



13 June 2014

NEWS RELEASE

## VAT REFUND & OPERATIONAL UPDATE

Perseus Mining Limited (ASX/TSX: PRU) wishes to advise of two recent developments relating to its Edikan Gold Mine in Ghana (“Edikan”).

### PARTIAL REFUND OF VAT DEBT

On 11 June 2014, Perseus received GH¢20.0M (USD6.7M) as a partial payment of the outstanding VAT debt of GH¢97.5M (USD32.7M) owed to the Company by the Government of Ghana. Based on dialogue with the Government, two further payments of GH¢10.0M (USD 3.3M) and GH¢ 17.6M (USD 5.8M) are currently scheduled to be made on or around 24 June 2014 and 8 July 2014 respectively.

Following the recent payment of GH¢20million, the outstanding VAT position is as follows:

	<u>GH¢ Million</u>	<u>USD Million*</u>
Approved VAT claims	103.730	34.741
VAT claims pending audit	10.169	3.406
Less: Cash refunds received to date	(27.400)	(9.177)
Less: Offsets using Treasury Credit Notes	(8.987)	(3.010)
<b>VAT Refunds Due and Payable</b>	<b>77.512</b>	<b>25.960</b>
Less: Statutory Tax payments deferred	(14.190)	(4.752)
<b>Net Refund Due for payment</b>	<b>63.322</b>	<b>21.208</b>

\*Assumes USD1.00=GH¢2.9858 as at 12 June 2014

The Company is continuing to work with the Government to agree a schedule for the repayment of the balance of the outstanding debt and also to avoid a repeat of the current situation where a large VAT receivable accumulates and remains unpaid for an extended period.

### Comment from Managing Director, Jeff Quartermaine

*“It’s pleasing to receive GH¢ 20 million of the debt owing from the Ghanaian government and to have been informed of a payment schedule for a further GH¢ 27.6 million. Perseus remains debt free with a strong cash position which will be further enhanced by receiving the full VAT payment from the Ghanaian Government. We are looking forward to putting the issue of the outstanding VAT receivable behind us.*

*The availability of grid power to the Edikan Gold Mine has also been frustrating in recent times. We have been working extremely hard to address the matters that we can control such as operating performance and operating costs, and in the past 12 months we have made major advances on both fronts.*

*When it comes to repayment of VAT and the availability of grid power, these are outside of our control but they certainly do take the gloss off what would otherwise be a creditable performance at the Edikan Gold Mine by our hard working team of employees and contractors.”*

## **GRIDCO SUBSTATION FAILURE**

At 7:40pm on Saturday 7 June 2014, a current transformer (CT) failed in the sub-station owned and operated by the government owned power company GridCo, which is located on the site of Perseus's Edikan Gold Mine. The exact cause of the failure of the CT is unknown.

The failure of the CT resulted in damage to all three Voltage Transformers (VTs) on the circuit, failure of insulators and damage to several of the cables that feed power to the Edikan processing plant. This resulted in a total power outage to the plant and subsequent significant downtime for Edikan's ore crushing and milling operation while the repairs could be completed. As the failure occurred on the 11,000 volt line that is rated to 1,200amps, the repairs had to be performed by GridCo who operate and maintain the substation.

The CTs and VTs that failed were not standard GridCo components and were not carried as spares by GridCo, however suitable CT replacements of a different design/configuration were able to be sourced after a short delay. The different design/configuration of the replacement CTs also necessitated replacement of some busbars and removal, modification and installation of the mounting plates, brackets, and platforms. These tasks were all carried out by GridCo.

As a remedial measure, the VTs and damaged insulators were removed from the power factor correction circuit. This has rendered the power factor correction circuit inoperable until full repairs can be carried out. As a result, Edikan is required to reduce its power demand in the evenings during the peak demand period until Gridco is able to source the replacement parts. Gridco is expected on site during the planned SAG mill maintenance shutdown on 17 June 2014 to carry out additional works on the substation.

Due to high voltage and current involved there was also damage to the main feeder cables to the plant. This required two of the cables to be terminated and the replacement of a connection lug. This work was carried out by Perseus's maintenance personnel.

Following the repairs, the SAG mill was restarted at approximately 21:00 hours on Tuesday 10 June 2014 after approximately 73 hours of unscheduled downtime.

The impact of this interruption to gold production at Edikan is that Perseus will be challenged to achieve its revised production guidance for the three, six and 12-month periods ending 30 June 2014. This is extremely disappointing to management as following the resumption of gold production after the fire in the cyclone nest at the Edikan processing plant in April 2014 the Edikan operation has performed strongly and was on target to achieve guidance as a result of the continued improvement in operating performance as illustrated by the key indicators in the Table below:

Further details of the impact of the substation failure on gold production for the three, six and 12-month periods ending 30 June 2014 will be documented in the Company's June 2014 Quarterly Report that will be published in mid July 2014.

Description	Unit	Sep-13 Quarter	Dec-13 Quarter	Mar-14 Quarter	Apr-14 Month <sup>1</sup>	May-14 Month	Jun-14 Month to Date <sup>2</sup>
<b>Primary Crusher</b>							
Tonnes Crushed <sup>1</sup>	Wmt	1,577,104	1,661,562	1,522,031	372,779	592,791	<b>69,785</b>
Runtime	%	56%	58%	54%	41%	60%	<b>38%</b>
Run Time	hrs	1,229	1,285	1,171	294	447	<b>54</b>
Throughput rate	wmtph	1,284	1,293	1,300	1,268	1,327	<b>1,325</b>
<b>SAG Mill</b>							
Tonnes Milled	Dmt	1,628,900	1,791,410	1,723,143	421,061	606,436	<b>119,333</b>
Run Time	%	84%	85%	88%	65%	90%	<b>99%</b>
Run Time	hrs	1,863	1,877	1,909	469	672	<b>143</b>
Throughput rate	dmtph	874	954	902	897	903	<b>836</b>
Recovery	%	83%	84%	84%	84%	86%	<b>87%</b>
Head Grade	g/t	1.05	1.00	0.95	1.01	1.02	<b>0.95</b>

**Notes:**

1. Includes 7 days of lost production time (plus additional time required to stabilise the circuit) as a result of a fire in the cyclone nest;

2. Up to and including 6 June 2014

To discuss any aspect of this announcement, please contact:

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**Caution Regarding Forward Looking Information:** This report contains forward-looking information which is based on the assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management of the Company believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. Assumptions have been made by the Company regarding, among other things: the price of gold, continuing commercial production at the Edikan Gold Mine without any major disruption, development of a mine at 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.