

## ACTIVITIES REPORT FOR MARCH 2014 QUARTER

### Executive Summary

Perseus Mining Limited (ASX/TSX: PRU) (“Perseus” or the “Company”) reports on its activities for the three month period ended 31 March 2014 (the “Quarter”).

#### *Operations - Edikan Gold Mine (“EGM”), Ghana*

- The trend of improved operating performance at Perseus’s EGM continued during the Quarter as indicated by increases in the run time of the SAG mill (88%) and gold recovery (86% in March 2014);
- 43,787ozs of gold were produced, reflecting an expected short term decrease in the head grade and quantity of ore processed during the Quarter;
- The EGM’s all-in site cost (including production, royalties, development and sustaining capital) was reduced during the Quarter but given the expected reduction in gold production, unit costs increased slightly to US\$1,286/oz;
- 43,873ozs of gold were sold during the Quarter at an average sales price of US\$1,294/oz;
- A fire occurred in the cyclone cluster in the processing plant during routine maintenance following the end of the Quarter. Processing of ore was interrupted for seven days while repairs to fire damage were completed.
- The seven day shutdown of gold production due to the fire has contributed materially to a change to gold production and subsequently cost guidance for the six months ending 30 June 2014 (“the June Half Year”).

#### *Development - Sissingué Gold Project (“Sissingué”), Côte d’Ivoire*

- The Ivorian Government granted Perseus a two year extension to the date for completion of the Sissingué development;
- A new Mining Code introduced by the Ivorian Government provides a sound framework for obtaining fiscal stability for mining projects in the country;
- Work has started on optimising the Sissingué process route and development plan.

#### *Exploration – Côte d’Ivoire*

- Significant drill intercepts from the Béle Central prospect at the Mahalé Project in Côte d’Ivoire;
- Ground geophysics survey commenced on the Béle prospect and 2,094 metres of auger drilling completed 7 kilometres north-east of Béle.

#### *Corporate*

- Available cash and bullion of \$47.6 million as at 31 March 2014 (excluding \$49.7 million in escrow and VAT receivable);
- A placement of about 68.7 million ordinary shares, representing 15% of the Company’s existing capital to raise approximately \$32 million was successfully completed on 17 February 2014.

## Operations

### Edikan Gold Mine - Ghana

#### Overview

The twelve month period ending 30 June 2014 (“FY2014”) was planned to be a year of consolidation for Edikan, with an external environment of fluctuating gold prices and economic uncertainty in Ghana. The strategy adopted by the Company involved exercising austerity by minimising capital outlays and focussing on productivity improvements and cost reductions.

An element of this strategy entailed reducing waste stripping activities to conserve capital with the consequent effect of deferring access to fresh ore, requiring low grade stockpiled ore to be blended with higher grade fresh ore to achieve targeted mill feed volumes.

The effect of this strategy was evident during the Quarter, as the combined head grade of processed ore fell, as expected, below that of prior quarters. As a result, gold production for the Quarter was down on prior quarters, causing the all-in site unit cost of production to increase slightly. It should be noted that this situation is expected to reverse in the June 2014 quarter as mined grades are forecast to improve.

At 43,787ozs, gold production for the Quarter was 9.5% less than in the December 2013 quarter reflecting an expected 5.1% decrease in head grade of ore and a 3.8% decrease in the amount of ore processed during the period.

The total all-in site cost base (including production, royalties, development and sustaining capital) of the mine was reduced during the Quarter which meant that notwithstanding that gold production was 9.5% down, the corresponding quarter-on-quarter unit cost increase of 4.7% to US\$1,286/oz was materially less than might have been expected.

**Table 1: Key Production and Financial Statistics**

| Parameter               | Unit                  | Three Months to<br>31 Dec 2013 | Three Months to<br>31 Mar 2014 | Nine Months to<br>31 Mar 2014<br>(Year to Date) |
|-------------------------|-----------------------|--------------------------------|--------------------------------|---|
| Total material mined:   |                       |                                |                                |   |
| • Volume                | bcm <sup>1</sup>      | 2,879,791                      | <b>2,419,626</b>               | 7,862,334                                       |
| • Weight                | tonnes                | 7,424,205                      | <b>6,543,278</b>               | 20,925,584                                      |
| Ore mined:              |                       |                                |                                |   |
| • Oxide                 | tonnes                | 5,614                          | -                              | 47,792  |
| • Primary               | tonnes                | 1,365,183                      | <b>1,426,165</b>               | 4,536,067                                       |
| Ore grade mined:        |                       |                                |                                |   |
| • Oxide                 | g/t gold <sup>2</sup> | 0.63                           | -                              | 0.95  |
| • Primary               | g/t gold              | 0.99                           | <b>1.11</b>                    | 1.04  |
| Strip ratio             | t:t                   | 4.4                            | <b>3.6</b>                     | 3.6   |
| Ore stockpiles:         |                       |                                |                                |   |
| • Quantity              | tonnes                | 3,921,802                      | <b>3,624,825</b>               | 3,624,825                                       |
| • Grade                 | g/t gold              | 0.54                           | <b>0.55</b>                    | 0.55  |
| Ore crushed             | wet tonnes            | 1,661,562                      | <b>1,522,031</b>               | 4,760,697                                       |
| Ore milled              | dry tonnes            | 1,791,410                      | <b>1,723,143</b>               | 5,143,543                                       |
| Milled head grade       | g/t gold              | 1.00                           | <b>0.95</b>                    | 1.00  |
| Gold recovery           | %                     | 84.4                           | <b>83.6</b>                    | 83.8  |
| Gold produced           | ounces (oz)           | 48,360                         | <b>43,787</b>                  | <b>137,977</b>                                  |
| Gold sales <sup>3</sup> | oz                    | 44,617                         | <b>43,873</b>                  | <b>137,558</b>                                  |
| Average sales price     | US\$/oz               | 1,318                          | <b>1,294</b>                   | 1,319   |

**Table 1: Key Production and Financial Statistics (Continued)**

| Parameter                     | Unit           | Three Months to<br>31 Dec 2013 | Three Months to<br>31 Mar 2014 | Nine Months to<br>31 Mar 2014<br>(Year to Date) |
|-------------------------------|----------------|--------------------------------|--------------------------------|---|
| <b>Unit Costs:</b>            |                |                                |                                |   |
| Mining cost                   | US\$/t mined   | 3.71                           | <b>4.08</b>                    | 3.97  |
| Processing cost               | US\$/t milled  | 10.77                          | <b>9.94</b>                    | 10.76   |
| G & A cost                    | US\$/month     | 1.62                           | <b>1.67</b>                    | 1.63  |
| <b>All-In Site Cash Cost</b>  |                |                                |                                |   |
| Production cost               | US\$/oz        | 1,038                          | <b>1,071</b>                   | 1,124   |
| Royalties                     | US\$/oz        | <u>75</u>                      | <b>87</b>                      | <u>85</u>                                       |
| <i>Sub-total</i>              | <i>US\$/oz</i> | <i>1,113</i>                   | <i>1,158</i>                   | <i>1,209</i>                                    |
| Capital costs:                |                |                                |                                |   |
| Inventory and stripping       | US\$/oz        | 30                             | <b>44</b>                      | (14)  |
| Sustaining capital            | US\$/oz        | <u>85</u>                      | <b>84</b>                      | <u>89</u>                                       |
| <i>Sub-total</i>              | <i>US\$/oz</i> | <i>115</i>                     | <i>128</i>                     | <i>75</i>                                       |
| <b>Total All-In Site Cost</b> | <b>US\$/oz</b> | 1,228                          | <b>1,286</b>                   | 1,284   |
| <b>Site Exploration Cost</b>  | US\$M          | -                              | <b>0.313</b>                   | 0.790   |

**Notes:** 1. Denotes bank cubic metres 2. Denotes grams of gold/tonne of ore 3. Gold sales are recognised in Perseus's accounts when the contracted gold refiner takes delivery of gold in the gold room. For accounting purposes, the sales price is the spot price of gold on the day of transfer, adjusted to reflect the realised gold price.

### **Mining**

A total of 2,419,626 bcm of ore and waste was mined during the Quarter, nearly 16.0% less than in the December 2013 quarter. The reduction in mining rates was consistent with the Company's plan of conserving capital by reducing investment in waste stripping. Ore mined during the Quarter included 1,426,165 tonnes of transitional and primary ore grading 1.11g/t gold. Ore movements were 4.5% higher and the grade of ore mined was 12.1% higher than in the previous quarter which is consistent with mine plans.

During the Quarter, the ROM ore stockpiles that include both high and low grade ore (but not mineralised waste) plus crushed ore decreased by 296,977 tonnes to 3,624,825 tonnes grading 0.55g/t gold, and containing approximately 63,913ozs of gold. The reduction in stockpile reflected the plan to process stockpiled ore to offset reduced ore production during this period of planned reduced mining activity. These ore stockpiles were made up of approximately 38% oxide ore and 62% transitional/primary ore. Approximately 6% of the remaining stockpiled ore is classified as medium/high grade, containing greater than 0.6g/t gold, while 94% of the ore is classified as low grade containing 0.4 to 0.6g/t gold.

### **Processing**

Gold production of 43,787ozs during the Quarter was 9.5% below the December 2013 quarter production. The gold contained in the ore processed in the Quarter was 8.7% lower than in the December 2013 quarter, mainly as a result of the head grade of ore treated (0.95g/t gold) and the throughput (1,723,143 tonnes) being lower on a quarter-on-quarter basis. The 5.1% reduction in head grade was in line with expectations and was a reflection of the strategy of processing a blend of ore drawn from stockpiles and the existing open pits in FY2014. The decrease in throughput by 3.8% was largely the result of deliberate strategy of reducing mill weight to counter the impact of restricted grid power supply while maintenance of power generation equipment was conducted by the state owned power generating authority.

Plant runtime of 88% during the Quarter was higher than in the prior Quarter (85%) reflecting a continued improvement in maintenance performance. Given the challenges presented by unreliable power supply during the Quarter, this was a very credible performance.

The average gold recovery rate during the quarter of 83.6% was 0.9% below the rate of 84.4% achieved in the December 2013 quarter. This reflected poor recovery achieved in January 2014, when an unsuccessful trial of a key (lower cost) consumable was conducted. In the months of February (83.9%) and March (86.1%) recoveries steadily improved as the consumable trial was abandoned and significant improvements in gravity gold recoveries were achieved following modification of the gravity circuit.

Key operating parameters associated with the steadily improving processing operation are summarised below.

**Table 2: Plant Performance Statistics**

| Description     | Unit             | June 2013<br>Quarter | September 2013<br>Quarter | December 2013<br>Quarter | March 2014<br>Quarter  |
|-----------------|------------------|----------------------|---------------------------|--------------------------|------------------------|
| <b>SAG Mill</b> |                  |                      |                           |                          |                        |
| Tonnes milled   | Dmt <sup>2</sup> | 1,511,162            | 1,628,900                 | 1,791,410                | 1,723,143 <sup>3</sup> |
| Run time        | %                | 75%                  | 84%                       | 85%                      | 88%                    |
| Run time        | hrs              | 1,739                | 1,863                     | 1,877                    | 1,909                  |
| Throughput rate | dmtph            | 869                  | 874                       | 954                      | 902 <sup>3</sup>       |

**Notes:** 1. Denotes wet metric tonnes 2. Denotes dry metric tonnes 3. Directly impacted by restricted power supply which was beyond the control of the Company.

### All-In Site Costs

Details of site operating costs for the financial year to date are as follows:

**Table 3 – Site Costs**

| Cost Centre                          | Units                 | Three<br>Months to<br>31 Dec 2013 | Three<br>Months to<br>31 Mar<br>2014 | Nine<br>Months to<br>31 Mar 2014<br>(Year to<br>Date) |
|--------------------------------------|-----------------------|-----------------------------------|--------------------------------------|---|
| <b>Physical Parameters:</b>          |                       |                                   |                                      |   |
| Total material mined                 | Tonnes                | 7,424,205                         | 6,543,278                            | 20,925,584  |
| Ore processed                        | Tonnes                | 1,791,410                         | 1,723,143                            | 5,143,543   |
| Gold recovered                       | ounces                | 48,360                            | 43,787                               | 137,977   |
| <b>Productivity Indicators:</b>      |                       |                                   |                                      |   |
| Mining cost                          | US\$/t material mined | 3.71                              | 4.08                                 | 3.97  |
| Processing cost                      | US\$/t processed      | 10.77                             | 9.94                                 | 10.76   |
| G&A                                  | US\$/month            | 1.62                              | 1.67                                 | 1.63  |
| <b>All-In Site Cash Costs:</b>       |                       |                                   |                                      |   |
| Cash production costs                | US\$/oz               | 1,038                             | 1,071                                | 1,124   |
| Royalty                              | US\$/oz               | 75                                | 87                                   | 85  |
| <i>Sub-total</i>                     | US\$/oz               | 1,113                             | 1,158                                | 1,209   |
| Capital investment* in pre-stripping | US\$/oz               | 97                                | 64                                   | 26  |
| Capital investment* in inventory     | US\$/oz               | (67)                              | (20)                                 | (40)  |
| Development & Sustaining Capital     | US\$/oz               | 85                                | 84                                   | 89  |
| <i>Sub-total</i>                     | US\$/oz               | 115                               | 128                                  | 75  |
| <b>Total All-In Site Cash Cost</b>   | US\$/oz               | 1,228                             | 1,286                                | 1,284   |

\*Note: Investment or (reduction) as the case may be.

Total all-in site unit cash costs for the Quarter (including production, royalties, investment in pre-stripping and inventory, development and sustaining capital) were US\$1,286/oz which was 4.7% higher than in the December 2013 quarter, notwithstanding the fact that gold production was 9.5% lower than December 2013.

This 4.7% increase in all-in site unit costs between the December 2013 and the March 2014 quarters belies the fact that the total cost base of the operation continues to decline as indicated by the improvements in the underlying cost of the operation as illustrated below:

**Table 4 – Quarter-on-Quarter Changes in Site Costs**

| Cost                       | Quarter-on-Quarter Change in: |            |             |
|----------------------------|-------------------------------|------------|-------------|
|                            | Volume                        | Unit costs | Total Costs |
| Mining                     | -11.9%                        | +10.0%     | -3.0%       |
| Processing                 | -3.8%                         | - 7.7%     | -11.2%      |
| Cash Production costs      | -9.5%                         | +3.2%      | -6.6%       |
| Sustaining & Other Capital | -9.5%                         | +11.3%     | +0.8%       |
| All-in Site Costs          | -9.5%                         | +4.7%      | -5.2%       |

Of the US\$84/oz spent on sustaining capital during the Quarter, approximately 50% related to payments associated with community relations activities including crop compensation committed in prior periods for areas that will be affected by mining of the eastern pits and purchase of land for relocation housing. The remaining 50% related to an assortment of expenditure relating to plant upgrades, security and site upgrade projects. This allocation of sustaining capital was very similar to that in the prior quarter.

***Subsequent Event – Fire at EGM Processing Plant***

On Wednesday 9 April 2014, a fire occurred in the processing plant at the EGM while the plant was shut down for scheduled maintenance. Perseus’s Emergency Response Team was activated and the fire was brought under control within an hour. The fire caused no significant injuries and there was no adverse impact on the environment.

The fire occurred in the upper cyclone area of the process plant (levels above Knelsons and gravity screens). Cyclone Process Equipment and associated support structures and mechanical and electrical installations were damaged, including:

- 7 of the 10 cyclones were fully burnt externally and internally;
- 8 cyclone actuator valves were burnt and destroyed;
- The rubber lining in the cyclone underflow pipe work and cyclone launder channels was badly burnt and or destroyed;
- The cyclone support steelwork suffered fire damage, one large grillage support beam was slightly deformed and many cyclone support channels were badly bent and deformed;
- All cyclone junction boxes, cabling, solenoid valves, electrical cabling and air pipe work in the vicinity were destroyed;
- Consequential damage occurred to PLC fuses and possibly cards due to short circuits from the fire.

As soon as practical following receipt of approval by the Ghana Minerals Commission, work commenced on clearing debris and carrying out repairs to the damaged equipment and structures. All of the materials and equipment required to complete the repairs were either held in stock or could be acquired or borrowed locally which meant that repairs were not impeded by supply issues.

Repairs including testing and preparations to enable re-starting the plant were completed and the plant re-started at 17.00hrs on Wednesday 16 April 2014, seven days after the fire occurred.

Since the restart of processing operations, the plant has been running approximately 92% of the time and while some minor problems have been encountered with the operation of the cyclones which has impacted gold recoveries, the plant is expected to be operating at full capacity by the end of April 2014.

***EGM Production and Cost Guidance***

Following a comprehensive assessment of the consequences of the fire in the processing plant including the ramp up to full production following re-start plus the impact of restrictions on power supply during the months of March and early April 2014 due to maintenance works conducted by the state owned electricity supplier, GridCo, production and cost estimates for the six and twelve month periods ending 30 June 2014 have been revised to the following:

**Table 5: Modified June 2014 Half Year and Full Financial Year 2014 Production and Cost Guidance**

| Parameter              | Units   | Six Months to<br>30 June 2014 | Twelve Months to<br>30 June 2014 |
|------------------------|---------|-------------------------------|----------------------------------|
| Gold Production        | Ounces  | 89,000 - 99,000               | 183,200-193,200                  |
| All-In Site Cash Costs | US\$/oz | 1,150 – 1,300                 | 1,200 – 1,300                    |

This represents a decrease in forecast gold production of approximately 10% and an increase in all-in site unit costs of approximately 7%.

***Personnel Changes at EGM***

Mr Edwin Acquaye, the General Manager Sustainability at the EGM has been appointed in an acting capacity to the role of Executive General Manager of the mine following the resignation of Mr Jon Yelland during the Quarter.

An international search for a new Executive General Manager with high level management and technical skills and a successful track record of operating in West Africa is at an advanced stage and an announcement regarding the new appointment is expected to be made shortly.

During the Quarter, 120 of Perseus’s employees from departments across the EGM were made redundant. At the end of the Quarter, the total direct workforce employed by Perseus at the EGM was 365 including both local and expatriate employees, while a further 1,199 employees were employed by contractors, bringing the total number of people employed on the site to 1,564.

**Project Development**

**Sissingué Gold Project – Côte d’Ivoire**

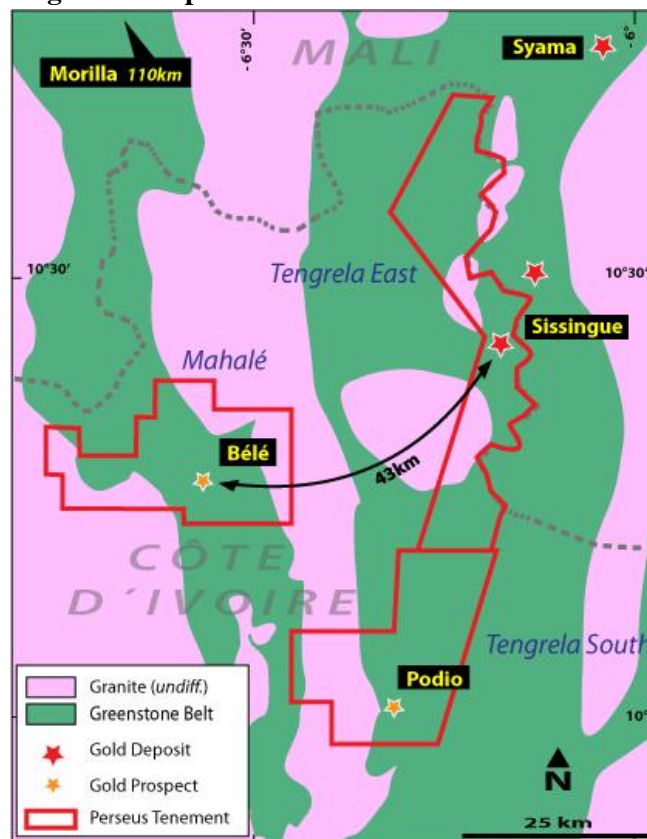
Perseus is completing a review of processing options for Sissingué with the aim of reducing capital costs and increasing gold recoveries cost effectively as a prelude to reassessing the feasibility study model. It is expected that a smaller, higher grade operation with significantly reduced capital costs will result. Metallurgical test work is being carried out to assess options including:

1. A smaller version of the existing crush, grind, CIL process route;
2. Heap leaching, which appears may work well for oxide ore but results in lower recoveries from sulphide material;
3. Gravity or gravity and CIL recovery; and
4. A grind, gravity/flotation, fine grind, then CIL process.

In parallel to the metallurgical studies Perseus is scoping lower cost plant options, including modular equipment. It appears that considerable capital cost savings are achievable by developing a smaller, higher grade project.

Progress at the Ivorian Government level is encouraging. The new mining code which came into effect in March 2014 provides a framework for obtaining fiscal stability for mining projects and the Government has granted Perseus’s request for an extension of time of two years until March 2016 to develop the Sissingué project. Exploration aimed at identifying additional feedstock for the project is in progress on the nearby Mahalé exploration permit and at Papara on the Sissingué exploitation permit.

**Figure 1 - Exploration Tenements in Cote d’Ivoire**



## Exploration

### Ghana

During the Quarter, a total of US\$0.3M was spent by Perseus on exploration activities in Ghana at the EGM and on adjoining licence areas.

Exploration activities consisted of geological mapping and a soil sampling program to test the strike extension of the Abnabna-Fobinso granite into a neighbouring Prospecting License, the Agyakusu license, which is under option to Perseus. No drilling occurred during the Quarter however limited drilling programs have been planned to commence next quarter which will evaluate several near-mine exploration targets.

### Côte d'Ivoire

A total of US\$0.5M was spent by Perseus during the Quarter on the following exploration activities in Côte d'Ivoire (Refer to Figure 1 below):

#### *Mahalé Licence*

During the Quarter, the balance of outstanding assays of samples from the December 2013 quarter drilling program at the Bélé prospect (located on the Mahalé licence) were received. Significant drill intercepts are listed in Table 1 of Attachment 1 and shown in Figure 3 below. The mineralization at the Bélé West, Bélé Central and Bélé East prospects remains largely open-ended on strike and at depth.

A total of 362 auger drill holes for 2,094 metres (28,568 metres in December 2013 quarter) were drilled during the Quarter on the Mahalé licence. The auger drilling is being conducted to test several areas of gold in lag geochemical anomalism located 5 to 7 km north and east of the Bélé prospect. Assay results are pending.

Drill testing undertaken to date has been to relatively shallow (<80 metres vertical) depths only. In addition, a number of auger drill hole gold anomalies in the Bélé area remain untested by air-core (AC) or reverse circulation (RC) drilling.

At the Bélé prospect, a program of ground geophysics commenced consisting of detailed magnetics, very low frequency (VLF) and gradient "IP" (Induced Polarization). Several lines of Pole-Dipole IP will also be run in coming months. The ground geophysics is intended to improve our understanding of the mineralisation and structural controls at Bélé and help direct follow-up drill testing of the individual Bélé prospects as well as delineate additional targets for drill testing in the vicinity of Bélé. The geophysics is expected to be completed and follow up drill testing commenced within the next quarter.

#### *Tengréla Licences*

Geological mapping and sampling was undertaken over several areas of recent artisanal mining activity on the Papara prospect located 20km from the Sissingué deposit on the Sissingué exploitation permit. A program of scout drill testing to evaluate the mineralisation potential of the area is scheduled for the June 2014 quarter. No exploration work was conducted on the Tengréla South license during the Quarter.

#### *Mbengué and Napié Licenses*

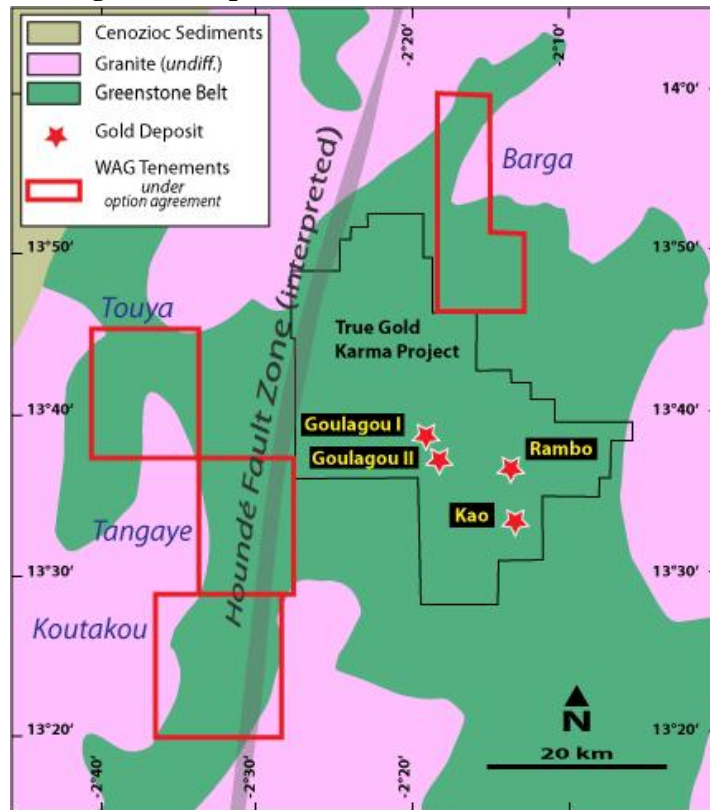
There were no exploration activities on the Mbengué and Napié licenses during the Quarter.



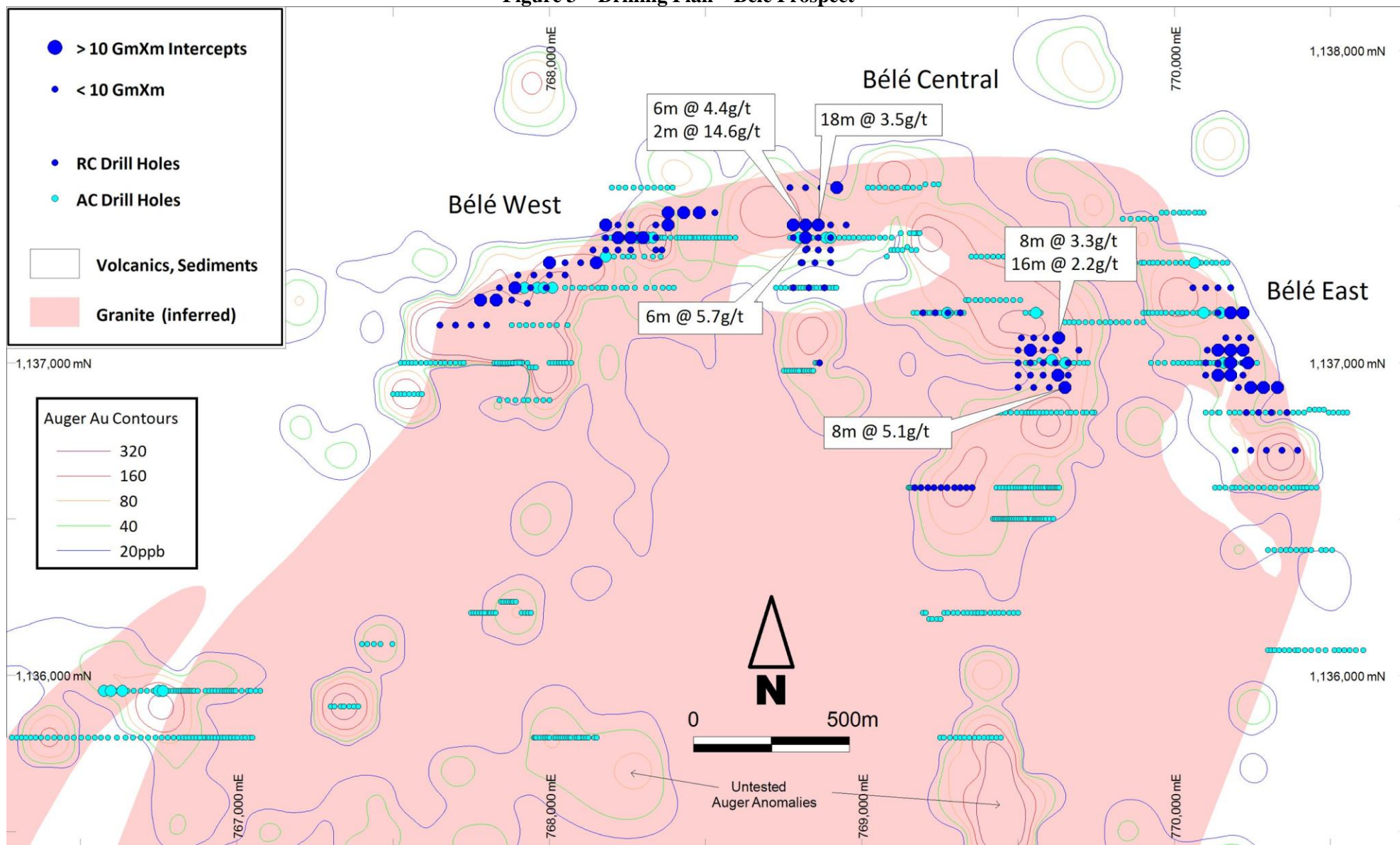
**Burkina Faso**

During the Quarter, Perseus conducted soil sampling and geological mapping programs on West African Gold Limited’s (“WAG”) Koutakou and Tangaye licenses in Burkina Faso (Refer to Figure 2 below) under the terms of an earn-in agreement with WAG that provides for Perseus to earn an 80% interest (or 72% after allowing for the government’s right to equity in mining ventures) in four licenses by spending US\$4 million within five years. The soil sampling and mapping focussed on the 13km long Koutakou soil anomaly and was intended to confirm, infill and extend the substantial gold in soil anomaly that had been previously defined by WAG. A total of 1,400 soil and 46 rock samples were obtained with assay results pending. Once the results are received and the Koutakou soil anomaly is confirmed, a first-pass program of drilling will be proposed to test the anomaly.

**Figure 2 - Exploration Tenements Burkina Faso**



**Figure 3 – Drilling Plan – Belé Prospect**



## **Corporate**

### ***Cash, Bullion***

Based on the gold price on 31 March 2014 of US\$1,291.75/oz and an A\$:US\$ exchange rate of 0.9251, the total value of cash and bullion on hand at the end of the March 2014 Quarter was \$47.6M, approximately \$19.4M more than at the end of the December 2013 quarter (\$28.2M). In addition to the above, the Group had a further \$10.2M of cash on deposit in escrow accounts providing security for various matters including future environmental commitments.

The Group's available cash balance as at 31 March 2014 was \$42.5M (31 December 2013:\$16.0M). In addition, 3,641 oz of gold were held either on site, in the process of being refined or in the Company's metal account on 31 March 2014, (31 December 2013: 8,984oz). Based on the parameters described above, this bullion was valued at \$5.1M at 31 March 2014.

### ***Equity Capital Raising***

On 17 February 2014, Perseus completed the placement to institutional and sophisticated investors of about 68.7 million ordinary shares, representing 15% of the Company's existing capital to raise approximately \$32 million (the "Placement"). Settlement of the Placement occurred on 21 February 2014, and the new shares that rank equally with existing shares, were allotted and commenced trading on the ASX on 24 February 2014.

The price under the Placement was set at \$0.47 ("Placement Price") per new share issued. The Placement Price represented a 6.9% discount to the last ASX closing price of Perseus shares of \$0.505 on 14 February 2014 and a 2.3% discount to the ASX five-day volume weighted average price of \$0.48 (up to and including 14 February 2014).

The proceeds of the Placement are intended for capital expenditure to accelerate productivity improvements and access to the eastern pits at the EGM and to provide for further balance sheet flexibility.

UBS AG, Australia Branch acted as lead manager and book runner for the Placement supported by GMP as co-manager.

### ***Gold Sales and Price Hedging***

Of the 43,873oz of gold sold during the Quarter (December 2013 Quarter: 44,617oz) at a weighted average delivered price of US\$1,294/oz, (December 2013: US\$1,318/oz) a total of 8,000oz were delivered into forward sales contracts at an average price of US\$1,269/oz with the remaining gold sales occurring at prevailing spot prices.

As at 31 March 2014, the Company's gold price hedging position included 129,000oz of gold deliverable up to and including 31 December 2015 at a weighted average price of US\$1,463/oz. This includes a total of 70,000oz of gold deliverable in quarterly instalments during the 2015 calendar year at an average price of US\$1,600/oz.

The total hedge position was "in the money" to the extent of US\$24.4M as at 31 March 2014 (31 December 2013: US\$31.6M). In the June 2014 Quarter, 8,000oz of gold is scheduled to be delivered at an average price of US\$1,278/oz under the hedge programme.

### ***VAT Receivable***

During the December 2013 Quarter, Perseus mandated a Ghanaian legal firm that specialises in revenue law, to intervene directly with the government on Perseus's behalf. This approach has so far yielded the following results:

- The Ghana Revenue Authority issued Perseus with GHC60 million of Treasury Credit Notes (TCNs) to cover the part of the obligation that has been formally audited and signed off. To date approximately GHS8.987 million (USD 3.365 million) of charges have been offset against the TCNs.
- Following further discussions with the Finance Minister aimed at obtaining a cash settlement of the full liability as a substitute for TCNs, the Finance Minister issued a written instruction on 24 March 2014 to the Controller and Accountant General to immediately pay Perseus the sum of GHC 49.649 million (USD 18.595 million). Since the instruction was issued and bank details were provided to the Finance Department, no payment has occurred.
- The Finance department has requested that given that payment of a proportion of the outstanding liability is pending, Perseus should cease using TCNs as a means of offsetting tax payments that are due and instead should defer payment of the various taxes which currently total approximately GHC10.522 million (USD 3.939 million).
- A further audit of outstanding VAT payments was completed and approved by the tax authorities during the Quarter and at the date of this report, the outstanding VAT position was as follows:

|                                       | GHC Million   | USD Million*  |
|---------------------------------------|---------------|---------------|
| Approved VAT claims                   | 103.519       | 38.757        |
| VAT claims pending audit              | 10.386        | 3.889         |
| Less: Cash Refunds received to date   | 7.400         | 2.771         |
| Less: Offsets using TCNs              | 8.987         | 3.365         |
| <b>VAT Refunds Due and Payable</b>    | <b>97.518</b> | <b>36.510</b> |
| Less: Statutory Tax payments deferred | 10.522        | 3.939         |
| <b>Balance Due for payment</b>        | <b>86.996</b> | <b>32.571</b> |

\*Assumes USD1.00=GHC2.67 as at 31 March 2014

## Program for the June 2014 Quarter

### *Edikan Gold Mine*

- Produce gold at a total all-in site cash cost that is in line with amended Half Year guidance;
- Continue to fine tune plant metallurgical performance and maximise SAG mill throughput;
- Continue training of operating and maintenance staff; and
- Continue to implement business improvement initiatives across all departments of the EGM.

### *Sissingué Gold Mine Development Project*

- Review of project cost structure and development options; and
- Review project economics and financing alternatives.
- Continue exploration for Mineral Resources on Mahalé exploration licence and the Sissingué exploitation permit.

### **Jeff Quartermaine**

**Managing Director and Chief Executive Officer**

29 April 2014

To discuss any aspect of this announcement, please contact:

**Managing Director:** Jeff Quartermaine at telephone +61 8 6144 1700 or email [jeff.quartermaine@perseusmining.com](mailto:jeff.quartermaine@perseusmining.com);

**Investor Relations:** Nathan Ryan at telephone +61 420 582 887 or email [nathan.ryan@nwrcommunications.com.au](mailto:nathan.ryan@nwrcommunications.com.au) .

**Competent Person Statement:**

All production targets for the Edikan Gold Mine (EGM) referred to in this report are underpinned by estimated Ore Reserves which have been prepared by competent persons in accordance with the requirements of the JORC Code.

The information in this report that relates to EGM Ore Reserves and Mineral Resources is based on, and fairly represents, information and supporting documentation compiled by Mr Kevin Thomson, a Competent Person who is a Professional Geoscientist with the Association of Professional Geoscientists of Ontario. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report and attachments 1 and 2 that relates to exploration results is based on, and fairly represents, information and supporting documentation prepared by Mr Kevin Thomson, a Competent Person who is a Professional Geoscientist with the Association of Professional Geoscientists of Ontario. Mr Thomson is an employee of a subsidiary of the Company. Mr Thomson 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 Thomson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. For a description of Perseus' data verification process, quality assurance and quality control measures, the effective date of the mineral resource and mineral reserve estimates contained herein, details of the key assumptions, parameters and methods used to estimate the mineral resources and reserves set out in this report and the extent to which the estimate of mineral resources or mineral reserves set out herein may be materially affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues, readers are directed to the technical report entitled "Technical Report - Central Ashanti Gold Project, Ghana" dated May 30, 2011 and the technical report entitled "Technical Report - Tengréla Gold Project, Côte d'Ivoire" dated December 22, 2010 in relation to the Edikan Gold Mine (formerly the Central Ashanti Gold Project) and the Tengréla Gold Project respectively.

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

**ATTACHMENT 1 – MARCH 2014 QUARTER DRILLING RESULTS**
**Table 1: Mahalé Project, Côte d'Ivoire, March Quarter Exploration Drilling Results**

| Hole    | Prospect     | East<br>(m) | North<br>(m) | RL<br>(mASL) | Depth<br>(m) | Azm.<br>(°) | Incl.<br>(°) | From<br>(m) | To<br>(m) | Width<br>(m) | Au<br>g/t   |
|---------|--------------|-------------|--------------|--------------|--------------|-------------|--------------|-------------|-----------|--------------|-------------|
| MHAC773 | Bélé Central | 766,575     | 1,135,950    | 365          | 43           | 90          | -55          | 12          | 33*       | 21           | 0.9         |
| MHAC782 | Bélé Central | 766,751     | 1,135,950    | 367          | 23           | 90          | -55          | 8           | 23*       | 15           | 0.8         |
| MHAC783 | Bélé Central | 766,763     | 1,135,950    | 366          | 19           | 90          | -55          | 0           | 12        | 12           | 1.2         |
| MHLC045 | Bélé Central | 768,920     | 1,137,560    | 371          | 102          | 90          | -50          | 12          | 16        | 4            | 2.5         |
| MHLC046 | Bélé Central | 768,780     | 1,137,440    | 369          | 100          | 90          | -50          | 42          | 58        | 16           | 0.9         |
| MHLC047 | Bélé Central | 768,820     | 1,137,440    | 373          | 100          | 90          | -50          | 54          | 60        | 6            | 4.4         |
|         |              |             |              |              |              |             |              | 86          | 88        | 2            | <b>14.6</b> |
| MHLC048 | Bélé Central | 768,860     | 1,137,440    | 373          | 102          | 90          | -50          | 36          | 54        | 18           | 3.5         |
|         |              |             |              |              |              |             | <i>incl.</i> | 48          | 52        | 4            | <b>10.4</b> |
| MHLC051 | Bélé Central | 768,820     | 1,137,400    | 370          | 96           | 90          | -50          | 40          | 46        | 6            | 5.7         |
|         |              |             |              |              |              |             | <i>incl.</i> | 44          | 46        | 2            | <b>15.4</b> |
| MHLC066 | Bélé East    | 770,235     | 1,137,000    | 374          | 102          | 270         | -50          | 30          | 34        | 4            | 3           |
|         |              |             |              |              |              |             |              | 52          | 58        | 6            | 2.2         |
|         |              |             |              |              |              |             |              | 64          | 74        | 10           | 2.1         |
| MHLC079 | Bélé Central | 769,650     | 1,136,920    | 372          | 100          | 90          | -50          | 30          | 38        | 8            | 5.1         |
|         |              |             |              |              |              |             | <i>incl.</i> | 34          | 36        | 2            | <b>16.7</b> |
|         |              |             |              |              |              |             |              | 48          | 52        | 4            | 1.2         |
| MHRC063 | Bélé Central | 769,630     | 1,137,080    | 372          | 90           | 90          | -50          | 18          | 26        | 8            | 3.3         |
|         |              |             |              |              |              |             | <i>incl.</i> | 20          | 22        | 2            | 7.2         |
|         |              |             |              |              |              |             |              | 74          | 90*       | 16           | 2.2         |

\* denotes hole ended in mineralisation.

**ATTACHMENT 2 – JORC CODE, 2012 Edition – Table 1**
**Section 1 Sampling Techniques and Data**

| Criteria              | JORC Code Explanation   | Commentary  |
|-----------------------|---|---|
| Sampling techniques   | <ul style="list-style-type: none"> <li>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</li> </ul> | <ul style="list-style-type: none"> <li>Reverse Circulation (RC) drill holes (MHLC and MHRC holes) were routinely sampled at 1m intervals down the hole. RC samples were collected at the drill rig by riffle splitting drill spoils to collect a nominal 1-2 kg sub sample and composited into 2m samples for assay.</li> <li>Air core (AC) drill holes (MHAC holes) were routinely sampled at 1m intervals down the hole. AC samples were collected at the drill rig by riffle splitting drill spoils to collect a nominal 0.75-1 kg sub sample and composited into 4m samples for assay.</li> <li>Auger-type sampling was conducted with a RAB rig by drilling vertical holes into the saprolite, 5.5m deep on average, with a nominal 100m X 100m grid pattern. Approximately 1.5-2kg samples were obtained from the bottom 1 meter drilled for assay.</li> <li>Routine standard reference material, sample blanks, and sample field duplicates were inserted/collected at every 12th sample in the sample sequence on average in order to gauge and ensure sample representivity and quality of results from the laboratory.</li> <li>All 2m composited RC samples were submitted to Bureau Veritas Cote d'Ivoire for preparation and analysis by 30g Fire Assay.</li> <li>All 4m composited AC samples were submitted to Bureau Veritas Cote d'Ivoire for preparation and analysis by 1 kg BLEG analysis with AAS finish.</li> <li>All 1m samples from the auger-style RAB drilling were submitted to Bureau Veritas Cote d'Ivoire for preparation and analysis by 1 kg BLEG analysis</li> </ul> |
| Drilling techniques   | <ul style="list-style-type: none"> <li>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</li> </ul>   | <ul style="list-style-type: none"> <li>All RC holes were completed by reverse circulation (RC) drilling techniques with a hole diameter of 5.5 inch and a face sampling down hole hammer.</li> <li>All AC holes were completed by air core (AC) drilling techniques with a hole diameter of 5.5 inch using a face sampling tungsten blade AC drill bit.</li> <li>All Auger-style holes were completed by RAB drilling techniques with a hole diameter of 4.5 inch using a face sampling tungsten blade RAB drill bit.</li> </ul>  |
| Drill sample recovery | <ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</li> </ul>  | <ul style="list-style-type: none"> <li>A qualitative estimate of sample recovery was done for each sample metre collected from the drill rig.</li> <li>Riffle split samples were weighed to ensure consistency of sample size and monitor sample recoveries.</li> <li>Drill sample recovery and quality is considered to be adequate for the drilling technique employed.</li> </ul>  |

| Criteria                                       | JORC Code Explanation  | Commentary  |
|--|--|---|
| Logging  | <ul style="list-style-type: none"> <li>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>The total length and percentage of the relevant intersections logged.</li> </ul>   | <ul style="list-style-type: none"> <li>All drill samples were geologically logged by Company Geologists.</li> <li>Geological logging recorded rock types, visual estimates of the abundance of quartz veining and sulphides plus the degree of weathering using a standardized logging system.</li> <li>All (100%) of material drilled via RC, AC and RAB drilling methods was logged in detail by Company geologists.</li> <li>Small samples of drill material were retained in chip trays for future reference and validation of geological logging and small samples of coarse and sieved fine drill material were affixed to "chip boards" to aid geological logging and for future reference.</li> </ul>   |
| Sub-sampling techniques and sample preparation | <ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul> | <ul style="list-style-type: none"> <li>All dry samples were riffle split at the drill rig. Wet samples were sampled at the drill rig by spear sampling.</li> <li>The majority of samples (&gt;90%) were obtained dry. If continuously wet drilling was encountered the hole would be stopped.</li> <li>Routine field sample duplicates were taken to evaluate representivity of samples with the results stored in the master drill database for reference.</li> <li>In the case of case of 4m composited samples from AC drilling, initial assay was by the BLEG method. If analytical results returned &gt; 1.0g/t for a 4m composite, individual 1m subsample rejects were resampled and analyzed for Au by fire assay to confirm representivity.</li> <li>At the Bureau Veritas laboratory, samples were weighed, dried and crushed to -2mm in a jaw crusher. A 1.5kg split of the crushed sample was subsequently pulverised in a ring mill to achieve a nominal particle size of 85% passing 75um.</li> <li>Sample sizes and laboratory preparation techniques are considered to be appropriate for this stage of gold exploration.</li> </ul>                  |
| Quality of assay data and laboratory tests     | <ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</li> </ul>   | <ul style="list-style-type: none"> <li>For RC drill samples, analysis for gold was undertaken at Bureau Veritas Cote d'Ivoire lab by 30g Fire Assay with AAS finish to a lower detection limit of 0.01ppm. Fire assay is considered a total assay technique.</li> <li>For AC drill samples, analysis for gold was undertaken at Bureau Veritas Cote d'Ivoire lab by "BLEG" 1 kg bottle roll analysis. The BLEG method is considered to be a partial leach procedure.</li> <li>For Auger-style RAB drill samples, analysis for gold was undertaken at Bureau Veritas Cote d'Ivoire lab by "BLEG" 1 kg bottle roll analysis. The BLEG method is considered to be a partial leach procedure.</li> <li>No geophysical tools or other non-assay instruments were used in the analyses reported.</li> <li>Review of standard reference material, sample blanks and duplicates suggest there are no significant analytical bias or preparation errors in the reported analyses.</li> <li>Internal laboratory QAQC checks are reported by the laboratory and routine review of the laboratory QAQC suggests the laboratory is performing within acceptable limits.</li> </ul> |



| Criteria  | JORC Code Explanation  | Commentary  |
|---|--|---|
| Verification of sampling and assaying                   | <ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>Discuss any adjustment to assay data.</li> </ul>  | <ul style="list-style-type: none"> <li>Drill hole data is captured by Company geologists at the drill rig and manually entered into a digital database.</li> <li>The digital data is verified and validated by the Company's database Manager before loading into a master drill hole database on a regularly backed-up server.</li> <li>Reported drill hole intercepts are compiled by the Company's Group Exploration Manager.</li> <li>Twin holes were not drilled to verify results as it is considered unnecessary at this early stage of exploration. Should a resource be delineated on the project, future drilling programs would consider twinning some drill holes to check representivity and repeatability.</li> <li>There were no adjustments to assay data.</li> </ul> |
| Location of data points                                 | <ul style="list-style-type: none"> <li>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>  | <ul style="list-style-type: none"> <li>Drill hole collars were set out in UTM grid WGS84_Zone29N.</li> <li>Drill hole collars were positioned using hand held GPS, accurate to +/- 2-3m in the horizontal and 3-6m in the vertical direction.</li> <li>Drill holes were not surveyed for down hole deviation in this program of scout exploration as the relatively short RC and AC drill holes were not expected to deviate significantly nor was there an expectation of resource delineation in this program where hole deviation would be of significance.</li> <li>Locational accuracy at collar and down the drill hole is considered appropriate for this early stage of exploration.</li> </ul>   |
| Data spacing and distribution                           | <ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</li> <li>Whether sample compositing has been applied.</li> </ul>                                 | <ul style="list-style-type: none"> <li>RC holes were nominally drilled on 40m to 160m spaced east-west orientated drill sections with hole spacing on sections at 40m.</li> <li>AC holes were drilled on wide spaced east-west sections spaced 120m to 240m apart with hole spacing on sections dependant on the refusal depth of holes and generally ranging from 10 to 20m.</li> <li>Auger-style RAB holes were drilled on a 100m X 100m staggered grid pattern.</li> <li>The reported drilling has not been used to estimate any mineral resources or reserves.</li> <li>Sample compositing was performed with 2 X 1m samples composited for RC drill holes and 4 X 1m samples composited for AC holes.</li> </ul>   |
| Orientation of data in relation to geological structure | <ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</li> </ul> | <ul style="list-style-type: none"> <li>Exploration is at an early stage and the true orientation of mineralisation has not yet been confirmed.</li> </ul>   |
| Sample security   | <ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>  | <ul style="list-style-type: none"> <li>Samples were stored in a fenced compound within the Company's accommodation camp in Tengrela prior to sample collection and road transport by Bureau Veritas to the laboratory in Abidjan.</li> </ul>  |
| Audits or reviews                                       | <ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>  | <ul style="list-style-type: none"> <li>The Company's sampling techniques employed in Ivory Coast were last reviewed in a site visit to the Tengrela Gold Project by consultants Runge Limited (now RungePincockMinarco Limited) in August of 2010 and deemed to be of industry standard and satisfactory.</li> </ul>  |

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

| Criteria                                | JORC Code Explanation  | Commentary   |
|---|--|--|
| Mineral tenement and land tenure status | <ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>   | <ul style="list-style-type: none"> <li>The reported results are from the Bélé Prospect, an area within the Mahalé Exploration Permit (<i>Permis de Recherche</i>) (e which is held 100% by Occidental Gold s.a.r.l., a wholly owned subsidiary of Perseus Mining Limited).</li> <li>The Mahalé Permit is in good standing, valid through to 19 December 2015.</li> </ul>   |
| Exploration done by other parties       | <ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>  | <ul style="list-style-type: none"> <li>Historical exploration work in the area presently covered by the Mahalé Permit de Recherche is unknown.</li> </ul>  |
| Geology                                 | <ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>  | <ul style="list-style-type: none"> <li>The Mahalé permit covers greenstone (Birimian metavolcanics and metasediments) plus granitic intrusions in an area 15-40km west of the Syama greenstone belt, likely representing a separate greenstone belt.</li> <li>Gold mineralisation observed in the RC holes is spatially related to a granitic intrusion, occurring along its contacts with mafic metavolcanics and within the intrusion.</li> <li>Gold appears to be associated with pyrite concentrations in turn associated with brittle deformation along and within the granite contact.</li> </ul>  |
| Drill hole Information                  | <ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:             <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length</li> </ul> </li> <li>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul> | <ul style="list-style-type: none"> <li>Reported results are summarised in Table 1 within the attached announcement.</li> <li>The drill holes reported in this announcement have the following parameters:             <ul style="list-style-type: none"> <li>Only drill holes with combined grade X thicknesses of ≥ 10 gram X meters have been reported.</li> <li>Grid co-ordinates are UTM WGS84_29N</li> <li>Collar elevation is defined as height above sea level in metres (RL) and has been estimated by hand held GPS.</li> <li>Dip is the inclination of the hole from the horizontal. Azimuth is reported in WGS 84_29N degrees as the direction toward which the hole is drilled.</li> <li>Down hole length of the hole is the distance from the surface to the end of the hole, as measured along the drill trace</li> <li>Intersection depth is the distance down the hole as measured along the drill trace.</li> <li>Intersection width is the down hole distance of an intersection as measured along the drill trace</li> <li>Hole length is the distance from the surface to the end of the hole, as measured along the drill trace.</li> </ul> </li> <li>Auger-style vertical RAB drill holes are considered as geochemical point samples, like soil samples, and not as drill holes per se and are therefore not listed in Table 1. The Auger-style RAB drilling results are depicted in Figure 1 as Au contours.</li> <li>Previously reported drilling results have not been repeated in this announcement.</li> </ul> |

| Criteria   | JORC Code Explanation   | Commentary  |
|--|---|---|
| Data aggregation methods   | <ul style="list-style-type: none"> <li>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul> | <ul style="list-style-type: none"> <li>Drill hole intercepts are reported from 2m metre down hole samples for RC holes and 4m down hole samples for AC holes.</li> <li>A minimum cut-off grade of 0.5 g/t Au is applied to the reported intervals.</li> <li>Maximum internal dilution is 4m within a reported interval.</li> <li>No grade top cut off has been applied.</li> <li>No metal equivalent reporting is used or applied.</li> </ul> |
| Relationship between mineralisation widths and intercept lengths | <ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</li> </ul>   | <ul style="list-style-type: none"> <li>The reported results are from early stage exploration drilling; accordingly the orientation of mineralised structures is currently unknown.</li> <li>Results are reported as down hole length, true width is currently unknown.</li> </ul>   |
| Diagrams   | <ul style="list-style-type: none"> <li>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</li> </ul>  | <ul style="list-style-type: none"> <li>Drill hole plans with significant assay results are shown in Figure 1.</li> </ul>  |
| Balanced reporting   | <ul style="list-style-type: none"> <li>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</li> </ul>   | <ul style="list-style-type: none"> <li>All drill holes drilled are shown in Figure 1. Only those drill holes drilled during the Quarter which have returned combined assay intercepts exceeding 10 grams X meters, and are thus considered significant results in an early stage exploration program, have been reported in Table 1.</li> </ul>   |
| Other substantive exploration data                               | <ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul>   | <ul style="list-style-type: none"> <li>There is no other exploration data which is considered material to the results reported in this announcement</li> </ul>  |
| Further work   | <ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>   | <ul style="list-style-type: none"> <li>Ground geophysics (magnetics, VLF and Gradient IP) is currently underway on the Bél  Prospect in order to better target follow up drill testing.</li> </ul>  |