893)              | (72,111)                     |
| Non-controlling interest                      | (1,911)                                     | (544)                | (2,455)                      |
|   | <u>(69,129)</u>                             | <u>(5,437)</u>       | <u>(74,566)</u>              |
| Basic loss per share                          | (7.41) cents                                | (0.33) cents         | (7.74) cents                 |
| Diluted loss per share                        | (7.41) cents                                | (0.33) cents         | (7.74) cents                 |
|   |   |                      |                              |
|   | 2017<br>(as originally presented)<br>\$'000 | AASB<br>15<br>\$'000 | 2017<br>(restated)<br>\$'000 |
| <b>Current assets</b>                         |   |                      |                              |
| Receivables                                   | 30,436                                      | (19,995)             | 10,441                       |
| Inventories                                   | 45,819                                      | 12,544               | 58,363                       |
| <b>Total current assets</b>                   | <u>105,062</u>                              | <u>(7,451)</u>       | <u>97,611</u>                |
| <b>Non-current liabilities</b>                |   |                      |                              |
| Deferred tax liability                        | 37,944                                      | (2,014)              | 35,930                       |
| <b>Total non-current liabilities</b>          | <u>37,944</u>                               | <u>(2,014)</u>       | <u>35,930</u>                |
| <b>Equity</b>                                 |   |                      |                              |
| Reserves                                      | 27,467                                      | (1,460)              | 26,007                       |
| Accumulated losses                            | (39,281)                                    | (3,433)              | (42,714)                     |
| <b>Parent entity interest</b>                 | <u>708,925</u>                              | <u>(4,893)</u>       | <u>704,032</u>               |
| Non-controlling interest                      | 6,374                                       | (544)                | 5,830                        |
| <b>Total equity</b>                           | <u>715,299</u>                              | <u>(5,437)</u>       | <u>709,862</u>               |

*New and amended Standards and Interpretations adopted by the group*

In the year ended 30 June 2018, the group reviewed and has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective from 1 July 2017, including:

- (i) *AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*  
Part A makes consequential amendments arising from the issuance of AASB CF 2013-1 *Amendments to the Australian Conceptual Framework*.  
Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 *Materiality* and also makes minor editorial amendments to various other standards.

AASB 2013-9 is applicable to annual reporting periods beginning on or after 1 January 2016 and has been adopted in this financial report. The group has applied the new standard and its application has had no impact on the composition of the group as they are largely of the nature of clarification of existing requirements and additional disclosures introduced.

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**(a) Basis of preparation – continued**

- (ii) AASB 2015-3 *Amendments to Australian Accounting Standards* arising from the Withdrawal of AASB 1031 *Materiality*. The Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn.

AASB 2013-9 is applicable to annual reporting periods beginning on or after 1 July 2016 and has no material impact on the composition of the group.

*Accounting standards and interpretations issued but not yet effective*

At the date of the authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the group. Management anticipates that all of the relevant pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement.

- (i) AASB 9 *Financial Instruments* (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

AASB 9 is effective for annual periods beginning on or after 1 July 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.

Classification and measurement

AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below.

Financial assets

- Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

Financial liabilities

Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
- The remaining change is presented in profit or loss

AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.

Impairment

The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

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**(a) Basis of preparation – continued**

Hedge accounting

Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.

The application date of this standard is 1 July 2018 and management has assessed its impact on the group. The following highlights the anticipated impact of the adoption of this standard to the group:

- The classification of financial assets and financial liabilities are anticipated not to change under AASB 9 as current accounting treatment is consistent with this new standard;
- The changes to hedge accounting under this new standard are anticipated to not have an impact on the group as current accounting treatment is consistent with this new standard; and
- The new model for determining impairment based on expected credit losses is also not anticipated to have 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, this 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.

- (ii) AASB 16 *Leases* replaces AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases – Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The Standard will provide a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The new Standard introduces three main changes:

- Enhanced guidance on identifying whether a contract contains a lease;
- A completely new leases accounting model for lessees that require lessees to recognise all leases on balance sheet, except for short-term leases and leases of low value assets; and
- Enhanced disclosures.

Lessor accounting will not significantly change.

The application date of this standard is 1 July 2019 and management has commenced assessment of its impact on the group. Management has focused on the identification of which areas of the standard which will impact the group the most. The focus of current analysis is a review of contracts currently in place with an aim to ascertain if there will be any change to how these are accounted under this new standard and how this will impact the financial reporting of the group.

It is anticipated that there potentially will be a recognition of lease assets and lease liabilities that have a term greater than 12 months that are currently classified as operating leases. As a result of the recognition of these lease assets and liabilities, it is anticipated that there will be additional depreciation expense and interest charges on lease liabilities compared to what is recognised under the current standard. Furthermore, a decrease in the general and administrative costs and/or production costs is also anticipated to correspond to this. The group has not quantified these impacts at this time.

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**(b) Principles of consolidation**

*(i) Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Perseus Mining Limited (the 'company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including special purpose entities) controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity.

Subsidiaries are fully consolidated from the date in which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

*(ii) Changes in ownership interests*

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognised within equity attributable to owners of the parent entity.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

**(c) Foreign currency transactions and balances**

*(i) Functional and presentation currency*

Items included in the financial statements of each entity within the group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis.

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**(c) Foreign currency transactions and balances – continued**

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

*(iii) Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position are translated at the closing rate at the balance date;
- income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the translation reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The functional currencies of the Perseus Mining Limited's overseas subsidiaries are as follows:

| <b>Jurisdiction</b> | <b>Entity</b>                        | <b>Functional currency</b>    |
|---------------------|--------------------------------------|-------------------------------|
| Ghana               | Kojina Resources Limited             | United States dollars (USD)   |
|                     | Sun Gold Resources Limited           | United States dollars (USD)   |
|                     | Perseus Mining (Ghana) Limited       | United States dollars (USD)   |
| Côte d'Ivoire       | Occidental Gold Sarl                 | CFA <sup>1</sup> francs (XOF) |
|                     | Perex Sarl                           | CFA <sup>1</sup> francs (XOF) |
|                     | Perseus Mining Côte d'Ivoire SA      | CFA <sup>1</sup> francs (XOF) |
|                     | Perseus Services Sarl                | CFA <sup>1</sup> francs (XOF) |
|                     | Perseus Yaouré sarl                  | CFA <sup>1</sup> francs (XOF) |
|                     | Yaouré Mining SA                     | CFA <sup>1</sup> francs (XOF) |
| United Kingdom      | Amara Mining Limited                 | United States dollars (USD)   |
|                     | Amara Mining (Burkina) Limited       | United States dollars (USD)   |
|                     | Amara Mining (Sierra Leone) Limited  | United States dollars (USD)   |
|                     | Amara Mining (Côte d'Ivoire) Limited | United States dollars (USD)   |

1. Communauté Financière d'Afrique (Financial Community of Africa)

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**(d) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or other payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**26. CONTINGENCIES**

**Tax**

Consistent with industry practice in Ghana, PMGL is currently undergoing a direct tax audit in connection with the periods from 30 June 2010 to 30 June 2017. Various matters are currently being discussed as part of the audit process and to date the GRA has not issued PMGL with a formal report on its findings. Based on management's understanding of the matters currently under discussion they do not believe that the group will ultimately have any material exposure as a result of the current tax audit.

There were no other known contingent liabilities identified at 30 June 2018.

**27. COMMITMENTS**

**(a) Exploration expenditure commitments**

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

|   | <b>Consolidated</b> |               |
|---|---------------------|---------------|
|   | <b>2018</b>         | <b>2017</b>   |
|   | <b>\$'000</b>       | <b>\$'000</b> |
| Within one year                                 | <b>6,400</b>        | 400           |
| One year or later and not later than five years | <b>800</b>          | 3,000         |
| Later than five years                           | -                   | -             |
|   | <b>7,200</b>        | <b>3,400</b>  |

**(b) Capital commitments**

The group is responsible for all rehabilitation of the EGM mining leases, which are currently estimated to cost approximately US\$9.6 million and a provision has been recorded for this at balance date. The group is also responsible for the rehabilitation of the SGM mining lease, which is currently estimated to cost approximately US\$2.5 million and a provision has been recorded for this at balance date. The group is also responsible for the rehabilitation of the historical heap leach operations at Yaouré in Cote d'Ivoire, which are currently estimated to cost approximately US\$1.3 million and a provision has been recorded for this at balance date.

**Perseus Mining Limited**  
**Notes to the financial statements**  
**For the year ended 30 June 2018**

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(c) **Operating lease commitments**

The company leases office premises under normal commercial arrangements. The lease is for a period of 6.5 years beginning 1 October 2016. The company is under no legal obligation to renew the lease once the lease term has expired.

Future minimum lease payments payable under non-cancellable operating leases at 30 June 2018 are as follows:

|   | <b>Consolidated</b> | <b>Consolidated</b> |
|---|---------------------|---------------------|
|   | <b>2018</b>         | 2017                |
|   | <b>\$'000</b>       | \$'000              |
| Within one year                                 | <b>296</b>          | 262                 |
| One year or later and not later than five years | <b>1070</b>         | 1,339               |
|   | <b>1,366</b>        | 1,601               |

Total operating lease expenditure was \$0.3 million for the year ended 30 June 2018 (30 June 2017: \$0.3 million).

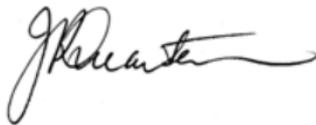
**28. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

Since the end of the financial year 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 years other than:

- 1) On 8 August 2018, 1,366,666 performance rights that had previously been issued to employees were determined not to have vested under the terms of the company's Performance Rights Plan and as a result were cancelled.

**DIRECTORS' DECLARATION**

1. In the opinion of the directors of Perseus Mining Limited (the 'company'):
  - (a) The financial statement and notes for the financial year ended 30 June 2018 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 30 June 2018 and of its performance for the year then ended on that date; and
    - (i) complying with Australian Accounting Standards, 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.
  - (c) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 25.
2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2018.



**J A Quartermaine**  
**Managing director**

Dated at Perth, 29 August 2018



## *Independent auditor's report*

To the members of Perseus Mining Limited

### *Report on the audit of the financial report*

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#### *Our opinion*

In our opinion:

The accompanying financial report of Perseus Mining Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### ***What we have audited***

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2018
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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#### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Independence***

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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**PricewaterhouseCoopers, ABN 52 780 433 757**

Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840  
T: +61 8 9238 3000, F: +61 8 9238 3999, [www.pwc.com.au](http://www.pwc.com.au)

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## *Our audit approach*

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



### **Materiality**

- For the purpose of our audit we used overall Group materiality of \$9,631,800, which represents approximately 1% of the Group's total assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- As the Group was only operating and earning revenue for most of the year from one of its three key assets, we chose total assets as the materiality benchmark rather than profit before tax. Total assets are more reflective of the Group's size and scale given that a significant portion of its assets were in development phase for the majority of the year at Sissingue and Yaoure. The use of total assets as a benchmark provides a level of materiality, which, in our view, is appropriate for the audit having regard to the expected requirements of users of the Group's financial report.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds for entities of this nature.

### **Audit Scope**

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group produces gold from its Edikan Gold Mine and Sissingue Gold Mine operations, located in Ghana and Cote d'Ivoire respectively. It is also currently undertaking mine development activities at its Yaoure mine site in Cote d'Ivoire. The accounting processes are structured around a Group Finance function at its head office in Perth. Our audit procedures were predominantly performed in Perth where many of the corporate and group operations functions are centralised, with support from local audit teams in Ghana and Cote d'Ivoire.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit Committee.

| <b>Key audit matter</b>   | <b>How our audit addressed the key audit matter</b>  |
|---|--|
| <p><b>Assessment of impairment of non-current assets</b></p> <p><i>Refer to Other Income/Expenses in note 2 (\$10,151,000)</i></p> <p>At 30 June 2018, the Group's non-current assets consisted of \$417.3m of Property, Plant and Equipment and \$314.3m of Mine Properties assets (pre impairment). These assets are required to be assessed for indicators of impairment in accordance with the Group accounting policy at each reporting date. Where impairment indicators are identified, the applicable Cash Generating Unit (CGU) is required to be assessed for impairment.</p> <p>Due to identification of impairment indicators at 30 June 2018, being the Group carrying amount of the net assets (approximately A\$742 million before impairment) being more than the market capitalisation as at 30 June 2018 (A\$450 million), the Group performed an impairment assessment over the Edikan, Sissingue and Yaoure CGUs.</p> <p>The Group used a Fair value less costs of disposal (FVLCoD) methodology for each CGU to assess the recoverable amount.</p> <p>The Group concluded that assets of the Sissingue CGU were impaired and an impairment charge of \$10,151,000 was recorded for the year ended 30 June 2018 against the carrying amount of the Sissingue assets.</p> <p>The Edikan and Yaoure CGUs were not considered impaired by the Group at 30 June 2018 due to the recoverable amount calculated</p> | <p>We performed the following procedures, amongst others:</p> <ul style="list-style-type: none"> <li>• Considered the Group's assessment of impairment indicators identified.</li> <li>• Developed an understanding of the preparation of the discounted cash flow models used to assess the recoverable amount of the Group's CGUs (the impairment models), being FVLCoD.</li> <li>• Considered if the impairment model methodology used for each CGU was consistent with the basis of preparation required by Australian Accounting Standards.</li> <li>• Assessed whether the division of the Group's property, plant and equipment, mine properties and exploration and evaluation assets into CGUs, which are the smallest identifiable groups of assets that can generate largely independent cash inflows, was consistent with our knowledge of the Group's operations and internal Group reporting.</li> <li>• Assessed whether the CGUs included assets, liabilities and cash flows directly attributable to each CGU.</li> <li>• Considered if estimating 'fair value less costs of disposal' was an appropriate basis upon which to infer fair value of each CGU.</li> <li>• Tested if the impairment models used for each CGU appropriately included the likely transaction costs associated with selling the CGU.</li> <li>• Compared the key assumptions used in the impairment models to historical results,</li> </ul> |

| <b>Key audit matter</b>  | <b>How our audit addressed the key audit matter</b>  |
|--|--|
| <p>under FVLCoD exceeding the carrying amount of the respective CGUs assets.</p> <p>We focused on this matter because:</p> <ul style="list-style-type: none"> <li>• the financial significance of the impairment charge to the statement of comprehensive income in the current year</li> <li>• the valuation techniques used by the Group to assess impairment are complex, and require a large number of estimates into the valuation models</li> <li>• calculating the recoverable amount of each CGU involves significant judgement by the Group in estimating: <ul style="list-style-type: none"> <li>- Forecast gold prices, production quantities and production costs, and</li> <li>- the discount rate used.</li> </ul> </li> </ul> | <p>economic or industry forecasts.</p> <ul style="list-style-type: none"> <li>• Evaluated selected inputs and assumptions in the impairment models, such as forecast production, operating and cash outflows used against the most up-to-date budgets and business plans formally approved by the Board.</li> <li>• Evaluated the Group's historical ability to forecast future cash flows by comparing budgets with reported actual results for the past year.</li> <li>• Involved our valuation experts to assess the reasonableness of the discount rate and forecast gold price used with reference to market prices and external objective evidence where available.</li> <li>• Compared total forecast production quantities over the remaining life of the Sissingue and Edikan mine sites to the Group's latest published mineral reserves statements.</li> <li>• Performed tests of mathematical accuracy of the impairment models calculations.</li> <li>• Performed sensitivity analysis around the key assumptions used within the impairment models and the discount rate used.</li> <li>• Evaluated the adequacy of the disclosures made in Note 2, including those regarding the key estimates/assumptions, in light of the requirements of the Australian Accounting Standards.</li> </ul> |
| <p><b>Revenue recognition</b></p> <p><i>Refer to note 2 (\$378,076,000)</i></p> <p>Revenue solely relates to the sale of gold bullion during the year from the two operating mines Edikan and Sissingue located in Ghana and Cote d'Ivoire respectively and amounted to \$378m for the twelve months to 30 June 2018.</p> <p>Revenue from sale of goods was a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• the higher level of accounting complexity related to the recognition of revenue for</li> </ul>   | <p>We performed the following procedures, amongst others:</p> <ul style="list-style-type: none"> <li>• Considered the Group's assessment of application of AASB 15 to their revenue contracts in place.</li> <li>• Evaluated terms and conditions of relevant customer contracts to assess if the timing for recognition of revenue was consistent with AASB 15 criteria.</li> <li>• Tested selected revenue sales transactions which took place during the year from both the Edikan and Sissingue gold mines to the</li> </ul>   |

| <b>Key audit matter</b>   | <b>How our audit addressed the key audit matter</b>  |
|---|--|
| <p>shipments in transit at balance date and</p> <ul style="list-style-type: none"> <li>the early adoption of AASB 15 Revenue from Contracts with Customers by the Group from 1 July 2017, given the different criteria for recognition and measurement of revenue under the new standard.</li> </ul>  | <p>underlying contract and settlement statement.</p> <ul style="list-style-type: none"> <li>Tested a sample of revenue transactions recorded both before and after 30 June 2018 to supporting third party evidence to assess whether it was recorded in the correct period.</li> <li>Evaluated the adequacy of the disclosures made in Note 2, as well as those regarding the application of full retrospective early adoption of AASB 15 in Note 25 (a)(i), in light of the requirements of the Australian Accounting Standards.</li> </ul>   |
| <p><b><i>Determination of commercial production at Sissingue mine</i></b></p> <p>During the year, the Group determined that Sissingue achieved commercial production on 31 March 2018.</p> <p>The determination of the date of commencing commercial production at Sissingue was a key audit matter due to the significant accounting and disclosure implications which arise from this determination and the subjective consideration involved.</p> <p>The date of commercial production establishes the point at which revenue from the sales of gold and associated production costs are recognised in profit or loss and non-current assets are depreciated or amortised over their useful lives.</p> <p>Whether commercial production is achieved depends on the outcome of a number of subjective considerations by the Group, including production and processing at an acceptable level of design capacity, gold ounce recoveries at or near expected levels and the achievement of continuous production or other output criteria.</p> | <p>To assess the date of commercial production and the related accounting implications, we performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> <li>We inspected the Sissingue production data for the year in order to assess ore grade, ore processing and plant recovery rates by month and made enquiries with Management on the metrics used to measure commercial production.</li> <li>We considered whether the revenue and costs incurred prior to the date of commercial production were booked against property, plant and equipment and mine properties costs.</li> <li>We considered if depreciation expense charged against property, plant and equipment and mine properties assets commenced on 31 March 2018.</li> <li>We also evaluated the adequacy of the disclosures made in Note 10 in light of the requirements of Australian Accounting Standards.</li> </ul> |



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### *Other information*

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Corporate directory and the Directors' report (including Review of Operations). We expect the remaining other information to be made available to us after the date of this auditor's report, including Company Highlights, Our Strategy, Chairman's Address, Managing Directors address and the Sustainability Report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

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### *Responsibilities of the directors for the financial report*

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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### *Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf). This description forms part of our auditor's report.

## *Report on the remuneration report*

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### *Our opinion on the remuneration report*

We have audited the remuneration report included in pages 23 to 41 of the directors' report for the year ended 30 June 2018.

In our opinion, the remuneration report of Perseus Mining Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

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### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in dark ink that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers

A handwritten signature in dark ink that appears to be "CH".

Craig Heatley  
Partner

Perth  
29 August 2018