

NEWS RELEASE

22 October 2015

ACTIVITIES REPORT FOR SEPTEMBER 2015 QUARTER**Executive Summary**

Perseus Mining Limited (ASX/TSX: PRU) (“Perseus” or the “Company”) reports on its activities for the three-months ended 30 September 2015 (the “Quarter”).

OPERATIONS – EDIKAN GOLD MINE, GHANA (“EDIKAN”)

Sound operating performance continued at Edikan during the Quarter. Highlights included:

- On track to achieve December 2015 Half Year cost and production guidance;
- Quarterly gold production of 44,267ozs consistent with Half Year production guidance;
- Trend of strongly improving operating costs continued during the Quarter, with quarter-on-quarter reductions of 45% in unit mining costs and 15% of processing costs;
- All-in site costs (including development and sustaining capital) of US\$1,060/oz, 4% below bottom end of Half Year cost guidance range;
- Gold sales of 45,344ozs at an average sales price of US\$1,291/oz;
- Waste stripping for the new Fetish and Chirawewa open pits accelerated to mitigate impact on production schedule of delayed access to Eastern Pits mining areas;
- Infrastructure works for housing to relocate former residents of the Eastern Pits mine take area is on schedule and under budget. Housing construction scheduled to start early in the December 2015 quarter.

DEVELOPMENT - SISSINGUÉ GOLD MINE, CÔTE D’IVOIRE (“SISSINGUÉ”)

- Signed a Mining Convention with the Ivorian government;
- Commenced early works programme and advanced plans for a decision on full-scale construction to be taken in the December 2015 Quarter, pending implementation of satisfactory financing plans;
- Started implementing integrated security and community development programs in the Sissingué area.

CORPORATE

At 30 September 2015, Perseus’s working capital of \$191.2M included:

- Immediately available cash and bullion of \$131.8M, an increase of \$4.5M during the Quarter;
- Gold forward sales contracts for 149,100ozs of gold, sold forward at an average price of US\$1,240/oz, and valued at \$26.5M; and
- No third party debt (other than accounts payable in the ordinary course of business).

Operations

Edikan Gold Mine - Ghana

Overview

The trend of solid performance has continued in most aspects of Perseus's flagship operation during the Quarter and this is summarised as follows:

Table 1: Quarterly Performance Statistics

| Parameter | Unit | June 2015 Half Year | September 2015 Quarter | Financial Year 2016 To Date | Calendar Year 2016 To Date |
|--------------------------------|-----------------------|---------------------------|------------------------------|--------------------------------------|-------------------------------------|
| Production & Sales: | | | | | |
| Total material mined: | | | | | |
| • Volume | bcm ¹ | 2,952,142 | 3,776,440 | 3,776,440 | 6,728,582 |
| • Weight | tonnes | 6,614,246 | 7,555,548 | 7,555,548 | 14,169,794 |
| Ore mined: | | | | | |
| • Oxide | tonnes | - | 272,989 | 272,989 | 272,989 |
| • Primary | tonnes | 2,879,914 | 427,257 | 427,257 | 3,307,171 |
| Ore grade mined: | | | | | |
| • Oxide | g/t ² gold | - | 0.68 | 0.68 | 0.68 |
| • Primary | g/t gold | 1.32 | 1.49 | 1.49 | 1.34 |
| Strip ratio | t:t | 1.3 | 9.8 | 9.8 | 3.0 |
| Ore stockpiles: | | | | | |
| • Quantity | tonnes | 3,441,200 | 2,418,200 | 2,418,200 | 2,418,200 |
| • Grade | g/t gold | 0.6 | 0.6 | 0.6 | 0.6 |
| Ore crushed | tonnes | 2,603,001 | 1,441,917 | 1,441,917 | 4,044,918 |
| Ore milled | tonnes | 3,045,595 | 1,723,294 | 1,723,294 | 4,768,889 |
| Milled head grade | g/t gold | 1.29 | 0.93 | 0.93 | 1.16 |
| Gold recovery | % | 89 | 86 | 86 | 88 |
| Gold produced | ozs | 112,119 | 44,267 | 44,267 | 156,386 |
| Gold sales ³ | ozs | 112,243 | 45,344 | 45,344 | 157,587 |
| Average sales price | US\$/oz | 1,336 | 1,291 | 1,291 | 1,323 |
| Unit Costs: | | | | | |
| Mining cost | US\$/t mined | 4.43 | 2.35 | 2.35 | 3.32 |
| Processing cost | US\$/t milled | 10.75 | 9.10 | 9.10 | 10.15 |
| G & A cost | US\$/month | 1.42 | 1.42 | 1.42 | 1.42 |
| All-In Site Cost | | | | | |
| Production cost | US\$/oz | 706 | 948 | 948 | 775 |
| Royalties | US\$/oz | <u>65</u> | <u>133</u> | <u>133</u> | <u>84</u> |
| Sub-total | US\$/oz | 771 | 1,081 | 1,081 | 859 |
| Capital costs: | | | | | |
| Inventory and stripping | US\$/oz | (77) | (97) | (97) | (83) |
| Sustaining capital | US\$/oz | <u>83</u> | <u>76</u> | <u>76</u> | <u>81</u> |
| Sub-total | US\$/oz | 6 | (21) | (21) | (12) |
| Total All-In Site Cost | US\$/oz | 777 | 1,060 | 1,060 | 857 |
| Site Exploration Cost | US\$M | 1.097 | 0.811 | 0.811 | 1.908 |

Notes: 1. Denotes bank cubic metres 2. Denotes grams of gold/tonne of ore 3. Gold sales are recognised in Perseus's accounts when the contracted gold refiner takes delivery of gold in the gold room.

Mining

During the Quarter, mining activities took place in Stages 2 and 3 of the AG pit, Stage 3 of the Fobinso pit, and in Stage 1 of the Fetish and Chirawewa pits. A total of 3,776,440 bcm of ore and waste was mined during the Quarter, 135% more than in the June 2015 quarter. The significant majority of the material was waste removed from the Fobinso, Fetish and Chirawewa pits in line with mine plans. A total of 700,246 tonnes of oxide, transitional and fresh ore were mined, resulting in a waste to ore strip ratio of 9.8 for the Quarter.

Relatively high grade ore made up the majority of material movements from Stages 2 and 3 of the AG Pit as mining advanced towards designed pit floors of the AG pit. Mining ceased in the AG pit in mid-August 2015. A final cutback of the AG Pit to access further high grade ore located below the current pit floor is scheduled to commence in 2018.

Waste stripping for Stage 3 of the Fobinso pit by the mining contractor, Rocksure International Ltd (“Rocksure”), was accelerated during the Quarter. Small quantities of ore were also mined during the Quarter and the tonnes and the grade of ore mined from Fobinso are expected to increase in the December 2015 quarter.

On 12 August 2015, the Ghanaian Environmental Protection Agency (“EPA”) formally granted environmental approval for full-scale mining of the Fetish, Chirawewa, Bokitsi (collectively referred to as the “Eastern Pits”) and Esujah 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. The environmental approval opened the way for mining contractor, African Mining Services (“AMS”), to mine in the Eastern Pits area under the terms of their new contract with Perseus. During the Quarter, AMS has expeditiously deployed equipment to the Eastern Pits area, including that previously deployed in the AG pit, and in conjunction with Perseus has accelerated mine production with the aim of the recovering time lost due to the delayed EPA approval.

During the Quarter, ore stockpiles that include both high and low grade ore (but not mineralised waste) plus crushed ore, decreased by 1,023,000 tonnes to 2,418,200 tonnes grading 0.6g/t gold. Contained in the stockpile is approximately 42,990ozs of gold, a decrease of 23,560ozs or 35%, quarter-on-quarter. The decrease in stockpiles reflects the deficit of ore mined relative to ore milled during the Quarter as a result of the later than planned approval for mining of the Eastern Pits. At the end of the Quarter, the ore stockpiles were made up of approximately 15% oxide ore and 85% transitional/primary ore. Approximately 8% of the remaining stockpiled ore is classified as medium/high grade, containing greater than 0.6g/t gold, while 92% of the ore is classified as low grade containing 0.4 to 0.6g/t gold.

Processing

During the Quarter, 44,267ozs of gold were recovered at Edikan after processing 1,723,294 tonnes of ore. While down on the record level of gold production achieved in the June 2015 quarter, this quarterly production was in line with expectations and consistent with the level of production required to achieve the Company’s Half Year production guidance of 90,000-100,000ozs of gold.

As noted above, mining of fresh ore in the AG Pit ceased in mid-August 2015 and limited quantities of ore were mined from the Fobinso, Fetish or Chirawewa pits during the Quarter. As a result, the majority of ore processed at Edikan was drawn from our relatively low grade ore stockpiles. As a consequence, at 0.93g/t the average head grade of ore processed during the Quarter was 28% below the average head grade of ore processed in the June 2015 quarter when record levels of gold production were recorded.

The run-time of Edikan's SAG mill at 81% was similar to the June 2015 quarter however the throughput rate at 969dtph was approximately 5% higher than in the June 2015 quarter. The higher throughput rate was largely a function of an increase in the proportion of softer oxide and transitional ores relative to primary ore included in the mill feed. The average blend of ore processed ranged from 93% fresh to 7% oxide in July 2015 to 86% fresh to 14% oxide in September 2015. While this processing strategy did enable an increase in the quantity of ore to be processed, the benefits of higher throughput were slightly offset by a resulting decrease in the quarter-on-quarter average gold recovery rate from 89% to 86% as the gold recovery rate from oxide and transitional ores is lower than primary ore.

Notwithstanding the above, the following key plant operating statistics were recorded during the Quarter:

Table 2: Plant Performance Statistics

| | December 2014 Quarter | March 2015 Quarter | June 2015 Quarter | September 2015 Quarter |
|----------------------------|--------------------------|-----------------------|----------------------|---------------------------|
| Crusher | | | | |
| Run time (%) | 56 | 49 | 55 | 51 |
| Hourly throughput rate (t) | 1,130 | 1,112 | 1,189 | 1,119 |
| Oxide Circuit | | | | |
| Run time (%) | 66 | 53 | 51 | 57 |
| Hourly throughput rate (t) | 142 | 118 | 138 | 154 |
| SAG Mill | | | | |
| Run time (%) | 84 | 69 ¹ | 82 | 81 |
| Hourly throughput rate (t) | 854 | 926 | 926 | 969 |
| Gold recovery rate (%) | 87 | 88 | 89 | 86 |

Notes:

1. Due to one third power restrictions, the SAG Mill could only be operated on 69 days out of a possible 90 days during the Quarter, giving an availability of 76.7%. During this available run time, the plant was operated for 90% (or 93% after taking into account a period of scheduled downtime for a planned mill reline) giving a total actual utilisation of 69%.

Production Costs

During the Quarter approximately 47% of Edikan's total production costs were incurred by the mining department (39% in the June 2015 quarter), while 42% was incurred by processing and maintenance (49% in the June 2015 quarter), with the balance by general and administration functions.

The trend of strongly improving operating costs at Edikan has continued during the Quarter, with material reductions in unit mining and processing costs as shown below:

Table 3: Unit Costs

| Unit Cost | | December 2014 Quarter | March 2015 Quarter | June 2015 Quarter | September 2015 Quarter |
|--------------------------|---------------|--------------------------|-----------------------|----------------------|---------------------------|
| Mining ¹ | US\$/t mined | 4.65 | 4.59 | 4.28 | 2.35 |
| Processing & Maintenance | US\$/t milled | 11.89 | 10.77 | 10.73 | 9.10 |
| G & A | US\$/month | 2.04 | 1.49 | 1.36 | 1.42 |

Note 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 45% decrease in quarter-on-quarter unit mining costs is the result of several factors including:

- Materially low rates contained in the new mining contracts taking full effect.
- A significant increase (125%) in the tonnes of material mined during the Quarter enabled fixed mining costs to be spread over more tonnes of ore;

- Being relatively shallow and soft, the majority of material mined during the Quarter required limited drilling and blasting. In addition, the vertical climb from the Fetish, Chirawewa and Fobinso pits was also significantly less than the climb from the deeper pits in prior periods.

Processing costs also reduced significantly quarter-on-quarter, falling 15% to US\$9.10/tonne of ore processed. This material reduction can mainly be attributed to:

- 4% more ore (containing higher proportions of fines and oxide ore which have lower crushing and grinding costs) was processed this Quarter relative to last quarter providing more tonnes over which to amortise fixed processing costs. The impact of the volume increase equated to US\$0.34/tonne reduction in unit processing costs;
- Renegotiation of various supply contracts (e.g. cyanide), a reduction in energy costs including the costs of both electricity and diesel, plus more efficient use of contractors and consultants contributed a combined saving of US\$1.29/tonne.

Cash payments for royalties during the Quarter (US\$133/oz) were materially higher than in prior periods due to royalty payments attributable to production in the June 2015 Quarter being deferred to the September 2015 Quarter while assays of doré were being checked by the umpire. It is expected that in future periods royalties will revert back to recently reported levels of approximately US\$85/oz (subject to the gold price achieved).

Expenditure on sustaining and development capital remained relatively low during the Quarter at US\$76/oz. This is expected to increase in the December 2015 quarter when infrastructure and relocation housing construction work required for mining access to some of the Eastern Pits begins to accelerate.

Given that gold production was 32% lower than in the record June 2015 quarter, principally as a result of the head grade of processed ore also falling by 32%, the all-in site unit costs for the Quarter (including production, royalties, investment in pre-stripping and inventory, development and sustaining capital) at US\$1,060/oz were higher than in the June Quarter but were 4% below the bottom end of the cost guidance range for the December 2015 Half Year of US\$1,100-US\$1,300/oz.

FY2016 Production and Cost Guidance

As noted above, Perseus currently remains on track to achieve both production and cost guidance previously published for the six month and twelve month periods ending 30 June 2016 as shown below.

Table 4: 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 |

Relocation Housing Project

During the Quarter, civil construction contractor, PW Ghana Ltd, mobilised to prepare the site on which housing to relocate residents impacted by mining in the Eastern Pits and Esuajah North mining areas will be built. By the end of the Quarter, stripping of vegetation and topsoil was complete and earthworks were 77% complete for Area 1 – the location of the Eastern Pits relocation housing. Works in Area 2, the location for the Esuajah North housing, are less advanced but are tracking on schedule.

Tenders for the construction of the Eastern Pits housing (“Lot 1”) were evaluated and a contract for the construction of the 46 dwellings has been awarded to a Ghanaian construction company, Wilhelm Construction Limited. Pending the receipt of requisite building permits, construction of the Lot 1 housing is expected to start 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 is expected to be less than the budget of approximately US\$23million.

Illegal Mining near Edikan

During the Quarter, Ghanaian media outlets published reports of illegal mining activities being conducted on the fringe of Edikan’s Mining Lease and a clash that occurred between the illegal miners and Ghana’s national security forces at Ayanfuri, a town near Edikan, as part of a nationwide campaign to eliminate illegal mining activities in the country.

In conducting their unlawful activities, the illegal miners cause damage to the environment, risk their lives and general well-being with highly dangerous work practices and deprive the government and taxpayers of Ghana of significant income from royalties and taxation that would otherwise have been paid if this material was processed by legitimate mining operations such as that contemplated by Perseus as part of its rehabilitation plan. In recognising the damage and financial loss inflicted by the illegal miners, the government of Ghana has adopted a “zero tolerance” policy and has formed a National Security Task Force to rid the country of such activities.

Perseus is cooperating fully with the government and seeking to ensure that peace and safety is maintained around Edikan to allow its management team and workers to continue to focus on building on the material operating improvements that have been achieved at Edikan in recent times.

Development

Sissingué Gold Mine – Côte d’Ivoire (“Sissingué”)

During the Quarter, the following initiatives were implemented as a pre-cursor to considering the strategically important investment decision on the full scale development of Sissingué.

- The terms of a Mining Convention for Sissingué were finalised in accordance with Côte d’Ivoire’s recently legislated Mining Code and the Convention was executed in late July 2015 by Perseus and the Minister for Industry and Mines, and the Ministers attached to the Prime Minister with responsibility for the Economy and Finance and the Budget respectively;
- Engineering consultant, Lycopodium, materially advanced Front End Engineering and Design (“FEED”). As well as finalising details of plant layout, flowsheets, equipment lists etc. this work enabled an accurate allocation of the scope of work to different contract packages and the preparation of comprehensive budgets for each package employing a Work Breakdown Structure suitable for a high level of cost control. In addition consultants, Knight Piesold, completed a review of tailings dam options and undertook a geotechnical programme aimed at confirming the geotechnical integrity of a new tails dam site and the site for key items of plant infrastructure;
- Organisation structures were developed for both the construction and operating phases of the project and Perseus recruited a small number of construction staff. In due course, 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;
- A Recruitment Committee involving representatives of all villages located in the vicinity of Sissingué was established to ensure fair allocation of employment opportunities to local residents during both the construction and operating phases of the project;
- Implementation of a programme of early works was started, including amongst other things FEED, 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. By the end of the Quarter work was proceeding on schedule and on budget, with important advances being made especially in terms of site clearing and establishment;
- A programme of engagement was initiated with all national, regional and local government and community security stakeholders to ensure that all parties are adequately briefed on details of the project and committed to maintaining peace and security in the vicinity of Sissingué.

As noted above, Perseus intends to review its development plans and take a decision on the timing of the development of Sissingué towards the end of the December 2015 quarter. A number of factors will influence this development decision including:

- Importance to Perseus of the strategic, financial and risk mitigation benefits arising from establishing a second income stream from a project located in a different geo-political setting to the Company’s flagship operation at Edikan;
- Relative attractiveness of the risk versus reward balance compared to other investment opportunities;
- Status of the gold market with particular emphasis on the implications for gold prices of possible movements in United States interest rates and the ability of Perseus to fund the Sissingué development without exerting undue balance sheet pressure in a volatile gold market;
- Prospects for continued political stability, sound community relations and security in Cote d’Ivoire following the Presidential elections scheduled for 25 October 2015.

Exploration

Ghana

During the Quarter, a total of US\$0.811M was spent by Perseus on exploration activities on the Edikan mining leases in Ghana.

Edikan Mine, Ghana

Exploration programs conducted at Edikan included field mapping, prospecting, sampling and several small self-potential (“SP”) geophysical surveys to evaluate several near-mine geological targets. Additionally, an ongoing data review and analysis has resulted in the planning of several small drilling programs to test near-mine targets in the December 2015 quarter.

Agyakusu Prospecting License, Ghana

A program of soil sampling and SP geophysical survey was conducted on the Agyakusu License to extend previous encouraging results in soil sampling on strike with the Abnabna-Fobinso granite dike, 3 to 8km north-east of the Fobinso pit. Reverse circulation (“RC”) drill testing of the previously identified soil anomalism in September 2014 returned several very weak anomalous drill intercepts, however no granite was identified in the drilling. The recent work extended coverage further to the north-east and included 240 soil samples and 14 line-kilometres of SP survey. The results unfortunately were weak. Given that the best of the soil anomalism was previously drill tested with weak results and drilling failed to indicate a continuation of the Abnabna-Fobinso granite dike, the Agyakusu License, which was under option from Adio-Mabas Ghana Ltd, has been returned to the vendor.

Côte d’Ivoire

A total of US\$0.439M was spent by Perseus during the Quarter on exploration activities on the Sissingué Exploitation and Mahalé Exploration Permits in Côte d’Ivoire with the following results.

Sissingué Exploitation Permit

A sterilization rotary air blast (“RAB”) drilling program was commenced at Sissingué to sterilize a new proposed location for the tailings dam site. A total of 2,004 metres was drilled in 53 holes with little evidence of mineralisation being detected thus far.

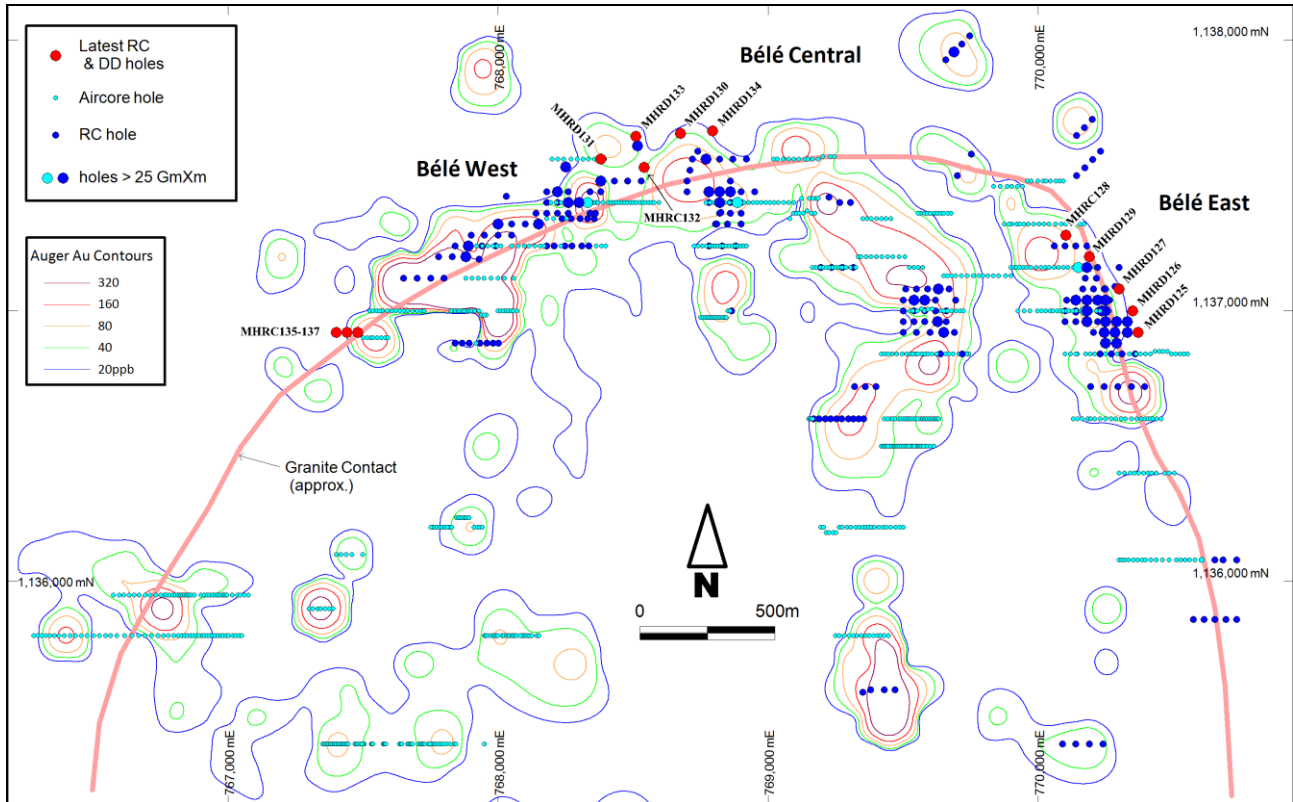
Mahalé Permit

A small drilling program, commenced in the June 2015 quarter, of RC and diamond drilling (“DD”) was completed on the Mahalé Permit to further test the Bélé prospects. A total of 1,350 metres was drilled in the Quarter, including 862 metres of RC plus 488 metres of DD tails, to test the depth extension of the Bélé East prospect, the area between the Bélé West and Central prospects and the southern strike extension of Bélé West. Refer to *Figure 1*.

All assay results were returned from this small program and they were disappointing. Significant intercepts are listed in *Table 1*. Results were weak from drilling east and south of Bélé West and do not indicate a significant extension to this zone. The holes drilled at Bélé East extended the known mineralization, however grades were weaker than previously encountered. A Mineral Resource for the Bélé East zone will be estimated in order to determine its viability as additional mill feed for Sissingué and whether tighter Resource drilling is warranted.

An auger drilling program 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 prospects, was completed with 1,554 metres drilled in 219 holes. All assay results were received from this program with negligible results.

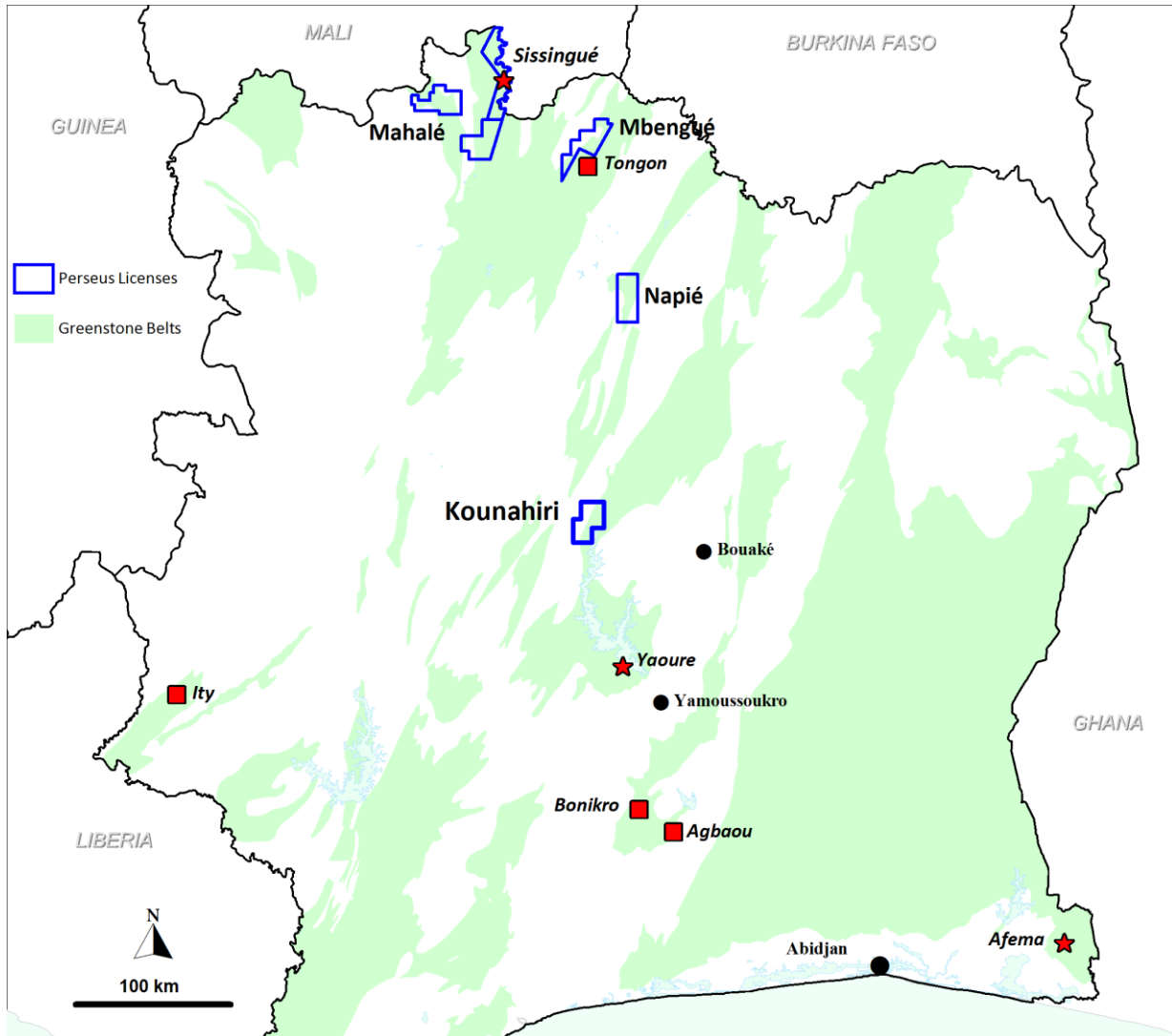
Figure 1. Location of Recent Drilling on the Mahalé Permit, Côte d'Ivoire



New Permits

Perseus has a number of exploration permits under application in Côte d'Ivoire in its own name and under joint venture farm-in arrangements. One of these permits, the Kounahiri permit, was granted during the Quarter to Générale des Mines et Carrières Sarl ("GEMICA"). Perseus has a 93% interest in the permit under a joint venture agreement with Gemica with exploration expenditure being funded solely by Perseus. The 392 square km Kounahiri permit straddles the western margin of the same greenstone belt which hosts Amara Mining plc's Yaoure deposit 80km to the south, in an area where the belt appears to be bending and accordingly is considered to be geologically prospective. A program of reconnaissance stream sediment geochemical sampling will commence on the permit in the December 2015 quarter. Refer to **Figure 2**.

Under its farm-in arrangement with GEMICA, Centash Holdings Pty Ltd ("Centash"), a wholly owned subsidiary of Perseus, has the right to earn a 93% equity in the Kounahiri project before allowance for the 10% carried equity reserved for the Government at the mining stage (83.7% after allowance for the government equity) in exchange for funding the project, with a priority right to recover the funds it invests. Centash may withdraw from the joint venture arrangement at any time and also has an option to acquire half of GEMICA's interest in the project for US\$1 million at any stage.

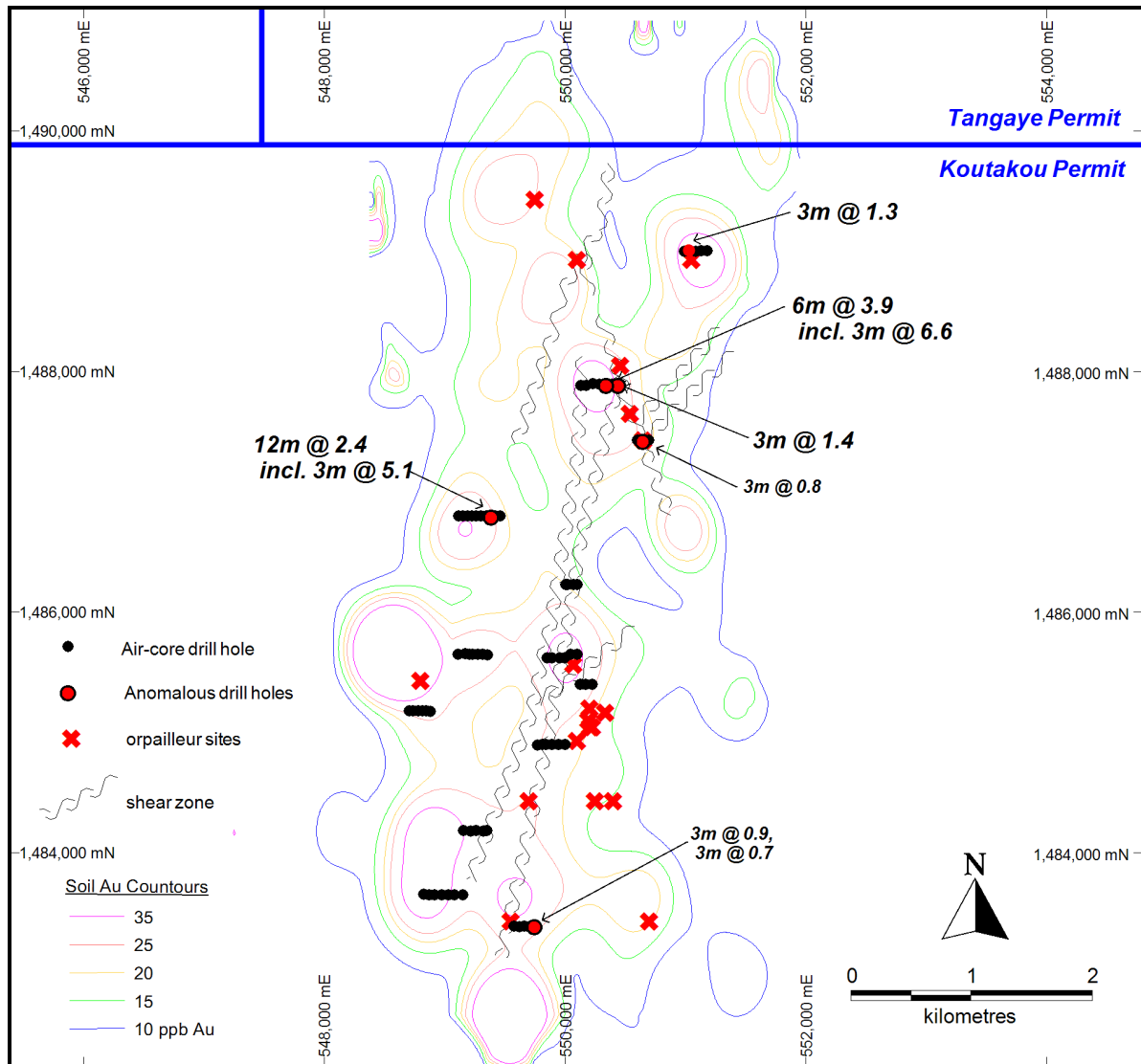
Figure 2. Location of the Kounahiri Permit


Burkina Faso

During the Quarter a total of US\$0.09M 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 metre air-core drilling program was completed on the Koutakou permit during the June 2015 quarter to test a large, low-tenor gold in soil anomaly. The assay results from the drilling program were received during the present quarter and were generally very weak with the exception of several anomalous holes. Refer to **Figure 3** and **Table 2**. The two more significant drill intercepts of 12m at 2.4g/t gold and 6m at 3.9g/t gold are open-ended on strike and warrant follow-up. Following more ground work to include detailed mapping, prospecting, trenching and possibly limited geophysical surveys, further drilling on the Koutakou prospect may be considered next year.

Figure 3. Location of Aircore Drilling, Koutakou Permit, Burkina Faso



Corporate

Working Capital

Perseus's net working capital (i.e. current assets less current liabilities) at 30 September 2015 totalled \$191.2M, an increase of \$13.5M during the Quarter.

Cash, Bullion

Based on the gold price of US\$1,114/oz and an A\$:US\$ exchange rate of 0.6978, the total value of cash and bullion on hand at the end of the Quarter was \$131.8M, approximately \$4.5M more than at the balance of \$127.3M at the end of the June 2015 quarter. In addition, the Perseus group had a further \$13.6M of cash on deposit in escrow accounts providing security for various matters including future environmental commitments.

The group's available cash balance at 30 September 2015 was \$123.4M, which was \$19.7M more than at the end of the previous quarter. In addition, 5,267oz of gold were held either on site, in the process of being refined or in the Company's metal account at Quarter end. Based on the gold price and A\$:US\$ exchange rate at 30 September 2015, this bullion was valued at \$8.4M giving the combined balance of cash and bullion on hand of \$131.8M at Quarter-end.

Gold Sales and Price Hedging

A total of 45,344 ozs of gold were sold during the Quarter into a combination of spot and spot deferred contracts at a weighted average delivered price of US\$1,291/oz (June 2015 Quarter: US\$1,307/oz).

As at 30 September 2015, Perseus's gold price hedging included 149,100ozs of gold sold forward at a weighted average price of US\$1,240/oz. The total hedge position was "in the money" to the extent of \$26.5M as at 30 September 2015.

Third Party Debt

Trade creditors and accruals that will be paid in the ordinary course of business totalled \$40.7M at 30 September 2015, an increase of \$4.4M during the Quarter. Aside from trade creditors, Perseus remained debt free during the Quarter.

Financing plans to fund the Company's capital works programme that currently envisages developing the Sissingué Gold Mine, constructing relocation housing, stripping waste from new mining areas and implementing a range of productivity improvement initiatives at Edikan, are being carefully considered. The previously disclosed plan to borrow up to a total of US\$80M using a corporate debt facility and a revolving line of credit has been reassessed and a revised plan is being formulated which increases reliance on internally generated cash reserves and reduces potential reliance on debt at this point in the gold price cycle. It is expected that the financing plan will be evaluated along with individual investment opportunities at the Company's general corporate strategic review that is scheduled to occur in the December 2015 quarter.

Program for the December 2015 Quarter

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;
- Continue to implement business improvement initiatives across all departments at Edikan;
- Commence construction of houses to relocate former residents of the Eastern Pits mine take area;
- Complete a feasibility study for mining the Esujah South deposit using a selective underground mining method in preference to the currently planned open pit mining method; and
- Complete the current re-assessment of geological datasets with the aim of formulating near mine exploration programmes targeting high grade mineralisation that can be mined using either underground mining or open pit mining methods.

Sissingué Gold Mine Development Project

- Complete early works programme including but not limited to certain site works at Sissingué;
- Continue to engage with all national, regional and local government and community security stakeholders to ensure that peace and security is maintained in the vicinity of Sissingué;
- Review development plans and take a decision regarding the timing of the development of Sissingué. Subject to an affirmative development decision being taken:
 - 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

- Formulate and implement an approved financing plan to ensure that Perseus is adequately funded to undertake all planned capital expenditure without exerting undue pressure on the Company's balance sheet in a volatile gold market.

Jeff Quartermaine
Managing Director and Chief Executive Officer

22 October 2015

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Competent Person 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 that relates to the Mineral Resource for the Fetish, Bokitsi, Esuajah North, Esuajah South, Chirawewa and Dadieso deposits at the EGM 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 and updated in its 2015 Financial Statements released on 31 August 2015. The information in this report that relates to the Mineral Resource for the AF Gap-Fobinso and Mampong deposits at the EGM and to the EGM Ore Reserves was first reported by the Company in compliance with the JORC Code 2012 in a market announcement released on 20 April 2015 and updated in its 2015 Financial Statements released on 31 August 2015. 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 and the attachments that relates to exploration results is based on, and fairly represents, information and supporting documentation prepared by Mr Kevin Thomson, a Competent Person who is a Professional Geoscientist with the Association of Professional Geoscientists of Ontario. Mr Thomson is a consultant of the Company. Mr Thomson has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves') and to qualify as a "Qualified Person" under National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). Mr Thomson has an economic, financial or pecuniary interest in the Company in the form of an immaterial number of shares in the Company and of performance rights issued to him when he was an 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.

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

ATTACHMENT 1 – SEPTEMBER QUARTER 2015 DRILLING RESULTS
Table 1: Mahalé (Bélé Prospects) Exploration Drilling Results

| Hole | Prospect | East (m) | North (m) | Elev. A.M.S.L. | Depth (m) | Azm. (°) | Incl. (°) | From (m) | To (m) | Width (m) | Au g/t |
|---------|----------|-------------|--------------|-------------------|--------------|-------------|--------------|-------------|-----------|--------------|-------------|
| MHRD125 | Bélé E. | 770,370 | 1,136,920 | 370 | 219.5 | 270 | -50 | 125 | 130.52 | 5.52 | 1.1 |
| MHRD126 | Bélé E. | 770,350 | 1,137,000 | 370 | 249.9 | 270 | -50 | 90.9 | 95 | 4.1 | 4.5 |
| | | | | | | | | 100 | 102 | 2 | 14.5 |
| | | | | | | | | 129 | 136 | 7 | 1.4 |
| | | | | | | | | 170 | 184 | 14 | 1.9 |
| | | | | | | | <i>incl.</i> | 182 | 182.9 | 0.9 | 9.4 |
| MHRD127 | Bélé E. | 770,300 | 1,137,080 | 372 | 200 | 270 | -60 | 143 | 147 | 4 | 1.1 |
| | | | | | | | | 158.4 | 169.35 | 10.95 | 1.1 |
| MHRC128 | Bélé E. | 770,102 | 1,137,280 | 373 | 68 | 270 | -50 | | | | N.S.I. |
| MHRD129 | Bélé E. | 770,190 | 1,137,200 | 372 | 180 | 270 | -50 | | | | N.S.I. |
| MHRD130 | Bélé C. | 768,675 | 1,137,655 | 372 | 120 | 165 | -65 | | | | N.S.I. |
| MHRD131 | Bélé W. | 768,380 | 1,137,560 | 374 | 120 | 165 | -65 | 88 | 98.8 | 10.8 | 1.6 |
| MHRC132 | Bélé C. | 768,540 | 1,137,530 | 372 | 60 | 165 | -65 | 26 | 32 | 6 | 1.8 |
| MHRD133 | Bélé C. | 768,510 | 1,137,645 | 372 | 120 | 165 | -65 | 110.4 | 114.8 | 4.4 | 2.9 |
| MHRD134 | Bélé C. | 768,795 | 1,137,665 | 375 | 120 | 165 | -65 | 28 | 30 | 2 | 3.2 |
| MHRC135 | Bélé W. | 767,400 | 1,136,920 | 385 | 60 | 90 | -60 | | | | N.S.I. |
| MHRC136 | Bélé W. | 767,440 | 1,136,920 | 385 | 60 | 90 | -60 | | | | N.S.I. |
| MHRC137 | Bélé W. | 767,480 | 1,136,920 | 385 | 60 | 90 | -60 | | | | N.S.I. |

Drill intercepts > 5 grams X meters with a cut-off of 0.5g/t and internal dilution up to 2m reported

N.S.I. = No Significant Intercept

Table 2: Koutakou (Burkina Faso) Exploration Drilling Results

| Hole | East (m) | North (m) | Elev. A.M.S.L. | Depth (m) | Azm. (°) | Incl. (°) | From (m) | To (m) | Width (m) | Au g/t |
|----------|-------------|--------------|-------------------|--------------|-------------|--------------|-------------|-----------|--------------|------------|
| KOAC0001 | 549,743 | 1,483,394 | 357 | 60 | 270 | -50 | 24 | 27 | 3 | 0.9 |
| | | | | | | | 51 | 54 | 3 | 0.7 |
| KOAC0052 | 549,384 | 1,486,800 | 340 | 52 | 270 | -50 | 18 | 30 | 12 | 2.4 |
| | | | | | | <i>incl.</i> | 21 | 24 | 3 | 5.1 |
| | | | | | | | 48 | 52* | 4 | 0.6 |
| KOAC0061 | 550,646 | 1,487,429 | 354 | 61 | 270 | -50 | 15 | 18 | 3 | 0.8 |
| KOAC0063 | 550,437 | 1,487,894 | 359 | 70 | 270 | -50 | 57 | 60 | 3 | 1.4 |
| KOAC0065 | 550,337 | 1,487,896 | 354 | 79 | 270 | -50 | 45 | 51 | 6 | 3.9 |
| | | | | | | <i>incl.</i> | 45 | 48 | 3 | 6.6 |
| KOAC0073 | 551,029 | 1,489,000 | 348 | 61 | 270 | -50 | 45 | 48 | 3 | 1.3 |
| KOAC0079 | 550,255 | 1,479,205 | 365 | 76 | 270 | -50 | 72 | 76* | 4 | 0.8 |
| KOAC0082 | 550,544 | 1,479,861 | 353 | 64 | 270 | -50 | 39 | 42 | 3 | 0.8 |

Drill intercepts > 2 grams X meters with a cut-off of 0.5g/t and internal dilution up to 2m reported