**August 28, 2015**

# MANAGEMENT'S DISCUSSION & ANALYSIS
## For the twelve months ended June 30, 2015

This Management's Discussion and Analysis ("MD&A") of Perseus Mining Limited and its controlled entities ("Perseus" or the "Company") is dated August 28, 2015 and provides an analysis of the Company's performance and financial condition for the three months ended June 30, 2015 (the "June 2015 Quarter" or "Quarter") and the twelve months ended June 30, 2015 (the "2015 Financial Year").

This MD&A should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended June 30, 2015 (the "2015 Financial Report"), and the Company's audited reviewed consolidated financial statements for the half year ended December 31, 2014. The financial statements (and the financial information contained in this MD&A) comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These documents are available under the Company's profile on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at sedar.com and on the Company's website, www.perseusmining.com.

This MD&A may contain forward-looking statements that are subject to risk factors set out in a cautionary note contained herein. Examples of some of the specific risks associated with the operations of the Company are set out under "Risk Factors". All monetary amounts are stated in Australian dollars, except as otherwise stated.

## COMPANY OVERVIEW

Perseus was incorporated in Australia on October 24, 2003. Perseus's corporate office is in Perth, Western Australia. On September 22, 2004, the Company's shares were listed for trading on the Australian Securities Exchange ("ASX") and on February 3, 2010 the Company's shares commenced trading on the Toronto Stock Exchange ("TSX"). The Company's shares are also listed on the German Stock Exchange. Perseus is an integrated gold company whose activities include exploration and evaluation, development and gold production. The Company conducts its activities on under-explored gold belts located in West Africa. Its principal assets are:

- A 90% interest in the Edikan Gold Mine ("EGM" or "Edikan"), a gold mine located in Ghana. In July 2009, the Company completed a definitive feasibility study (''DFS'') on developing a mine and associated treatment facility for the EGM and based on the positive outcome of that DFS, construction of a gold mine and associated processing facility commenced in June 2010. The first gold pour and the first revenue received from the EGM took place on August 21, 2011 and on September 28, 2011 respectively. Commercial Production was declared on January 1, 2012. The remaining 10% interest in the EGM is a free-carried interest in the mine-owning company held by the Government of Ghana.

- An 85% interest in the Sissingué gold deposit, a development stage gold project (the ''Sissingué Gold Project'' or "SGP"). The Sissingué gold deposit was discovered during an exploration programme focussed on the Tengréla exploration tenements located in the north of Côte d'Ivoire. In November 2010, the Company completed a DFS on developing an open cut mining operation together with a conventional carbon in leach ("CIL") gold processing plant and related infrastructure based on the Sissingué gold deposit. In April 2015 the Company completed a revised feasibility study ("RFS") following a period of review on the process flow sheet and underlying operating and cost assumptions. Subsequently, a decision was undertaken to proceed with the development. The Company's 85% interest in the SGP reflects (as if it had been granted) a 10% free carried interest in the mine-owning company 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 5% owned by local interests.

- A 90% interest in the Kayeya gold deposit which forms part of the Grumesa Gold Project ("GGP''), an exploration stage gold project located 30 kilometers to the east of the EGM in Ghana. Previous studies indicated that the GGP represents a potential satellite production opportunity to the larger EGM. The Company's 90% interest in the GGP reflects a 10% free carried interest in the mine-owning company which is required to be allocated to the Government of Ghana upon the issue of a mining lease.


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In addition, as at the date of this report Perseus owns (i) a 11.83% interest in Burey Gold Limited ("Burey"), an ASX-listed junior exploration company holding a portfolio of gold exploration properties in Africa; and (ii) a 7.78% interest in Manas Resources Limited (''Manas''), an ASX-listed company that owns a portfolio of gold properties in Central Asia that were sold to Manas by Perseus in mid-2008.

As at the date of this report, Perseus has no long term debt obligations. The Company had a commitment to deliver 63,000 ounces of gold at a weighted average gold price of US$1,432/oz under outstanding gold forward sale contracts as at June 30, 2015. Subsequent to June 30, 2015 additional gold forward sales contracts were put in place, at the date of this report the total commitment was 149,500 ounces of gold at a weighted average gold price of US$1,239/oz. (Refer to the section below titled "*Liquidity and Capital Resources*").

## OVERVIEW OF THE JUNE 2015 FINANCIAL YEAR

**Summary**

During the 2015 Financial Year, Perseus continued to focus its activities on its two key projects, the EGM in Ghana and the SGP in Côte d'Ivoire. Building on work that began in the prior year, Perseus has been optimising the efficiency of the EGM and has made significant inroads into improving the operating performance of the mine and process plant as well as lowering its operating cost structure which will come in to fruition fully in the following period.

Gold production of 212,135 ounces during the 2015 Financial Year was an 18% increase on the prior year, due to a higher average head grade, increased recoveries and a strong trend of improvement in almost every aspect of the operation. This improvement has been achieved despite challenges during the year around continuity of power supply, which are discussed further under EGM, Ghana below. Production for the June 2015 Quarter of 64,669 ounces of gold was 36% higher than the production in the March 2015 quarter of 47,450 ounces as a result of increased throughput following resumption of full power during the Quarter, as well as higher grade and increased recoveries.

Total all-in site costs (including production, royalties, investment in pre-stripping and inventory, development and sustaining capital) of US$877/oz during the 2015 Financial Year were 32% lower than the previous year of US$1,294/oz. Total site cash costs of US$685/oz during the Quarter were 24% lower than the March 2015 quarter of US$903/oz. Both the 2015 Financial year and Quarter decreases were as a result of reduced mining and processing rates, more effective procurement practices, lower-than-forecast capital expenditure as relocation housing and waste stripping due to delayed access to the new mining areas, combined with strong gold production resulting from improved operating efficiency and an expected increase in head grade of processing ore.

Preparations for the development of the SGP advanced significantly during the period with a RFS being released in April 2015. A Mining Convention has been negotiated with the Ivorian government and subsequent to the end of the 2015 Financial Year has been signed. Documentation of the Project Execution Plan is at an advanced stage with early works on track to begin in the September 2015 quarter, with full-scale construction to start in the December 2015 quarter, subject to Board approval.

Perseus has strengthened its balance sheet position, insulating itself from further negativity in market conditions and ensuring a solid base from which to bring its second project into operation. Towards the end of the 2015 Financial Year Perseus began negotiating a corporate debt facility which will be established in the coming months to supplement existing cash balances and provide funding for the groups capital works programme that includes developing the SGP as well as constructing relocation housing and stripping waste from new mining areas at the EGM.

Exploration continued throughout the year, with success at Mampong and Chirawewa in Ghana. EGM's Mineral Reserves were updated in June 2015.The Mineral Resource associated with the EGM was updated in June 2015.

The Company's Proved and Probable Mineral Reserves as at June 30, 2015 decreased to 66.8 million tonnes ("Mt") containing 2.77 million ounces of gold after allowing for mining depletion. At the end of the 2015 Financial Year, the Company's Measured and Indicated Mineral Resources (inclusive of Mineral Reserves) were 6.62 million ounces of gold and Inferred Mineral Resources were 2.33 million ounces of gold.

As at June 30, 2015 Perseus had an available cash balance of $103.7 million (excluding $12.3 million in escrow), plus 15,412 ounces of gold on hand or at the refinery valued on that date at $23.6 million.

**EGM, Ghana**

The EGM is located on the Ayanfuri and Nanankaw mining leases in the Republic of Ghana in West Africa. These mining leases, together with the adjoining exploration license areas of Grumesa, Kwatechi, Dunkwa, Nsuaem, Agyakusu and Nkotumso that are also held by the Company or in which the Company has an interest, cover a total area of about 480 square kilometres.

**Overview**

During the last twelve months, Perseus's operating strategy at the EGM has been to focus on improving the fundamental operating performance of the mine and the process plant, as well as a focussed operating and capital cost reduction program.

**Table 1: Key Production Statistics**

| Parameter | Unit | June Financial Year 2015 | June Quarter 2015 | March Quarter 2015 | December Quarter 2014 | September Quarter 2014 |
|---|---|---|---|---|---|---|
| Total material mined | bcm | **6,176,170** | **1,605,603** | 1,346,539 | 1,555,852 | 1,668,176 |
| | tonnes | **15,243,239** | **3,354,107** | 3,260,139 | 4,142,657 | 4,486,336 |
| Waste to ore strip ratio | tonnes:tonnes | **1.48** | **1.75** | 0.97 | 1.4 | 1.9 |
| Ore mined | | | | | | |
| • Oxide | tonnes | **-** | **-** | - | - | - |
| • Primary | tonnes | **6,152,571** | **1,221,767** | 1,658,147 | 1,725,385 | 1,547,272 |
| Ore grade mined | | | | | | |
| • Oxide | g/t gold | **-** | **-** | - | - | - |
| • Primary | g/t gold | **1.21** | **1.40** | 1.26 | 1.07 | 1.15 |
| Ore stockpiles | | | | | | |
| • Quantity | tonnes | **3,441,200** | **3,441,200** | 3,880,483 | 3,606,910 | 3,462,407 |
| • Grade | g/t gold | **0.60** | **0.60** | 0.66 | 0.61 | 0.58 |
| Mill throughput | tonnes | **6,393,748** | **1,661,021** | 1,384,574 | 1,580,883 | 1,767,270 |
| Milled head grade | g/t gold | **1.17** | **1.36** | 1.21 | 1.09 | 1.05 |
| Gold recovery | % | **88** | **89** | 88 | 87 | 87 |
| Gold produced | ounces | **212,135** | **64,669** | 47,450 | 48,487 | 51,529 |

***Mining***

Total ore and waste movements of 6,176,170 bank cubic metres ("bcm") for the 2015 Financial Year, was 39% lower than the previous year of 10,146,576 bcm. During the Quarter, mining occurred in Stages 2 and 3 of the AG pit as well as in Stage 3 of the Fobinso pit, both of which are located on the western side of the EGM mining leases, adjacent to the processing plant.

A total of 1,605,603 bcm of ore and waste was mined during the Quarter, 19% more than in the March 2015 quarter. Waste stripping of the Stage 3 cutback of the Fobinso pit increased during the Quarter as mining contractor Rocksure International Ltd ("Rocksure") completed its mobilisation and waste stripping activities have accelerated. Ore made up the majority of material movements from both Stages 2 and 3 of the AG Pit. Relatively little waste remains to be removed as mining advances towards designed pit floors of the AG pit which has naturally become quite tight, restricting vehicular movement.

Ore mined during the Quarter included 1,221,767 tonnes of primary ore grading 1.4g/t gold. Ore movements were 26% down on the previous quarter while the grade of ore mined was approximately 11% higher than in the prior quarter as a higher grade ore zone was accessed towards the bottom of the AG pit.

During the Quarter, ore stockpiles that include both high and low grade ore (but not mineralised waste) plus crushed ore, decreased by 439,000 tonnes to 3,441,000 tonnes grading 0.60g/t gold. Contained in the stockpile is approximately 66,550 ounces of gold, a decrease of 15,550 ounces or 19%, quarter-on-quarter. The decrease in stockpiles reflects the deficit of ore mined relative to ore milled during the Quarter. At the end of the Quarter, the ore stockpiles were made up of approximately 8% oxide ore and 82% transitional/primary ore. Approximately 14% of the remaining stockpiled ore is classified as medium/high grade, containing greater than 0.6g/t gold, while 86% of the ore is classified as low grade containing 0.4 to 0.6g/t gold.

***Processing***

Total mill throughput for the 2015 Financial Year was 6,393,748 tonnes of ore grading 1.2g/t of gold, 4% lower than the previous period. Gold recovery of 88%, which was 4% higher than the previous period, resulted in the production of 212,135 ounces of gold. The improvements in productivity above were despite the grid power rationing during the December 2014 quarter through to the June 2015 quarter, and were an outcome of Perseus's strategy for the period to make significant operational improvements. Furthermore, the EGM's processing performance was very strong on the days when full power draw was available.

As a result of the grid power rationing referred to above, the EGM could operate for only 66% of the time until alternative power supplies were arranged and operational. This outcome was achieved on April 19, 2015 and for the

remainder of the Quarter, the EGM's processing operations were largely unaffected by power shortages. Key operating parameters were achieved as shown below:

**Table 2: Plant Performance Statistics**

| | June 2015 Quarter | June 2014 Quarter | Change |
|---|---|---|---|
| **Crusher** | | | |
| Run time (%) | 55% | 51% | Up 8% |
| Hourly throughput rate (wmt) | 1,189 | 1,294 | Down 8% |
| **Oxide Circuit** | | | |
| Run time (%) | 51% | 63% | Down 19% |
| Hourly throughput rate (t) | 138 | 115 | Up 17% |
| **SAG Mill** | | | |
| Run time (%) | 82%[2] | 91%[1] | Down 10% |
| Hourly throughput rate (dmt) | 926 | 869 | Up 7% |
| Gold recovery rate (%) | 89% | 86%[2] | Up 3% |

Notes:

1. Excludes run time lost due to the fire in the cyclone nest and failure of Gridco's substation from calculation.
2. One third power restriction applied up to April 19, 2015, thereafter the plant was able to access full power requirements and 88% average run time achieved for balance of the Quarter.

As indicated in Table 2, the trend of incrementally improving gold recoveries continued, with the gold recovery rate averaging 89% for the Quarter. This steady improvement in the recovery rate has materially contributed to increased gold production.

During the Quarter, the weighted average head grade of ore processed also increased relative to the prior quarter by 12% from 1.21g/t gold to 1.36g/t gold. The average blend of processed ore was 91% fresh ore grading 1.45g/t and 9% oxide ore at 0.43g/t gold.

The resulting gold production for the Quarter of 64,669 ounces compares very favourably with the March 2015 quarter, exceeding gold production in that quarter by 36% or 17,219 ounces of gold. The result also serves to underline the material improvement at the EGM's operation in the past 12 months, with the June 2015 Quarter's production exceeding production in the corresponding period in 2014 by 52% or 22,126 ounces and the full 2015 Financial Year production of 212,135 ounces exceeding production in the 2014 financial year by 18% or 31,616 ounces of gold.

***Production Costs***

Total all-in site costs (including production, royalties, investment in pre-stripping and inventory, development and sustaining capital) of US$877/oz during the 2015 Financial Year were lower than the previous period of US$1,294/oz as a result of a decrease in the operating cost base, lower capital expenditure and strong production due to improved efficiency and expected increase in head grade. Please refer to Table 4-Key Quarterly Financial Statistics below for detailed statistics.

The all-in site unit costs for the Quarter (including production, royalties, investment in pre-stripping and inventory, development and sustaining capital) were US$685/oz, approximately 24% less than the US$903/oz all-in site unit costs recorded in the prior quarter. With an average sales price for the Quarter of US$1,307/oz, this resulted in an average cash margin of US$622/oz.

For the June 2015 Half Year ("Half Year"), all-in site unit costs have averaged US$777/oz which is 32% below the bottom end of the guided range for Half Year all-in site costs of $1,150-$1,250/oz and for the full year ended June 30, 2015, all-in site unit costs have averaged US$877/oz which is also materially (18%) below the bottom end of the guided range of $1,075-$1,125/oz for full year.

Several factors have contributed to the materially better than forecast unit all-in site costs, including a decrease in the operating cost base due to reduced mining and processing rates, more effective procurement practices, lower-than-forecast capital expenditure on relocation housing due to delayed access to the new mining areas, combined with strong gold production resulting from improved operating efficiency and an expected increase in head grade of processed ore.

During the Quarter approximately 39% of the EGM's total production costs were incurred by the mining department (44% in the March 2015 quarter), while 49% was incurred by processing and maintenance (43% in the March 2015 quarter), with the balance by general and administration functions. Unit costs in each of these areas were as follows:

**Table 3: Unit Costs**

| Unit Cost | | June Financial Year 2015 | June 2015 Quarter | March 2015 Quarter | December 2014 Quarter |
|---|---|---|---|---|---|
| Mining[1] | US$/t mined | **4.55** | **4.28** | 4.59 | 4.65 |
| Processing | US$/t mined | **10.78** | **10.73** | 10.77 | 11.89 |
| G & A | US$/t mined | **1.59** | **1.36** | 1.49 | 2.04 |

Notes:
1. Unit mining cost includes the weighted average cost of mining as charged by the mining contractors plus overheads (including but not limited to staff costs) incurred by Perseus's mining department.

The total tonnage of ore and waste moved in the Quarter increased by 3%, while unit mining costs decreased by 7% as a result of relatively low mining rates for the Fobinso pit combined with a higher proportion of material mined from Fobinso compared to the AG Pit, where the old AMS mining rates apply and will continue to apply until the current AG pit mining programme ends in August 2015.

Unit processing and maintenance costs decreased quarter-on-quarter by $0.04/t milled in the Quarter. In this period, the approximate 20% increase in the number of tonnes of ore processed was approximately matched by an offsetting 20% increase in total processing costs, hence the slight fall in unit processing costs.

Expenditure on sustaining capital remained relatively low during the Quarter at US$86/oz. This is expected to increase in the September 2015 quarter when construction work begins to accelerate on the relocation housing project, required to provide mining access to some of the Eastern Pits.

**Table 4: Key Quarterly Financial Statistics - EGM**

| Parameter | Units | June Quarter 2015 | March Quarter 2015 | December Quarter 2014 | September Quarter 2014 | June Quarter 2014 |
|---|---|---|---|---|---|---|
| Gold produced | ounces | **64,669** | 47,450 | 48,487 | 51,529 | 42,543 |
| Total gold sales[1] | ounces | **63,308** | 48,936 | 46,666 | 49,703 | 45,767 |
| Average sales price | US$/oz of gold sold | **1,307** | 1,375 | 1,283 | 1,330 | 1,333 |
| Mining cost | US$/t material mined | **4.28** | 4.59 | 4.65 | 4.61 | 4.49 |
| Processing cost | US$/t ore milled | **10.73** | 10.77 | 11.89 | 9.83 | 11.8 |
| G & A cost | US$M/month | **1.36** | 1.49 | 2.04 | 1.46 | 1.45 |
| **All-In Site Cash Cost** | | | | | | |
| Gold Production Cost: | | | | | | |
| *Cash Cost* | US$/oz | **679** | 744 | 861 | 863 | 1,150 |
| *Royalties* | US$/oz | **39** | 100 | 66 | 88 | 82 |
| *Total production cost* | US$/oz | **718** | 844 | 927 | 951 | 1,232 |
| Capital Costs: | | | | | | |
| *Inventory and Stripping* | US$/oz | **(119)** | (20) | 34 | (40) | 23 |
| *Other Capital* | US$/oz | **86** | 79 | 58 | 48 | 69 |
| *Total capital cost* | US$/oz | **(33)** | 59 | 92 | 8 | 92 |
| **Total All-In Site Cost** | US$/oz | **685** | 903 | 1,019 | 959 | 1,324 |

Notes:
1. 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 and subsequently adjusted to reflect the realised gold price.

**Table 5: Quarter-on-Quarter Changes in Site Costs**

| Cost | Quarter-on-Quarter Change in: | | |
|---|---|---|---|
| | Volume | Unit costs | Total Costs |
| Mining | 3% | (7)% | (4)% |
| Processing | 20% | -% | 20% |
| Cash Production costs | 36% | (9)% | 24% |
| Sustaining & Other Capital | 36% | (156)% | (176)% |
| All-in Site Costs | 36% | (24)% | 3% |

***Gold Sales and Price Hedging***

Of the 208,613 ounces of gold sold during the 2015 Financial Year, at an average delivered price of US$1,324/oz, 75,000 ounces were delivered into forward sales contracts at a weighted average price of US$1,443/oz while the remaining gold sales occurring at prevailing spot prices.

Of the 63,308 ounces of gold sold during the Quarter at a weighted average delivered price of US$1,307/oz (March 2015 quarter: US$1,375/oz), a total of 18,500 ounces were delivered into forward sales contracts at an average price of US$1,600/oz with the remaining gold sales occurring at prevailing spot or spot deferred prices.

As at June 30, 2015, the Company's gold price hedging position included 63,000 ounces of gold deliverable up to and including December 31, 2015 at a weighted average price of US$1,432/oz.

The total hedge position was "in the money" to the extent of $21.3 million as at June 30, 2015.

***Regulatory approval of mining in the Eastern and Esuajah North mining areas***

In early June 2015, the Environmental Protection Agency ("EPA") of Ghana verbally approved Perseus's Supplementary Environmental Impact Statement ("SEIS") which was a pre-requisite for mining of the Fetish, Chirawewa, Bokitsi (collectively referred to as the "Eastern Pits") and Esuajah North gold deposits. The receipt of the EPA's approval was the culmination of a very lengthy process during which the impact of mining activities on both the environment and community was exhaustively examined and documented. This opened the way for the mobilisation of mining contractor, African Mining Services ("AMS"), to start clearing vegetation, stripping and storing topsoil and constructing mining infrastructure in the Eastern Pits area under the terms of a new contract with Perseus that was executed in the March 2015 quarter.

***Relocation Housing Project***

Under Ghanaian Mining laws, it is required that "where the operations of a holder of a mining lease involves the displacement of inhabitants, the inhabitants shall be resettled by the holder on suitable alternative land and the resettlement shall have regard to the economic well-being and socio-cultural values of the persons to be resettled".

Having received the necessary approval to commence mining operations in both the Eastern Pits and Esuajah North mining areas, work has now started on the development of replacement housing estate for residents that will be affected by mining operations. This involves the construction of 46 dwellings for residents of the Eastern Pits mining area and up to a further 153 dwellings for residents of the Esuajah North mining area. To facilitate early access to ore deposits in the Eastern mining area, residents have been temporarily relocated to houses rented by Perseus for this purpose, pending completion of their newly constructed houses.

In late June 2015, a contract was awarded to a civil construction contractor, PW Ghana, to develop infrastructure associated with the relocation housing. In addition, 27 tenders have been received for the construction of the relocation houses. These tenders are currently being evaluated and a number of contracts will be awarded to Ghanaian contractors in the September 2015 quarter to enable construction of dwellings to commence early in the December 2015 quarter.

Housing infrastructure works are expected to be completed by June 2016 and construction of the houses required for both the Eastern Pits residents and Esuajah North residents is scheduled for completion at the end of September 2017 and December 2017 respectively. The forecast cost to complete the Fetish and Esuajah North Relocation Housing Project is approximately US$23million.

***FY2016 Production and Cost Guidance***

During the course of the 12-month period ending June 30, 2016 ("FY2016"), mining activities will be undertaken by the EGM's two mining contractors, AMS and Rocksure, in four separate pits as follows:

- *AG Pit – Stage2:* Relatively high grade ore will be mined from the bottom of the AG pit in the months of July and August 2015, after which time mining activities in this pit will temporarily cease. In July and August, the AG Pit will be the major source of fresh ore supply for the processing plant.
- *Fobinso Pit – Stage 3:* During the September 2015 quarter mining in the Fobinso Pit will mainly involve waste stripping, but by the December 2015 quarter, ore quantities will increase as the ore zones are progressively accessed. However, higher grade ore will not be accessed in the Fobinso pit until late in the December quarter.
- *Fetish Pit – Stage 1:* In the December 2015 half year, mining in the Fetish Pit will mainly involve waste stripping with relatively minor quantities of ore being mined. Late in the December quarter, both the quantity and grade of ore will materially increase and for the balance of FY2016, Fetish will be the principal source of fresh ore supply for the processing plant.

- *Chirawewa – North and South Pits*: In the September 2015 quarter, quantities of relatively high grade ore will be mined in the Chirawewa pit, immediately below the old pit floor. As the year progresses, waste stripping activities will exceed mining of ore as access to larger quantities of relatively high grade ore in the latter part of the financial year is pursued.

The mining schedule described above has been largely dictated by the later than anticipated receipt of the EPA's approval of the company's SEIS (referred to above). As a result of this schedule for a period of several months towards the end of 2015 fresh ore mined from the Fetish, Chirawewa and Fobinso pits will need to be supplemented by lower grade ore drawn from existing ore stockpiles to ensure that sufficient ore is available to feed the processing plant. Gold production will therefore temporarily reduce relative to current levels as the lower grade stockpile ore is processed, but once sufficient supplies of fresh ore are available towards the end of 2015, production will once again increase back to current levels.

Also as noted above, in the six month period to December 31, 2015 waste stripping activities as well as relocation housing estate construction activities will be in full swing, which means that capital expenditure during this period will be materially higher than in recent periods. Combined with the impact of lower gold production, this will result in a temporary increase in Edikan's unit all-in site cash costs.

Given the above, Perseus's production guidance for the period ending June 30, 2016 is shown below.

**Table 6: FY 2016 Production and Cost Guidance**

| Parameter | Units | December 2015 Half Year | June 2016 Half Year | Financial Year 2016 |
|---|---|---|---|---|
| **Gold Production** | Ounces | 90,000-100,000 | 100,000-110,000 | 190,000-210,000 |
| **All-In Site Cash Costs** | US$/oz | 1,150-1,300 | 1,050-1,150 | 1,100-1,200 |

***Updated Mineral Resources***

An updated Mineral Resource estimate for Edikan was prepared during the period by independent consultant, RungePincockMinarco ("RPM") in accordance with the JORC Code – 2012 Edition. This estimate was based on the May 1, 2014 Mineral Resource estimate prepared by RPM amended for mining depletion to January 31, 2015 in the case of the AF Gap and Fobinso pits. It was also updated to include in-fill drilling results returned from a recent drilling campaign on the Mampong mineral deposit. Subsequently, in July 2015 the Mineral Resource was updated to include additional drilling results from Chirawewa as well as mining depletion to June 30, 2015.

The updated global Measured and Indicated Mineral Resource estimate for the EGM is now estimated as 151.7Mt grading 1.1g/t gold, containing 5,265k ounces of gold. A further 62.0Mt of material grading 1.0g/t gold and containing a further 2,018k ounces of gold are classified as an Inferred Mineral Resource. Details of the estimates are shown in Table 7.

**Table 7: Mineral Resources[3,4,5], Edikan Gold Mine**

| Deposit | Measured Resources | | | Indicated Resources | | | Measured + Indicated Resources | | | Inferred Resources | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Quantity Mt | Grade g/t gold | Gold Kozs | Quantity Mt | Grade g/t gold | Gold Kozs | Quantity Mt | Grade g/t gold | Gold Kozs | Quantity Mt | Grade g/t gold | Gold Kozs |
| AF Gap – Fobinso[1] | 28.5 | 1.1 | 972 | 23.7 | 0.9 | 678 | 52.2 | 1.0 | 1,649 | 28.4 | 0.8 | 729 |
| Bokitsi | 0.7 | 3.7 | 86 | 1.6 | 2.6 | 133 | 2.3 | 3.0 | 219 | 2.9 | 1.8 | 170 |
| Fetish | 12.6 | 0.9 | 380 | 18.1 | 1.1 | 663 | 30.8 | 1.1 | 1,043 | 9.8 | 1.1 | 346 |
| Chirawewa[2] | 2.5 | 1.0 | 83 | 4.5 | 1.2 | 179 | 7.0 | 1.2 | 262 | 4.2 | 1.0 | 139 |
| Dadieso | - | - | - | - | - | - | - | - | - | 5.3 | 1.5 | 253 |
| Esuajah North | 16.9 | 0.9 | 494 | 18.4 | 0.8 | 493 | 35.3 | 0.9 | 986 | 3.6 | 0.9 | 105 |
| Esuajah South | 9.5 | 1.8 | 546 | 7.3 | 1.6 | 370 | 16.8 | 1.7 | 916 | 5.7 | 1.1 | 211 |
| Mampong | 0.2 | 0.9 | 6 | 3.7 | 1.0 | 122 | 3.9 | 1.0 | 127 | 2.1 | 1.0 | 67 |
| Stockpiles | 3.4 | 0.6 | 62 | - | - | - | 3.4 | 0.6 | 62 | - | - | - |
| **Total** | **74.4** | **1.1** | **2,629** | **77.3** | **1.1** | **2,637** | **151.7** | **1.1** | **5,265** | **62.0** | **1.0** | **2,018** |

Notes:
1. Allows for mining depletion at AF Gap – Fobinso to June 30, 2015.
2. Based on updated March 2015 Mineral Resource estimate for Chirawewa deposit.
3. All Mineral Resources current as at June 30, 2015.
4. 0.4g/t gold cut-off applied.
5. Numbers contain some rounding.

### *Updated Mineral Reserves*

Based on the re-estimated Mineral Resources, pit optimisation and scheduling, RPM also independently calculated the Mineral Reserves for Edikan as at January 31, 2015 in accordance with the requirements of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012 Edition). These were subsequently updated in July 2015 to include results from the recent Chirawewa drilling program.

The updated Proved and Probable Mineral Reserves for Edikan are now estimated as 61.3Mt grading 1.2g/t gold, containing 2,345k ounces of gold including 44.5Mt of ore grading 1.2g/t gold and containing 1,656k ounces of gold in the Proved category and a further 16.8Mt of ore grading 1.3g/t gold containing 690k ounces of gold classified as Probable Mineral Reserves. Details of these estimates are shown in Table 8.

**Table 8: Proved and Probable Mineral Reserves – EGM[3,4,6]**

| Deposit | Proved Reserves | | | Probable Reserve | | | Proved + Probable Reserves | | | Strip ratio[5] |
|---|---|---|---|---|---|---|---|---|---|---|
| | Quantity Mt | Grade g/t gold | Gold Kozs | Quantity Mt | Grade g/t gold | Gold Kozs | Quantity Mt | Grade g/t gold | Gold Kozs | |
| AF Gap – Fobinso[1] | 12.7 | 1.2 | 486 | 1.7 | 0.9 | 47 | 14.4 | 1.2 | 533 | 4.5 |
| Fetish | 8.2 | 1.0 | 260 | 8.4 | 1.4 | 378 | 16.6 | 1.2 | 638 | 3.8 |
| Esuajah North | 11.7 | 1.0 | 360 | 2.8 | 0.9 | 82 | 14.5 | 1.0 | 442 | 1.6 |
| Esuajah South | 5.8 | 1.8 | 334 | 0.9 | 1.9 | 57 | 6.7 | 1.8 | 391 | 7.7 |
| Chirawewa[2] | 2.1 | 1.1 | 73 | 2.9 | 1.3 | 118 | 4.9 | 1.2 | 191 | 3.9 |
| Bokitsi | 0.7 | 3.4 | 80 | 0.1 | 2.9 | 7 | 0.8 | 3.4 | 87 | 9.7 |
| Stockpiles | 3.4 | 0.6 | 63 | - | - | - | 3.4 | 0.6 | 63 | - |
| **Total** | **44.5** | **1.2** | **1,656** | **16.8** | **1.3** | **690** | **61.3** | **1.2** | **2,345** | **3.7** |

Notes:
1. Allows for mining depletion at AF Gap – Fobinso to June 30, 2015.
2. Based on June 2015 Mineral Reserve estimate for Chirawewa deposit.
3. All Mineral Reserves current as at June 30, 2015.
4. Variable gold grade cut-off based on recovery of each material type in each deposit: Oxide 0.35 - 0.4g/t, Transition 0.50 – 0.65g/t and Fresh 0.45 – 0.55g/t.
5. Inferred Mineral Resource is considered as waste, t:t
6. Numbers contain some rounding.

**SGP – Côte d'Ivoire**

The SGP is located in the north of Côte d'Ivoire and is situated within an 885sq km land package consisting of the SGP exploitation permit area and the adjoining Tengrela South exploration permit area. The permits are located along a structural/stratigraphic corridor within the Syama-Boundiali greenstone belt approximately 150km south-southeast of the Morila gold mine (7.0 million ounces) in Mali and 65km west northwest of Randgold's Tongon deposit (4.3 million ounces) in Côte d'Ivoire. The group owns a 85% interest in the SGP, with (as if it had been granted) a 10% free carried interest owned by the Ivorian government and the remaining 5% owned by local interests.

***Project Development***

In the December 2014 quarter, Lycopodium Minerals Pty Ltd ("Lycopodium"), an internationally recognised engineering and project management consultancy, was appointed to prepare a RFS for the development of the SGP. The RFS was intended to not only reflect the preferred processing flow sheet, but also update where necessary, all assumptions on mining, processing and various service functions associated with the project.

In April 2015 the RFS was completed and Perseus's Board conditionally approved the group's plans to advance the development of the SGP. During the year, material progress was made towards satisfying the pre-requisites and the development project is currently on schedule for commencement of early works in the September 2015 quarter and commencement of full scale development in the December 2015 quarter, subject to final Board approval.

***Project Implementation***

During the Quarter and subsequent to its end, material progress was made on planning the implementation of the SGP and documenting the Project Execution Plan that will be used to guide activities during the development phase of the project. This began with negotiation of the purchase of a new, immediately available, SAG mill realising a capital saving, reducing the length of the development schedule, simplifying the flow sheet and improving the operability of the SGP processing circuit. Lycopodium were engaged to conduct a Front End Engineering and Design ("FEED"), this work encompasses finalising details of plant layout, flowsheets, equipment lists etc. Following the successful completion of FEED, and subject to agreeing satisfactory commercial terms, either an Engineering/Procurement or an Engineering/Procurement/ Construct contract will then be awarded to a suitability qualified engineering firm.

A package of early works was agreed that is scheduled to commence in August 2015. This work will include, amongst other things, engineering associated with critical path items, construction of site access roads, initial earthworks, site clearing and fencing, design and procurement of elements of the mine camp and certain items of mobile equipment.

Organisation structures were developed for both the construction and operating phases of the project and preferred candidates identified for key positions. Operations staff will be recruited and integrated into the construction team during development to ensure that mine and plant operability remains a key focus at all times during construction. Steps were taken towards establishing a Recruitment Committee involving representatives of all villages located in the vicinity of the SGP to ensure fair allocation of employment opportunities to local residents during both the construction and operating phases of the project.

***Mining Convention***

A new Ivorian Mining Code came into effect in March 2014, including the right of companies to enter into a Mining Convention with the Republic of Côte d'Ivoire in which the conditions governing the development and operation of the mine are prescribed and guaranteed for the life of the mine.

During the Quarter, the terms of a Mining Convention covering the SGP were negotiated with the Ivorian Government's negotiating team and the convention was signed subsequent to the end of the Quarter.

***SGP Mineral Resource Estimate***

In October 2014, independent mining industry consultant, Snowden Mining Industry Consultants ("Snowden") was commissioned by Perseus to estimate Mineral Resources at the SGP deposit. The Resource estimate was prepared in accordance with JORC Code – 2012 Edition. The Mineral Resource estimate is summarised in the following table that reports the Resources by category and area, above a 0.6 g/t gold cut-off grade. The classification categories of Inferred, Indicated and Measured under the JORC Code 2012 are equivalent to the CIM categories of the same name (CIM, 2014).

The updated global Measured and Indicated Mineral Resource for the SGP is now estimated as 16.0Mt grading 1.7g/t gold, containing 880k ounces of gold. A further 1.1Mt of material grading 1.7g/t gold and containing a further 63k ounces of gold are classified as Inferred Mineral Resources. Details of these estimates are shown below in Table 9.

**Table 9: M&I Mineral Resources – SGP[1,2,3,4]**

| Ore type | Measured Resources | | | Indicated Resources | | | Measured + Indicated Resources | | |
|---|---|---|---|---|---|---|---|---|---|
| | Quantity Mt | Grade g/t gold | Gold Ounces | Quantity Mt | Grade g/t gold | Gold Ounces | Quantity Mt | Grade g/t gold | Gold Ounces |
| Oxide | 1.0 | 1.8 | 59,000 | 3.1 | 1.3 | 130,000 | 4.1 | 1.4 | 190,000 |
| Transition | 0.6 | 2.3 | 49,000 | 0.8 | 1.5 | 38,000 | 1.4 | 1.9 | 87,000 |
| Primary | 3.2 | 2.5 | 260,000 | 7.1 | 1.5 | 350,000 | 10.0 | 1.8 | 600,000 |
| **Total** | **4.8** | **2.4** | **370,000** | **11.0** | **1.4** | **510,000** | **16.0** | **1.7** | **880,000** |

Notes:
1. Based on October 2014 Mineral Resource estimation.
2. 0.6g/t gold cut-off applied.
3. Mineral Resource current as at June 30, 2015.
4. Numbers contain some rounding.

**Table 10: Inferred Mineral Resources – SGP[1,2,3,4]**

| Ore type | Inferred Resources | | |
|---|---|---|---|
| | Quantity Mt | Grade g/t gold | Gold Ounces |
| Oxide | 0.3 | 1.2 | 12,000 |
| Transition | 0.1 | 1.2 | 2,100 |
| Primary | 0.8 | 2.0 | 49,000 |
| **Total** | **1.1** | **1.7** | **63,000** |

Notes:
1. Based on October 2014 Mineral Resource estimation.
2. 0.6g/t gold cut-off applied.
3. Mineral Resources current as at June 30, 2015.
4. Numbers contain some rounding.

***SGP Mineral Reserve Estimate***

RPM was commissioned by Perseus to complete a mining study and a subsequent independent estimate of the open cut Mineral Reserves for the SGP. The Mineral Reserve Statement estimates the Mineral Reserves as at February 1, 2015 and has been undertaken in compliance with the requirements of the reporting guidelines of the JORC Code 2012.

A total of 5.5 Mt of open cut Mineral Reserves grading 2.4g/t gold were estimated for the SGP as at February 1, 2015 classified as follows in Table 11:

**Table 11: Mineral Reserves – SGP[1,2,3,4]**

| Ore type | Proved Reserves | | | Probable Reserves | | | Proved & Probable Reserves | | |
|---|---|---|---|---|---|---|---|---|---|
| | 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 |
| Oxide/Transition | 1.4 | 2.2 | 97 | 1.4 | 1.4 | 61 | 2.8 | 1.8 | 159 |
| Primary | 2.0 | 3.3 | 215 | 0.7 | 2.3 | 54 | 2.7 | 3.1 | 270 |
| **Total** | **3.4** | **2.8** | **312** | **2.1** | **1.7** | **115** | **5.5** | **2.4** | **429** |

Notes:
1. Based on February 2015 Mineral Reserve estimation.
2. Variable gold grade cut-off based on recovery of each material type: Oxide 0.6 g/t, Transition 0.8 g/t, Granite – Porphyry 0.8 g/t and Sediment 1.0 g/t.
3. Mineral Reserve current as at June 30, 2015.
4. Numbers contain some rounding.

## Exploration

### *Ghana*

During the Quarter, a total of US$0.255 million was spent by Perseus on exploration activities on the ÈGM mining leases in Ghana.

Exploration programs included field mapping, prospecting and a small trenching program to evaluate several near-mine geological targets. Several weakly anomalous assays were returned from exposures of granite 2.5 kilometres north-west of the EGM plant. Additionally, a data review and analysis was conducted in order to prioritize near term exploration programs.

### *Côte d'Ivoire*

During the Quarter, a total of US$0.336 million was spent by Perseus on exploration activities on the Sissingué Exploitation and Mahalé Exploration Permits in Côte d'Ivoire with the following results.

### *Sissingué Exploitation Permit*

Rotary air blast ("RAB") drilling in follow-up to anomalous auger drilling results along the Papara-Sissingué-Kanakono mineralised corridor continued with 5,459 metres of RAB drilling completed during the quarter between the Sissingué deposit and the Kanakono prospect. Several weakly anomalous intercepts were returned from RAB holes drilled 1-2 kilometres south of Sissingué and assays are pending for 25 holes.

### *Mahalé Permit*

A 2,000 meter program of reverse circulation ("RC") drilling with diamond core tails commenced at the Bélé East Prospect on the Mahalé Permit 40 kilometres south-west of Sissingué. The drilling program is designed to test for depth and strike extensions to the mineralization at the Bélé East and West Prospects. A total of 610 meters of RC and diamond-core was drilled in June with assays pending.

An auger drilling program also commenced in late June to evaluate significant historic lag gold geochemistry anomalism along the margin of a magnetic low, presumably a granitic intrusive, situated 10 kilometres to the north-west of the Bélé prospect. Six auger holes totalling 32 meters were drilled with assays pending.

### *Burkina Faso*

During the Quarter a total of US$0.057 million was spent by Perseus on exploration activities on the Koutakou, Tangayé, Touya and Barga licences in north-western Burkina Faso that are being explored under an earn-in agreement with unlisted Australian company West African Gold Limited.

A 5,005 meter Air-core drilling program was completed on the Koutakou permit during the month of June to test a large, low-tenor gold in soil anomaly. The assay results from the drilling program are pending.

## Corporate

### *Third Party Debt*

Trade creditors and accruals that will be paid in the ordinary course of business totalled $36.4 million at June 30, 2015, a decrease of $4.0 million during the Quarter.

Perseus remained debt free during the Quarter, however, it is envisaged that a US$60 million secured corporate debt facility will be established in coming months to supplement existing cash balances and provide funding for the Company's capital works programme that includes developing the SGP as well as constructing relocation housing and stripping waste from new mining areas at the EGM. In addition, Perseus is also negotiating a US$20 million revolving line of credit for use in managing cash flow during the capital intense construction periods.

During the Quarter invitations to provide debt funding to the Perseus group were issued to a number of debt providers and subsequent to the end of the Quarter, a short list of three banks was formed and detailed negotiation of the terms of the facilities commenced with the target of reaching a financial commitment on or about September 30, 2015.

### *Corporate Overheads*

Perseus's corporate overheads totalled A$2.4 million (US$1.9 million) for the Quarter and for the 2015 Financial Year, A$8.6 million (US$7.2 million). These totals include (but are not limited to) all expenditure on salaries and fees, travel, rent, consultants and insurance incurred in the operation of Perseus's corporate headquarters located in Perth, Australia.

## COMPANY OUTLOOK FOR THE QUARTER ENDING SEPTEMBER 30, 2015

Based on current work scheduled for the quarter ending September 30, 2015 the Company provides the following outlook:

***Edikan Gold Mine***

- Produce gold at a total all-in site cost that is in line with half year guidance;
- Continue to fine-tune plant metallurgical performance and maximise SAG mill throughput;
- Continue training of operating and maintenance staff;
- Complete current drilling programmes to delineate potential higher grade mill feed; and
- Continue to implement business improvement initiatives across all departments at the EGM.

***Sissingué Gold Project***

- Finalise negotiation of a Mining Convention for Sissingué;
- Appoint an EP or EPC contractor and commence early works on site at Sissingué;
- Appoint key members of staff needed for the development and operation of Sissingué; and
- Continue exploration on the Mahalé exploration licence and at Sissingué.

***Corporate***

- Advance the structuring of a financing facility to supplement existing cash resources to fund capital works programmes across the Perseus group.

## OVERALL FINANCIAL PERFORMANCE OF THE COMPANY

The financial performance of the Company will be affected by the operation of the EGM and potential development and future operation of the SGP and GGP as well as ongoing exploration and evaluation activities being conducted on its properties. The financial performance of the Company is closely linked to the gold price following the commencement of commercial production at the EGM and, potentially, the SGP and GGP. The gold price also affects the economic viability of the Company's other projects and prospects. To protect against changes in gold price the Company has entered a number of hedging contracts, including put options and forward sales contracts which are discussed in further detail below under "Financial Instruments and Related Risks".

The Company reports its financial results in Australian dollars (AUD or $). However, the Company's costs are currently incurred in several currencies including AUD, United States dollars (USD), Canadian dollars (CAD), Ghanaian Cedis (GHS), and CFA francs. Furthermore, for the EGM or any of the Company's other projects that commence commercial production, metals sales revenue will be denominated in USD. Fluctuations in the rates of exchange between the AUD and the currencies in which the Company transacts business may therefore significantly affect the results of operations of the Company and are discussed further below under "Financial Instruments and Related Risks".

The exploration, evaluation, development and operation of the Company's properties may require substantial additional financing. Failure to obtain sufficient financing in the future may result in delay or indefinite postponement of the exploration, evaluation, development or operation of any or all of the Company's properties. There can be no assurance that bank financing, equity capital or other types of financing will be available when needed or that, if available, the terms of such financing will be acceptable to the Company. See ''*Risk Factors*'' for a further discussion of these and other risk factors associated with the Company and an investment in the Company's shares.

## DISCUSSION OF OPERATING RESULTS

The operating results for the three most recent financial years are as shown below:

| **Operating Results[1] for the year ended** | **June 30, 2015** | **June 30, 2014** | **June 30, 2013** |
|---|---|---|---|
| Total revenue | 333.502 | 264.218 | 293.734 |
| Net profit / (loss) after tax | 92.167 | (32.060) | 41.882 |
| Basic profit / (loss) per share (cents) | 16.67 | (6.43) | 8.47 |

[1]All amounts shown above are in millions of Australian dollars except as otherwise indicated

The net profit after tax of $92.167 million in Full Year ("FY") 2015 represents an improvement in operating performance relative to the prior year reflecting a higher amount of gold produced and subsequently sold during the year and lower operating expenses from mining and processing activities despite tough market conditions. The net loss after tax of $32.060 million in FY 2014 represents a decline in operating performance relative to the prior year reflecting lower gold prices realised due to the decline in the gold market, lower amount of gold produced and subsequently sold during the year and higher operating expenses from mining and processing activities.

During the twelve months ended June 30, 2015 revenue from gold sales increased to $332.851 million from $263.978 million in the prior year due to increased gold production at the EGM and a slight increase in gold price. Operating expenses of $199.113 million decreased from the prior year reflecting decreased mining and processing costs (FY 2014: $217.611 million). A foreign exchange gain of $52.414 million was made (FY 2014: loss of $21.643 million) reflecting a depreciation of the AUD relative to the USD during the period (June 30, 2015: 0.7658; June 30, 2014: 0.9439). A tax expense of $24.815 million was recognised during the twelve months ended June 30, 2015 in comparison to the tax benefit in the previous year (FY 2014: $4.717 million benefit).

The operating results for the eight most recent quarters are as follows:

| **Operating results[1] for the three months ended** | **Jun 30 2015** | **Mar 31 2015** | **Dec 31 2014** | **Sep 30 2014** | **Jun 30 2014** | **Mar 31 2014** | **Dec 31 2013** | **Sep 30 2013** |
|---|---|---|---|---|---|---|---|---|
| Total revenue | 105.444 | 85.890 | 70.466 | 71.702 | 64.595 | 64.262 | 63.373 | 71.988 |
| Net profit / (loss) after tax | 20.859 | 30.141 | 18.436 | 22.731 | (12.034) | (16.002) | (6.878) | 2.854 |
| Basic profit / (loss) per share (cents) | 3.55 | 5.44 | 3.45 | 4.24 | (2.25) | (3.34) | (1.25) | 0.41 |

[1]All amounts shown above are in millions of Australian dollars except as otherwise indicated

The operating results for the June 2015 Quarter included revenue earned from the sale of precious metals (June 2015 Quarter: $105.247 million; June 2014 quarter: $64.471 million) less the cost of the goods sold (June 2015 Quarter: $49.587 million; June 2014 quarter: $42.580 million). The increase in total revenue, from $85.890 million in the March 2015 quarter to $105.444 million in the June 2015 Quarter, is a result of higher gold sales (June 2015 Quarter: 63,308 ounces; March 2015 quarter: 48,936 ounces) offset by a decrease in average USD sales prices (June 2015 Quarter: US$1,307/oz; March 2015 quarter: US$1,375/oz) and the depreciation of the AUD relative to the USD during the period.

During the June 2015 Quarter a foreign exchange loss ($0.9 million) was recognised (March 2015 quarter: gain of $14.205 million; June 2014 quarter: loss of $7.551 million) arising from a foreign exchange loss on the revaluation of the GHS denominated VAT receivable owing from the GRA, offset by a gain from the depreciation of the AUD relative to the USD during the period (June 30, 2015: 0.7658, March 31, 2015: 0.7691, June 30, 2014: 0.9439).

In addition, the result includes interest revenue (June 2015 Quarter: $0.197 million; June 2014 quarter: $0.124 million), depreciation and amortisation (June 2015 Quarter: $18.545 million; June 2014 quarter: $10.875 million), administration and corporate overheads (June 2015 Quarter: $0.835 million; June 2014 quarter: $5.118 million).

## DISCUSSION OF FINANCIAL CONDITION

The year-on-year movements in the financial position of the Company over the last three financial years are shown below.

| **Financial position[1] as at:** | **June 30, 2015** | **June 30, 2014** | **June 30, 2013** |
|---|---|---|---|
| Cash and cash equivalents | 103.741 | 36.937 | 35.480 |
| Total assets | 697.826 | 562.022 | 590.380 |
| Total liabilities | 114.604 | 95.413 | 108.536 |
| Net assets | 583.222 | 466.609 | 481.844 |

[1]All amounts shown are in millions of dollars

The quarter-on-quarter movements in the financial position of the Company over the last eight quarters are shown below.

| **Financial position[1] as at:** | **Jun 30 2015** | **Mar 31 2015** | **Dec 31 2014** | **Sep 30 2014** | **Jun 30 2014** | **Mar 31 2014** | **Dec 31 2013** | **Sep 30 2013** |
|---|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | 103.741 | 77.807 | 43.087 | 44.321 | 36.937 | 42.510 | 16.016 | 23.091 |
| Total assets | 697.826 | 673.350 | 627.497 | 595.114 | 562.022 | 594.445 | 603.192 | 572.552 |
| Total liabilities | 114.604 | 107.786 | 93.511 | 89.743 | 95.413 | 108.485 | 117.113 | 105.558 |
| Net assets | 583.222 | 565.564 | 533.986 | 505.371 | 466.609 | 485.960 | 486.059 | 466.994 |

[1]All amounts shown are in millions of dollars

*Total assets*
Total assets have increased during the June 2015 Quarter by $24.476 million (March 2015 quarter increase of $45.853 million). The June 2015 Quarter increase is due to an increase in current assets of $24.962 million offset by a decrease in non-current assets of $0.486 million. Details of movements in specific accounts follow.

*Cash and cash equivalents*
At June 30, 2015, the Company had available cash or cash equivalent resources of $103.741 million plus a further $12.337 million of restricted funds on deposit securing environmental obligations. This cash balance represents an increase relative to the position as at March 31, 2015 ($77.807 million plus restricted cash of $12.279 million). The increase in cash reserves of $25.934 million during the June 2015 Quarter is due to an increase in inflows from the sale of gold and silver during the period slightly offset by payments associated with capital work in progress and operation of the EGM, purchase of other fixed assets and payments for exploration and administration activities.

The net increase in cash reserves of $25.934 million during the June 2015 Quarter is discussed in some detail in the "Discussion on Cash flows".

*Receivables*
At June 30, 2015, the Company's current receivables were $40.720 million (March 31, 2015: $28.229 million) while non-current receivables amounted to $12.337 million (March 31, 2015: $12.279 million). The increase in current receivables during the June 2015 Quarter relative to the prior quarter is a result of the timing of gold sales and the receipt of debtor payments. The increase in non-current receivables is due to the effect of the depreciation of the AUD relative to the USD during the period on the restricted funds on deposit.

*Inventory*
At June 30, 2015, the Company held inventories of $43.960 million (March 31, 2015: $47.895 million). The net decrease in inventory during the June 2015 Quarter ($3.935 million) relative to the position at March 31, 2015, is the result of a decrease in the high grade ore stockpiles offset by an increase in materials and supplies on hand and an increase in gold in circuit.

*Property, plant and equipment*
At June 30, 2015, the Company recognised on its balance sheet a total of $210.672 million for property, plant and equipment ("PP&E") (March 31, 2015: $206.460 million).

The Company capitalised $7.819 million of expenditure on PP&E during the June 2015 Quarter before expensing depreciation of $5.010 million. In addition, $0.711 million was reclassified from PP&E to mine properties and $0.019 million was disposed. Due to the appreciation of the USD against AUD, a $2.133 million foreign exchange gain was recorded against PP&E during the June 2015 Quarter as the majority of these assets are recorded in USD in the subsidiary companies' accounts and are translated into AUD on consolidation.

*Mine Properties*
At June 30, 2015, the Company recognised mine properties of $214.699 million on its balance sheet (March 31, 2015: $216.650 million). During the June 2015 Quarter, $6.929 million of expenditure of Mine Properties (most of which relates to deferred waste accounting entry) has been capitalised and $13.535 million of amortisation has been expensed. In addition, $0.711 million was reclassified from PP&E to mine properties, $2.988 million was reclassified from exploration expenditure to mine properties and the net appreciation of the USD against AUD during the period referred to above gave rise to $0.956 million foreign exchange gain being recorded against mine properties.

*Exploration and evaluation expenditure*
At June 30, 2015, the Company recognised mineral interest acquisition and exploration expenditure of $41.568 million on its balance sheet (March 31, 2015: $43.746 million).

The Company capitalised $0.781 million of exploration and evaluation expenditure incurred on its Ghanaian and Ivorian exploration tenements during the June 2015 Quarter ($1.458 million in the March 2015 quarter). In addition, $2.988 million was reclassified from exploration expenditure to mine properties while a foreign exchange gain of $0.029 million was recognised during the June 2015 Quarter.

*Other assets*
At June 30, 2015, the Company recognised other assets of $8.853 million on its balance sheet (March 31, 2015: $10.586 million), of which $6.033 million is classified as current and $2.820 million is classified as non-current. The decrease in other assets during the June 2015 Quarter is due to a loss on the mark-to-market revaluation of the available for sale financial asset (investment in Manas and Burey) and a decrease in prepayments. The decrease in prepayments during the June 2015 Quarter reflects the normal commercial activity associated with the EGM, along with the unwinding of capitalised borrowing costs classified as prepayments.

*Derivative financial instruments*
As at June 30, 2015, the Company held forward sales contracts for 33,000 ounces of gold and recorded an asset of $18.397 million (March 31, 2015: 51,500 ounces of gold and recorded an asset of $27.782 million) on its balance sheet. The movement in mark-to-market value has been recorded as equity. $18.397 million has been classified as a current asset as these forward contracts settle within twelve months of balance date (March 31, 2015: current asset of $27.782 million; non-current asset of nil). The asset reflects the difference in value of the hedge contracts on the respective balance dates relative to the value of the contracts on the date of inception of hedge accounting.

In addition, the Company held financial assets at fair value through profit and loss in the form of forward sales contracts for 30,000 ounces of gold and recorded an asset of $2.879 million (March 31, 2015: 18,000 ounces of gold and recorded an asset of $1.916 million) on its balance sheet. The movement in mark-to-market value has been recorded in the income statement. $2.879 million has been classified as a current asset as these forward contracts settle within twelve months of balance date (March 31, 2015: current asset of $1.916 million).

*Total liabilities*
As at June 30, 2015, the Company had liabilities totalling $114.604 million compared to $107.786 million at March 31, 2015. The changes in total liabilities during the June 2015 Quarter are attributable to increases in non-current liabilities of $10.741 million offset by decreases in current liabilities of $3.923 million. Details of movements in specific accounts follow below.

*Payables*
During, the June 2015 Quarter amounts owed to creditors, relating mainly to the operation of the EGM, decreased to $38.054 million from a total outstanding at March 31, 2015 of $41.977 million.

On a quarter-on-quarter basis, creditors at June 30, 2015 were $3.923 million lower than at the end of the March 2015 quarter. The decrease relative to the March 2015 quarter reflects changes in timing of payment of outstanding invoices in the June 2015 Quarter.

*Provision*
A provision of $10.477 million as at June 30, 2015 for future rehabilitation work relating mainly to both old and new mining activity at EGM as well as for the long-service entitlement was $0.745 million higher than the amount provided for at March 31, 2015 of $9.732 million. The change during the June 30, 2015 Quarter reflects a slight increase in the area requiring rehabilitation as a result of increased mining activity and an appreciation of the USD against the AUD during the period, as highlighted above.

## DISCUSSION ON CASHFLOWS

The movements in the cash flow of the Company for the three most recent financial years are as shown below:

| Cash flows[1] for twelve months ended | June 30, 2015 | June 30, 2014 | June 30, 2013 |
|---|---|---|---|
| Operating activities | 85.793 | 19.086 | 75.185 |
| Investing activities | (39.214) | (48.026) | (87.215) |
| Financing activities | (0.002) | 31.025 | (60.600) |

[1]All amounts shown above are in millions of dollars

The increase in cash flows from operating activities in the current year is attributable to an increase in cash receipts from gold sales as well as a decrease in operating costs. The reduction in investing cash outflows from prior years was attributable to a reduction of exploration expenditure incurred during the year as a result of less exploration activities in Ghana and Côte d'Ivoire, as well as a reduction in payments for mine properties. This is offset by an increase in expenditure for assets under construction as a result of increased activity over the Sissingué development and increased spending incurred on the EGM. The decrease in cash flows from financing activities is primarily attributable to a share placement in the previous year of approximately 68.694 million shares, raising approximately $32.286 million, offset by share issue costs arising from the placement of $1.261 million.

The eight most recent quarter-on-quarter movements in the cash flow of the Company are as shown below.

| Cash flows[1] for three months ended | Jun 30 2015 | Mar 31 2015 | Dec 31 2014 | Sep 30 2014 | Jun 30 2014[2] | Mar 31 2014[2] | Dec 31 2013[2] | Sep 30 2013[2] |
|---|---|---|---|---|---|---|---|---|
| Operating activities | 38.464 | 36.326 | 2.504 | 8.499 | 4.033 | 7.527 | 5.688 | 1.466 |
| Investing activities | 14.977 | (8.738) | (7.829) | (7.671) | (10.220) | (10.674) | (14.664) | (12.083) |
| Financing activities | - | (0.002) | - | - | (0.002) | 31.027 | - | - |

[1]All amounts shown are in millions of dollars
[2]Payments relating to capitalised deferred waste have been reclassified from operating activities to investing activities

After considering the effects of foreign exchange movements, the Company's cash balance increased by $25.934 million during the June 2015 Quarter while in the corresponding period in 2014 cash decreased by $5.573 million.

*Operating activities* during the June 2015 Quarter resulted in total cash receipts of $86.014 million (March quarter: $90.928 million) from the sale of precious metals produced at the EGM and $0.199 million (March quarter: $0.177 million) from bank interest that were offset by administration expenses and production expenses at EGM of $47.749 million (March quarter: $54.779 million), giving a net cash inflow for Operating Activities during the period of $38.464 million (March quarter: inflow of $36.326 million). This net cash inflow was $34.431 million more than the corresponding amount in the June 2014 Quarter when net inflows associated with Operating Activities totalled $4.033 million. In the June 2014 quarter, there were cash receipts of $60.921 million from the sale of precious metals produced at the EGM. Interest received in the June 2014 quarter was $0.175 million, administration expenses and production expenses were $57.061 million and payments for borrowing costs were $0.002 million.

*Investing activities* during the June 2015 Quarter included payments for mine properties of $5.515 million (March quarter: $2.424 million), development expenses at EGM and SGP of $8.774 million (March quarter: $4.449 million), payments relating to exploration in Ghana and Côte d'Ivoire of $0.686 million (March quarter: $1.670 million), investment in fixed assets of $0.002 million (March quarter: $0.014 million), investments in listed entities of nil (March quarter: $0.181 million), that generated a net cash outflow of $14.977 million (March quarter: $8.738 million). In the corresponding June 2014 quarter, investing activities included payments for mine properties ($5.370 million), payments for development of EGM and SGP ($3.313 million), payments relating to exploration in Ghana and Côte d'Ivoire ($1.607 million), investment in fixed assets ($0.012 million), offset by the proceeds on disposal of property plant and equipment of $0.082 million, resulting in a net cash outflow associated with investing activities of $10.220 million.

*Financing activities* cash flows in the June 2015 Quarter included payments for share issue expenses of nil (March 2015 quarter: $0.002 million). In the corresponding June 2014 quarter, financing activities comprised of share issue expenses of $0.002 million.

## LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2015, the Company's cash and cash equivalents amounted to $103.741 million (March 31, 2015: $77.807 million; June 30, 2014: $36.937 million).

The Company does not currently have a working capital deficiency. At June 30, 2015, the Company has sufficient funds or assets available to convert into cash, to enable payment of debts as and when they fall due and to meet its planned growth. As previously stated, the Company's short to medium term plans include maximising the cash margin at the EGM through continuing to fine-tune plant metallurgical performance and maximise SAG mill throughput, coupled with the continuing cost reduction program, finalise gaining access to mine the Eastern Pits, study the economic viability of purchasing and installing a power station at Edikan that is capable of generating 100% of Edikan's power requirements, finalise negotiation of a Mining Convention for the SGP, advance the structuring of a financing facility to supplement existing cash resources to fund development of the SGP, appoint an EP or EPC contractor and commence early works on site at the SGP, continue exploration for gold on exploration tenements associated with these projects as well as on other exploration tenements held by the Company in West Africa, all of which require significant levels of funding. The Company's ability to generate sufficient amounts of cash and cash equivalents in the long term (if required) to maintain capacity, meet planned growth and fund development of activities depends on its ability to generate sufficient cash from the EGM and failing that, to raise additional funds from the debt or capital markets.

On February 17, 2014, Perseus completed a 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 February 21, 2014, and the new shares that rank equally with existing shares, were allotted and commenced trading on the ASX on February 24, 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 February 14, 2014 and a 2.3% discount to the ASX five-day volume weighted average price of $0.48 (up to and including February 14, 2014). The proceeds of the Placement were 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.

In June 2014, the Company received two partial payments of the outstanding VAT debt from the GRA, totalling GHS30.0 million (US$10.0 million). During the September quarter, Perseus received a cash payment of GHS17.6 million (US$5.8 million) and a further GHS77.6 million (US$21.3 million) of Treasury Credit Notes.

The Company's liquidity is expected to fluctuate with production from the EGM and the price of gold. The Company's ability to raise funds from the debt or capital markets will be affected by, among other things, global economic conditions (including the price of gold). As mentioned below, as part of the Company's cost reduction program,

Perseus reduced the Available Commitment limit on its revolving line of credit to nil, following the decision to postpone development on the SGP.

For a description of the balance sheet conditions or income or cash flow that may affect liquidity, please see the section below under "*Commitments*".

During the last three financial years, both the debt and equity capital markets have been used as sources of funding by the Company. As discussed above, the Company completed a 68.7 million share placement during the March 2014 quarter. The Company has nil options outstanding as at June 30, 2015 and no new options were issued during the June 2015 Quarter. During the June 2011 quarter, the Company drew $80.211 million under its project debt facility. This was subsequently fully repaid in November 2012. There can be no assurance however that the Company will be successful in raising additional funds, as and when required, from the debt or capital markets in the future. See "*Risk Factors*".

The project debt facility agreement (the "Facility Agreement"), which is still on foot and governs the Company's hedge arrangements, contains covenants and imposes restrictions on the Company's ability to complete certain transactions. For example, the Facility Agreement requires that the Company maintain certain financial ratios and prohibits the Company from incurring additional indebtedness or entering into hedging arrangements beyond that specifically permitted. The Facility Agreement also contains (i) certain conditions precedent to the drawing down of funds, which were either satisfied or waived, and (ii) certain conditions subsequent, some of which remain outstanding. The Company has previously received waivers of breaches of, and extensions for satisfaction of, non-financial conditions to the Facility Agreement. In particular, the Company has received waivers in respect of breaches of, and extensions to the time required for satisfaction of, the conditions subsequent that: (i) the Company grants additional security in favour of the lenders by December 31, 2011 (as extended); (ii) there is parliamentary ratification of the Edikan mining leases and stability agreement by December 31, 2011 (as extended); (iii) the Company execute a foreign exchange retention account agreement with the Republic of Ghana, the Bank of Ghana, the lenders and a financial institution in Ghana as soon as possible. While the Company is currently in compliance with the terms of the Facility Agreement and believes it will be able to satisfy the foregoing conditions subsequent in the prescribed time, it may require one or more waivers or extensions from the lenders in the future. A breach by the Company of certain provisions of the Facility Agreement, unless waived, will constitute an event of default, entitling the lenders to accelerate the payment of amounts due there under. The project loan is effectively secured by all (or substantially all) of the Company's interest in the Edikan Gold Mine. An obligation to repay the amount owing under the project loan before its stated maturity could have an adverse effect on the Company and its financial position. As at June 30, 2015 no amounts were drawn under the Facility Agreement.

During the December 2012 quarter, the Company executed a Deed of Amendment and Restatement (the "Amending Deed") which documented amendments to the Facility Agreement that had the effect of converting the project debt facility into a revolving line of credit. In addition, the Amending Deed provided for an increase in the facility limit to US$100 million, with the availability limit decreasing over time to zero as at December 28, 2015. The facility margin was revised to 4.0 percent per annum and the Commitment fee was reduced to 1.75 percent per annum. Permitted uses of funds drawn under the facility were amended to allow for repayment of intercompany loans owed by Perseus Mining (Ghana) Limited to Perseus.

During the September 2013 quarter and as part of the Company's cost reduction program, Perseus reduced the Available Commitment limit on its US$100 million line of credit to nil. This eliminated the 1.75% per annum undrawn line fee, and political risk insurance on the debt, that was payable in future periods.

As at June 30, 2015, a total of 63,000 ounces of gold (March 31, 2015: 69,500 ounces of gold) had been hedged under gold forward sale contracts for settlement up to and including December 2015 at an average sale price of US$1,432/oz. This includes a total of 33,000 ounces of gold at an average price of US$1,600/oz that was sold forward in the September 2012 quarter, following the successful restructure, extension and up-sizing of the debt facility. This hedging represents 34% of the Company's total forecast gold production to December 31, 2015 and approximately 3% of the gold contained in the Company's currently defined Mineral Reserves. Subsequent to June 30, 2015 additional gold forward sales contracts were put in place, at the date of this report the total commitment was 149,500 ounces of gold at a weighted average gold price of US$1,239/oz.

As at the date of this MD&A the Company had no material commitments for future capital expenditure over and above those that arise in the normal course of business.

## COMMITMENTS

The following table sets forth information regarding the Company's contractual obligations as at June 30, 2015. The Company has no long term debt, finance lease obligations, operating leases or purchase obligations except as indicated below.

| | Less than 1 year | 1-5 years | After 5 years |
|---|---|---|---|
| Exploration expenditure[1] | 0.750 | 1.700 | 1.500 |
| Rent of corporate premises | 0.411 | 0.318 | - |
| **Total** | **1.161** | **2.018** | **1.500** |

Notes:

1. The Company's mineral rights in Ghana and Côte d'Ivoire are subject to nominal statutory expenditure commitments on exploration activities and its mineral lease fees are paid annually, in advance.

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The principal financial instruments used by the Company as at June 30, 2015 are cash, receivables, financial assets at fair value, derivative financial instruments, payables and prepayments. As a result of the use of these financial instruments, the Company is exposed to credit risk, liquidity risk and market risk (including currency risk, interest rate risk, commodity price risk and equity price risk).

*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 Company 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. There has been no significant change in the Company's exposure to credit risk or its objectives and policies for managing these risks during the June 2015 Quarter.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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 Company's reputation.

The Company 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.

*Market Risk*

The Company 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 Company enters into forward commodity price derivatives, details of which are discussed in "Liquidity and Capital Resources" above.

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Ghanaian Cedi. Foreign exchange risk arises from future 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 Company is also exposed to foreign exchange risk arising from the translation of its foreign operations, the Company'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 an intercompany receivable from its subsidiary denominated in US dollars which is eliminated on consolidation. The gains or losses on re-measurement of this intercompany receivable from US dollars to Australian dollars are not eliminated on consolidation. There has been no significant change in the Company's exposure to currency risk or its objectives and policies for managing these risks during the June 2015 Quarter.

In November 2012 the Company fully repaid its project finance facility. Consequently, it presently has no borrowings at variable rates. During the September 2013 quarter and as part of the Company's cost reduction program, Perseus reduced the Available Commitment limit on its US$100 million line of credit to nil, eliminating the 1.75% per annum undrawn line fee, as mentioned above. There were no changes in the Company's exposure to interest rate risk during the June 2015 Quarter. The Company's objectives and policies for managing these risks have not changed during the June 2015 Quarter.

## OFF BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements as at June 30, 2015.

## TRANSACTIONS WITH RELATED PARTIES

Remuneration (including salaries, Directors' fees and the issue of share options and performance rights) was paid or is payable to the Directors of the Company in the normal course of business. The Company pays its non-executive Directors consulting fees for extra services, if any, performed outside of normally expected non-executive duties. These transactions are made on commercial terms and conditions and at market rates.

The Company has no on-going contractual or other commitments arising from transactions with any of the related parties referred to above.

## CRITICAL ACCOUNTING 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 Company and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting will, by definition, seldom equal the actual results. Each critical accounting estimate is discussed below.

*(i) Exploration and evaluation expenditure*
In accordance with accounting policy note 1(n) in the June 2015 Financial Report, 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.

*(ii) Impairment of assets*
In accordance with accounting policy note 1(g) in the June 2015 Financial Report, in determining whether the recoverable amount of each cash generating unit is the higher of fair value less costs to sell or value-in-use against which asset impairment is to be considered, the Company 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 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;
- *(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.

*(iii) Share-based payment transactions*
The Company measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments as at the date at which they are granted. The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes option pricing model and the Monte Carlo Simulation model for performance rights, taking into account the terms and conditions upon which the instruments were granted. Differences in estimated future stock price volatility, interest rates and other factors can have a material effect on the calculation of share-based compensation expense and derivative values. As such, the values derived may change significantly from period to period and are subject to significant uncertainty. The Company recorded a total share-based compensation expense of $0.170 million for the quarter ended June 30, 2015 ($0.161 million for the quarter ended March 31, 2015; $0.141 million for the quarter ended December 31, 2014; $0.135 million for the quarter ended September 30, 2014).

*(iv) Restoration and rehabilitation provisions*

As set out in accounting policy note 1(t) in the June 2015 Financial Report, 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 discount rate. Additionally current provisions are based on the assumption that no significant changes will occur in either 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.

*(v) Derivative financial instruments*

The Company 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 accounting policy note 1(l) in the June 2015 Financial Report. 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.

*(vi) Taxes*

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 Company 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 Company 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 Company operates could limit the ability of the Company to obtain tax deductions in future periods.

*(vii) Unit-of-production method of depreciation / amortisation*

The Company 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 Company amortises mine property assets utilising tonnes of ore mined and mine related plant and equipment over tonnes of ore processed.

*(viii) 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. 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 mine ratio even if they do not affect the mine's design. Changes to the life of mine are accounted for prospectively.

*(ix) Inventory*

Net realisable value tests are performed at least quarterly and represent the estimated future sales price of the product based in 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.

*(x) Reserves and resources*

Mineral reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its mineral 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.

*(xi) 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.

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

In the June 2015 Quarter, the Company reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after July 1, 2014. All of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning July 1, 2014 were adopted and they did not have a material impact on the current period or any prior period, and is not likely to affect future periods.

## OUTSTANDING SECURITIES DATA

At June 30, 2015, the Company had issued 526,656,401 shares (March 31, 2015: 526,656,401; December 31, 2014: 526,656,401; September 30, 2014: 526,656,401; June 30, 2014: 526,656,401), nil options (March 31, 2014: nil; December 31, 2014: nil; September 30, 2014: nil; June 30, 2014: nil) and 8,377,418 performance rights (March 31, 2015: 8,377,418; December 31, 2014: 6,944,561; September 30, 2014: 7,263,775; June 30, 2014: 7,983,911).

The following is a summary of the Company's capital structure as at the date of this MD&A:

| | |
|---|---|
| Ordinary shares | 529,343,901 |
| Performance rights over unissued shares | 10,664,918 |

Since June 30, 2015 and up to the date of this MD&A, the Company has not issued any shares, options or performance rights, other than:

1. On 29 July 2015, 2,687,500 performance rights successfully vested under the terms of the Company's Performance Rights Plan 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.
2. 4,975,000 performance rights were issued to employees of the company under the terms of the company's Performance Rights Plan approved by shareholders in November 2014. These performance rights were issued at nil consideration with an effective issue date of 1 July 2015. Each performance right will convert to an ordinary share upon satisfaction of vesting criteria.

## CONTROLS AND PROCEDURES

The Company maintains appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable. The Company continues to review and develop internal controls, including disclosure controls and procedures for financial reporting that are appropriate for the nature and size of the Company's business.

***Disclosure Controls and Procedures***

The Company's disclosure controls and procedures ("DCP") are designed to provide reasonable assurance that all relevant information relating to the Company is communicated to the Company's senior management and information required to be disclosed in its annual filings, interim filings and other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the specified time period. Access to material information regarding the Company is facilitated by the small size of the Company's senior management team and workforce. The Company is continuing to develop appropriate DCP for the nature and size of the Company's business.

As at June 30, 2015, the Chief Executive Officer and Chief Financial Officer, with participation of the Company's management, concluded that there were no material weaknesses in the design of DCP at that date or changes to the Company's DCP during the June 2015 quarter which have materially affected, or are considered to be reasonably likely to materially affect, the Company's disclosure or its DCP.

***Internal Controls over Financial Reporting***

Internal controls over financial reporting ("ICFR") are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in

accordance with IFRS. The Board is responsible for ensuring that management fulfils its responsibilities in this regard. The Audit and Risk Committee is in turn responsible for ensuring the integrity of the reported information through its review of the Company's interim and annual financial statements. There has been no change in the Company's ICFR during the June 2015 Quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. As at June 30, 2015, the Chief Executive Officer and Chief Financial Officer have concluded that there is no material weakness relating to the design of the Company's ICFR.

***Limitations of Controls and Procedures***

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any DCP or ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion between two or more people, or by unauthorized override of the control. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

The Company's Chief Executive Officer and Chief Financial Officer have not limited the scope of their design of DCP and ICFR to exclude controls, policies and procedures of any proportionately consolidated entity, variable interest entity or business acquired within the preceding 12 months.

## CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws. This forward-looking information may include but is not limited to information with respect to the Company's plans respect the EGM and the SGP, the estimation of mineral reserves and mineral resources, realization of mineral reserve and resource estimates, the timing and amount of future production, costs of production, capital expenditures, costs and timing of development of the SGP, mine life projections, the ability to secure required permits, the results of future exploration and drilling, the adequacy of financial resources and business and acquisition strategies. Often, this information includes words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking information is based on 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 material disruption, 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.

By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the risks set out below under the heading "*Risk Factors*".

Although Perseus has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. Perseus undertakes no obligation to reissue or update forward-looking information as a result of new information or events after the date of this MD&A, except in accordance with applicable securities laws. All forward-looking information disclosed in this document is qualified by this cautionary statement.

## RISK FACTORS

Some of the risks and other factors that could cause actual results to differ materially from those expressed in the forward-looking information contained in this MD&A, as well as risk factors generally facing the Company, include, but are not limited to:

- risks related to the Company's compliance with restrictions and covenants in the Facility Agreement;
- risks associated with the price of gold;
- risks related to potential development of the SGP;
- risks related to capital cost increases at the SGP;
- risks related to operating and capital cost increases at the EGM;
- risks related to the availability of additional financings as and when required;
- the risk of unrest, political instability and the spread of infectious diseases in West Africa;
- risks related to the periodic renewal of the Company's various exploration and exploitation permits;
- risks related to global economic conditions;
- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations;
- risks related to negative operating costs flow;
- results of initial feasibility, pre-feasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations;
- risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined;
- mining and operating risks, including risks related to accidents, equipment breakdowns, labour disputes (including work stoppages and strikes) or other unanticipated difficulties with or interruptions in exploration and development;
- the potential for delays in exploration or development activities or the completion of feasibility studies;
- risks associated with the spread of infectious diseases, such as Ebola;
- risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses;
- risks related to interest rate and foreign exchange rate fluctuations;
- the uncertainty of profitability based upon the cyclical nature of the industry in which the Company operates;
- the risk of changes to fiscal terms or operating approval conditions;
- risks related to environmental regulation and liability; and
- other risks and uncertainties related to the Company's prospects, properties and business strategy.

A detailed discussion of these and other factors that may affect the Company's prospects, actual results, performance, achievements or financial position is contained in the Company's Annual Information Form dated September 26, 2014.

## TECHNICAL DISCLOSURES

***Competent Person and ASX Listing Rules Statement**:*
*All production targets for the 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 includes an immaterial update (including for depletion as at 30 June 2015) to the Mineral Resource for the Fetish, Bokitsi, Esuajah North, Esuajah South, Chirawewa and Dadieso deposits at the EGM which was first reported by the Company in compliance with the JORC Code 2012 in market announcements released on 27 August 2014 and 4 September 2014. The Company confirms that it is not aware of any new information or data that materially affects the information in those market announcements and that all material assumptions and technical parameters underpinning the estimates in those market announcements continue to apply and have not materially changed.*

*The information in this report includes an immaterial update (including for depletion as at 30 June 2015) to the Mineral Resource for the AFGap-Fobinso and Mampong deposits at the EGM and to the EGM Ore Reserves (including for depletion as at 30 June 2015) and which was first reported by the Company in compliance with the JORC Code 2012 in a market announcement released on 20 April 2015. The Company confirms that it is not aware of any new information or data that materially affects the information in that market announcement and that all material assumptions and technical parameters underpinning the estimates in that market announcement continue to apply and have not materially changed.*

*The information in this report that relates to EGM Mineral Resources (to the extent updated compared to the Mineral Resources first reported by the Company in compliance with the JORC Code 2012 in market announcements released on released on 27 August 2014, 4 September 2014 and 20 April 2015) is based on information compiled and reviewed by Steffen Brammer who is a Resource Geologist with the Australian Institute of Mining and Metallurgy. Mr Brammer has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to*

*the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code 2012.Mr Brammer is a full time employee of the Company and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to EGM Ore Reserves (to the extent updated compared to the Ore Reserves first reported by the Company in compliance with the JORC Code 2012 in a market announcement released on 20 April 2015) is based on information compiled and reviewed by Paul Thompson who is an Engineer with the Australian Institute of Mining and Metallurgy. Mr Thompson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code 2012. Mr Thompson is a full time employee of the Company and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*