May 13, 2016

MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended March 31, 2016

This Management's Discussion and Analysis ("MD&A") of Perseus Mining Limited and its controlled entities ("Perseus" or the "Company") is dated May 13, 2016 and provides an analysis of the Company's performance and financial condition for the three months ended March 31, 2016 (the "March 2016 Quarter" or "Quarter").

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, 2015. 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 www.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 86% 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 taken to proceed with an early works program. The Company's 86% interest in the SGP reflects 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 4% owned by local interests.

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As at the date of this report, Perseus has no long term debt obligations. The Company had a commitment to deliver 133,000 ounces of gold at a weighted average gold price of US$1,258/oz under outstanding gold forward sale contracts as at March 31, 2016. (Refer to the section below titled "*Liquidity and Capital Resources*").

OVERVIEW OF THE MARCH 2016 QUARTER

Summary

An offer to acquire all of the outstanding shares in Amara Mining plc ("Amara") by a scheme of arrangement was made during the Quarter. The scheme was approved by Amara's shareholders following the end of the Quarter and took effect on April 18, 2016. As part of the acquisition, Perseus acquired one of West Africa's highest quality development stage projects, the Yaouré Project in Cote d'Ivoire ("Yaouré"), as well as the Baomahun Project in Sierra Leone ("Baomahun"). Perseus now has a development pipeline that will provide opportunity for geopolitical diversity and significant corporate growth in the short to medium term.

An intensive work programme was implemented at the Edikan Gold Mine in Ghana ("Edikan") to adjust grade control techniques to suit geological conditions, and improve the grade of ore delivered to the mill for processing. Work resulted in a 15% improvement in gold production relative to the prior quarter with quarterly gold production of 37,150 ounces. A reduction in tonnes of material mined plus increased blasting due to the transition to mining fresh material and additional one off expenditure on grade control activities resulted in unit mining costs increasing to US$3.14/tonne mined, which was partially offset by a decrease in unit processing costs to US$9.11/tonne milled respectively.

Key production statistics for the Quarter are as shown below in Table 1.

Table 1: Key Production Statistics

Parameter	Unit	March 2016 Quarter	December 2015 Quarter	September 2015 Quarter
Total material mined	bcm	**2,988,374**	3,867,785	3,776,440
	tonnes	**6,488,518**	7,605,825	7,555,548
Waste to ore strip ratio	tonnes:tonnes	**3.3**	4.6	9.8
Ore mined				
• Oxide	tonnes	**324,054**	498,219	272,989
• Primary	tonnes	**1,173,641**	854,309	427,257
Ore grade mined				
• Oxide	g/t gold	**1.21**	0.63	0.68
• Primary	g/t gold	**1.13**	0.95	1.49
Ore stockpiles				
• Quantity	tonnes	**1,792,573**	1,956,773	2,418,200
• Grade	g/t gold	**0.6**	0.5	0.60
Mill throughput	tonnes	**1,661,895**	1,813,921	1,723,294
Milled head grade	g/t gold	**0.85**	0.68	0.93
Gold recovery	%	**82**	81	86
Gold produced	ounces	**37,150**	32,426	44,267

Total ore and waste movement of 2,988,374 bank cubic metres ("bcm") for the Quarter was 23% less than the December 2015 quarter (the "December quarter") of 3,867,785 bcm. Mill head grade at 0.85g/t was 25% higher than the December quarter head grade, while recovery of 82% was 1% higher than the December quarter recovery. The average mill throughput rate of 900 dry tonnes per hour ("dtph") was 6% lower than the December quarter of 956 dtph.

Preparations for the development of the SGP continued during the Quarter with US$3.7 million spent on early capital works programme as a precursor to full-scale project. Full scale development decision is pending following negotiation of an appropriately structured funding package. A development decision is now expected in the June 2016 Quarter. Meanwhile, integrated security and community development programs in the Sissingué area are continuing.

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 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.

Mining

During the Quarter, mining activities took place in Stage 3 and in the Final stage of the Fobinso pit, and Stage 1 of the Fetish and Chirawewa pits. A total of 2,988,374 bcm of ore and waste was mined, 879,411 bcm less than in the December 2015 quarter. The significant majority of the material moved was waste material and with a total of 1,497,695 tonnes of ore (including 22% oxide ore and 78% transitional and fresh ore) being mined (December quarter: 1,352,528 tonnes), resulting in a waste to ore strip ratio of 3.3 for the Quarter. The benefits of the current investment in waste stripping will be reflected in future periods when the stripping ratio will materially decline.

Waste stripping for Stages 3 and Final of the Fobinso pit by the mining contractor, Rocksure International Ltd, resulted in movements of 1,072,102 bcm of material including 118,372 tonnes of fresh/transitional ore grading 1.1g/t on average. The tonnes and the grade of ore mined from Fobinso are scheduled to increase in coming quarters.

In the Fetish and Chirawewa pits, both of which are being mined under contract by African Mine Services, mining volumes were reduced during the Quarter relative to prior periods. This has occurred as part of an intensive programme of work undertaken to improve the reconciliation between the Mineral Resource models for the Fetish and Chirawewa deposits and the grade of ore reporting to the mill. The focus of this programme was on adjusting our grade control practices to better suit the geological conditions that exist in the eastern pits and are materially different from those that exist in the Fobinso and AF Gap Pits which were previously the major sources of ore for Edikan.

Specific attention has been directed towards:

- Use of expanded geological datasets in understanding mineralisation controls
- Alteration, lithology and structures to be included as domains in geological modelling
- Installation of more appropriate grade control modelling software
- Advance grade control scheduling and drilling
- Monitoring blasts and incorporating movement into final dig block mark-outs
- Employing more selective mining of the orebody where complexity necessitates.

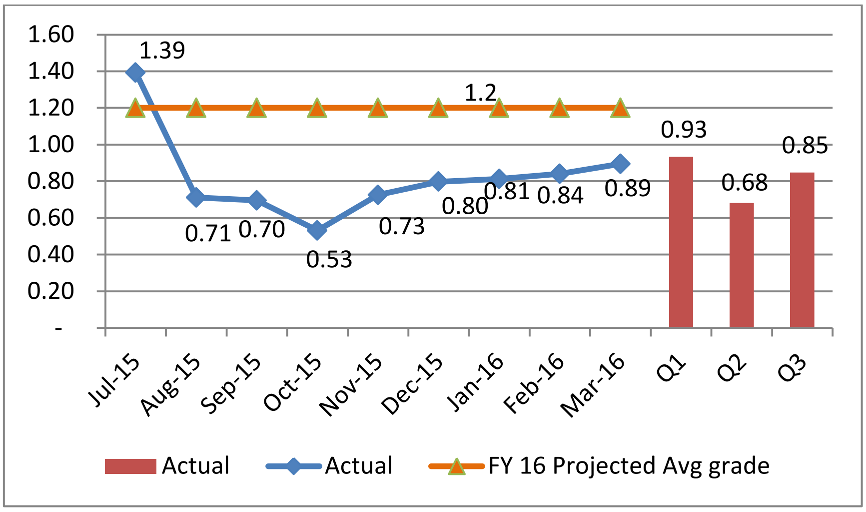
By Quarter end, strong evidence existed of improved reconciliation between the Mineral Resource model and the ore control model and the mill. Now that the implementation of operational improvements is largely complete, further work focus on understanding local variations in geology and grade so that opportunities for potential improvements in grade estimation can be identified and implemented.

During the Quarter, ore stockpiles that included both high and low grade ore (but not mineralised waste) plus crushed ore, decreased by 164,200 tonnes to 1,792,600 tonnes grading 0.6g/t gold on average. The stockpiles contain approximately 34,791 ounces of gold. At the end of the Quarter, the ore stockpiles were made up of approximately 41% oxide ore and 59% transitional/primary ore. Approximately 13% of the remaining stockpiled ore is classified as medium/high grade, containing greater than 0.6g/t gold, while 87% of the ore is classified as low grade containing 0.4 to 0.6g/t gold. This is an increase of 5% in high grade ore relative to the end of the December quarter reflecting the need to displace (and stockpile) high grade transitional ore by low grade fresh ore in the mill feed blend in order to maintain the required mill weight at all times.

Processing

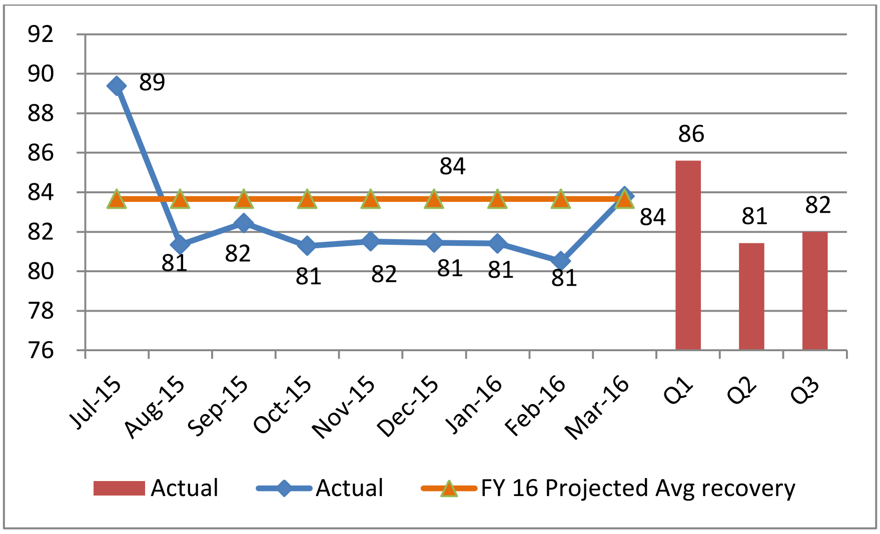
During the Quarter, a total of 37,150 ounces of gold were recovered at Edikan by processing 1,661,895 tonnes of ore grading on average 0.85g/t gold. This period-on-period gold production, which is 15% greater than in the prior period, reflects an 8% decrease in tonnes of ore processed offset by a 25% increase in the head grade of ore processed and a 1% improvement in recovery.

Figure 1: Head Grade (g/t) of Mill Feed



As noted, notwithstanding that the grade of ore mined improved during the Quarter due to improved grade control practices, the increase in the grade of ore processed was slightly lower than the mined grade. This is due primarily to having to displace high grade transitional ore with low grade fresh ore in the mill feed blend in order to maintain the required mill weight. It should be noted that the higher grade transitional material that was displaced was stockpiled (i.e. the high grade ore is not lost, but processing of the ore has been deferred until later in the processing schedule in a blend with freshly mined and higher grade fresh ore.)

Figure 2: Gold Recovery (%)



Crusher run time during the Quarter improved slightly relative to the prior period mainly as a result of reduced maintenance shutdowns of the crusher and associated conveying equipment. Offsetting the benefits of the additional run time, throughput rates have decreased during the Quarter by 7% to 1,368dtph as a result of a reduction in the proportion of softer transitional ore relative to harder fresh ore being crushed. The average blend of ore processed during the Quarter included 92% fresh ore and 8% oxide ore, which contrasts with the 85%-15% fresh/oxide blend processed in the December 2015 quarter.

Edikan's SAG mill operated for 85% of the time during the Quarter at a throughput rate of 900dtph resulting in 1,661,895 tonnes of ore being processed. This quantity was 8% lower than the prior quarter, which is the result of runtime being down 1% and the throughput rate being down 6% relative to the prior quarter respectively.

The following key plant operating statistics were recorded during the Quarter:

Table 2: Plant Performance Statistics

	March 2016 Quarter	December 2015 Quarter	Change
Crusher			
Run time (%)	**47**	45	Up 4%
Hourly throughput rate (wmt)	**1,368**	1,471	Down 7%
Oxide Circuit			
Run time (%)	**42**	75	Down 44%
Hourly throughput rate (t)	**148**	163	Down 9%
SAG Mill			
Run time (%)	**85**	86	Down 1%
Hourly throughput rate (dmt)	**900**	956	Down 6%
Gold recovery rate (%)	**82**	81	Up 1%

Production Costs

During the Quarter, approximately 53% of Edikan's production costs were incurred by the mining department (47% in the December 2015 quarter) while 39% was incurred by processing and maintenance (43% in the December 2015 quarter), with the balance funding general and administration ("G&A") functions. The unit operating costs achieved during the Quarter are shown in Table 3.

Table 3: Unit Costs

Unit Cost		March 2016 Quarter	December 2015 Quarter	September 2015 Quarter
Mining[1]	US$/t mined	**3.14**	2.45	2.35
Processing	US$/t milled	**9.11**	9.28	9.10
G & A	US$/t month	**0.95**	1.34	1.42

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 quarter-on-quarter increase in unit mining costs occurred as a result of a 15% reduction in tonnes of material mined plus additional one-off expenditure on grade control activities, including the engagement of specialist grade control consultants and the purchase of new grade control software licences. The increase in mining unit costs was partially offset by a decrease in unit processing costs to US$9.11/tonne processed. This improvement occurred notwithstanding the fact that the quantity of ore processed also decreased by 8%. Given the softer nature of transitional ore fed to the mill, the use of power and grinding media was reduced during the period. On-site unit G&A costs also fell during the Quarter to US$0.95/tonne. This reduction is largely a function of the timing of payments rather than fundamental cost reductions.

Taking all of the above into account, combined with the 15% increase in gold production during the Quarter, production costs for the Quarter amounted to US$1,034/oz, a 15% decrease relative to the prior period.

All-in Site Unit Costs

As planned during the Quarter, expenditure on sustaining and development capital increased from US$118/oz in the December 2015 quarter to US$322/oz this Quarter. This material increase reflects an acceleration of the construction of infrastructure and relocation housing required for mining access to some of the Fetish, Chirawewa and Esuajah North deposits as well as the cost of acquiring additional power generation units. When installed on the site, these units will have the capacity to provide Edikan with 100% of its power requirements and provide the mine with total independence from the Ghanaian power grid. It is intended that power will still be purchased from the grid, however, if for some reason the grid power supply is interrupted, Edikan will be in a position to continue to operate, powered by self-generated electricity.

After taking production, royalties, development and sustaining capital expenditure into account, Edikan's AISC for the Quarter were US$1,441/oz, slightly above the all-in site costs for the December 2015 quarter. If as forecast, gold production increases in future periods, AISC are expected to materially reduce.

Table 4: Key Quarterly Financial Statistics - EGM

Parameter	Units	March Quarter 2016	December Quarter 2015	September Quarter 2015	June Quarter 2015
Gold produced	ounces	**37,150**	32,426	44,267	64,669
Total gold sales[1]	ounces	**36,355**	32,616	45,344	63,308
Average sales price	US$/oz of gold sold	**1,190**	1,247	1,291	1,307
Mining cost	US$/t material mined	**3.14**	2.45	2.35	4.28
Processing cost	US$/t ore milled	**9.11**	9.28	9.10	10.73
G & A cost	US$M/month	**0.95**	1.34	1.42	1.36
All-In Site Cash Cost					
Gold production cost:					
Production cost	US$/oz	**1,034**	1,216	851	560
Royalties	US$/oz	**85**	74	133	39
Sub-total	US$/oz	**1,119**	1,290	984	599
Sustaining capital	US$/oz	**322**	118	76	86
Total All-In Site Cost	US$/oz	**1,441**	1,408	1,060	685

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	-15.0%	28.0%	9.0%
Processing	-8.0%	-2.0%	-10.0%
Cash production costs	15.0%	-15.0%	-3.0%
Sustaining capital	15.0%	173.0%	213.0%
All-in Site Costs	15.0%	2.0%	17.0%

FY2016 Production and Cost Guidance

As a result of high capital expenditure on relocation housing and plant modifications including a power plant upgrade, grade control issues noted above, and the need to substitute fresh ore of a lower grade for higher grade transitional ore, and more recently, unscheduled maintenance shutdowns, Perseus has revised its production and cost guidance for the Half Year and Full Year ending June 30, 2016 as follows:

Table 6: FY 2016 Production and Cost Guidance

Parameter	Units	December 2015 Half Year	June 2016 Half Year	Financial Year 2016
Gold Production	Ounces	76,693	75,000-90,000	152,000-167,000
All-In Site Cash Costs	US$/oz	1,208	1,350-1,550	1,300-1,400

Gold Sales and Price Hedging

A total of 36,355 ounces of gold were sold during the Quarter into a combination of spot and spot deferred contracts at a weighted average delivered price of US$1,190/oz (December 2015 quarter: US$1,247/oz).

As at March 31, 2016, Perseus's gold price hedging included 133,000 ounces of gold sold forward at a weighted average price of US$1,258/oz. The total hedge position was "in the money" to the extent of $3.7 million as at March 31, 2016.

Relocation Housing Project

All works, including civil and infrastructure works, are on or near schedule to construct the replacement houses required to relocate current residents of the Eastern Pits and Esuajah North blast zones. Construction of the houses required for both the Eastern Pits residents and Esuajah North residents is scheduled for completion by the end of December 2016. The forecast cost to complete the Eastern Pits and Esuajah North relocation housing is now expected to be less than the previously announced budget of approximately US$23 million.

EGM Mineral Resources

An updated Mineral Resource estimate for Edikan was prepared by independent consultant, RungePincockMinarco ("RPM") in accordance with the JORC Code – 2012 Edition on May 1, 2014, and updated in March 2015 and December 2015 to allow for additions to the Chirawewa and Mampong deposits respectively. The estimate below in Table 7 includes Measured and Indicated Mineral Resources totalling 144.8Mt grading 1.1 g/t with contained gold of 5.085 million ounces, plus a further 61.4Mt grading 1.0g/t containing 2.00 million ounces of Inferred Mineral Resources, has been amended by Perseus for depletion up to February 29, 2016 to allow for mining in the Fobinso, Fetish and Chirawewa pits.

Table 7: Edikan Mineral Resources as at March 1, 2016

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	28.0	1.1	951	23.7	0.9	677	51.7	1.0	1,628	28.4	0.8	729
Bokitsi	0.7	3.7	86	0.9	2.4	67	1.6	3.0	153	0.8	1.9	49
Fetish	11.9	0.9	360	17.4	1.2	684	29.3	1.1	1,044	11.3	1.2	453
Chirawewa	2.0	1.0	61	4.2	1.3	170	6.2	1.2	231	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	128	2.1	1.0	65
Total	**69.2**	**1.1**	**2,503**	**75.5**	**1.1**	**2,583**	**144.8**	**1.1**	**5,085**	**61.4**	**1.0**	**2,004**

Notes:

1. Based on the December 2015 (Mampong), March 2015 (Chirawewa) and May 2014 (other deposits) Mineral Resource estimation.
2. Last updated in March 2016 allowing for mining depletion to 29 February 2016.
3. 0.4g/t gold cut-off applied.
4. Estimate has been rounded to reflect accuracy.
5. The boundary between Mineral Resources included in the Fetish and Bokitsi pits has been modified since calculation of the March 2015 Mineral Resource. The northern portion of the mineralised material that was previously included in the Bokitsi estimate is now included as part of the Fetish estimate.

EGM Mineral Reserves

The updated Ore Reserves summarised below in Table 8 are based on the re-estimated Edikan Mineral Resource, pit optimisation, design and scheduling, and are also reported in accordance with the JORC code.

The updated Proved and Probable Mineral Reserves for Edikan were estimated as 58.4 Mt of ore grading 1.2 g/t of gold and containing approximately 2.275 million ounces of gold as at March 1, 2016. Details of these estimates are shown in Table 8.

Table 8: Edikan's Proved and Probable Ore Reserves as at March 1, 2016

Deposit	Proved Reserves			Probable Reserve			Proved + Probable Reserves		
	Quantity Mt	Grade g/t gold	Gold Koz	Quantity Mt	Grade g/t gold	Gold Koz	Quantity Mt	Grade g/t gold	Gold Kozs
AF Gap - Fobinso	13.3	1.2	510	2.0	1.0	63	15.3	1.2	573
Fetish	7.4	1.0	236	6.9	1.4	323	14.3	1.2	559
Chirawewa	1.7	1.0	54	2.6	1.3	111	4.3	1.2	165
Bokitsi	0.6	3.5	69	0.2	1.9	9.0	0.8	3.2	79
Esuajah North	11.5	1.0	360	3.8	0.9	114	15.3	1.0	475
Esuajah South	5.8	1.8	334	0.9	1.9	57	6.7	1.8	391
Stockpile	1.8	0.6	33	-	-	-	1.8	0.6	33
Total	**42.1**	**1.2**	**1,597**	**16.4**	**1.3**	**678**	**58.4**	**1.2**	**2,275**

Notes:
1. Estimate has been rounded to reflect accuracy
2. All the estimates are on a dry tonne basis
3. Based on March 2016 Mineral Resource estimation
4. Variable gold cut-off grade based on material type
5. Inferred Mineral Resource is treated as mineralised waste
6. Calculated in March 2016 and allows for mining depletion up to and including February 29, 2016

Updated Life of Mine Plan

Based on the Mineral Reserves stated above, the updated life of mine production profile for Edikan is forecast as shown in Table 10 below. In summary, in the eight years of production between FY2017 and FY2024 inclusive, annual gold production will average approximately 222,000 ounces at weighted average approximate all-in site cost of US$865/oz. Compared to the April 2015 LOMP, the updated LOMP results in the following changes to the plan relative to the prior version. Note that the data tabulated below in Table 9 for the April 2015 LOMP has been adjusted for the period prior to July 1, 2016 to provide a valid basis for comparison with the current LOMP.

Table 9: Overview Key Parameters of the updated LOMP

Parameter	Units	2016 LOMP[1]	2015 LOMP[2]	% Change
Mining				
Waste mined	Mt	151.4	193.3	(22)
Ore mined	Mt	47.7	48.4	(1)
Strip ratio	t:t	3.2	4	(20)
Total contained gold	'000 ounces	1,887	1,923	(2)
Open pit mine life	years	7.5	7.0	7
Processing				
Total gold recovered	'000 ounces	1,663	1,735	(4)
Average LOM production	'000 ounces/annum	222	246	(10)
Average LOM head grade	g/t	1.1	1.2	(8)
Average gold recovery rate	%	88.1	89.7	(2)
Operating and Capital Costs				
Average mining costs	US$/tonne mined	3.37	3.31	2
Average processing costs	US$/tonne processed	8.72	9.06	(4)
Average G & A costs	US$/tonne processed	2.26	2.43	(7)
Royalty	US$/ounce	81	82	(1)
Sustaining capital	US$M	43.9	75.4	(42)
All-in site costs	US$/ounce	865	911	(5)

Notes:
1. LOMP commences July 1, 2016 and ends December 31, 2023
2. FY2016 omitted from 2015 LOMP for comparison purposes

In summary, the key highlights and assumptions of the updated LOMP include:

- Net present value ("NPV") of Edikan's forecast cash flows has increased to US$287 million (or A$0.46 per share[1]) at a gold price of US$1,200 per ounce after applying a 10% real discount rate

- A decrease of 10% in the forecast average all-in site cost ("AISC")[2] in the next 5 years from July 1, 2016 to June 30, 2022 to US$920 per ounce and an 8% decrease in the average AISC to US$865 per ounce over the LOMP

- Operating efficiencies achieved over past 3 years will be maintained and further works are planned to deliver incremental efficiency improvements, enhancing Perseus's ability to execute the updated LOMP. These include:

- Progressive removal of "bottle necks" in the processing plant to improve operability and plant run time, reduce operating costs and frequency of maintenance shutdowns

- Completion of the installation of a diesel fired power station to provide flexibility of generating power internally or drawing power from the national power grid to mill run time

- Development of the Esuajah South open pit has been deferred with limited impact to the forecast production schedule but provides positive commercial impacts including:

  - A US$31M (42%) decrease in sustaining capital with US$44 million now required compared to US$75 million in the corresponding period in the previous LOMP

  - FY2018 now represents a highly cash generative year with an additional US$43 million net after tax cash flow generated compared to the previous LOMP

  - Optionality remains to reintroduce the development of the Esuajah South deposit using underground mining techniques later in the mine life

  - Additional cash will be available for allocation to the more productive investments in Perseus's growth pipeline including the Yaouré Gold Project in Cote d'Ivoire

Notes:
1. Based on expanded post-merger capital base of 815.206 million shares.
2. All-In Site Costs include direct production costs, royalties, investment in waste stripping and sustaining capital expenditure. It does not include exploration expenditure, income taxes or corporate costs

Table 10: Annualised Key Parameters of the updated LOMP

Parameter		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Total
PRODUCTION										
Ore mined	Mt	7.5	11.3	11.2	7.6	6.0	4.0	0.1	-	**47.7**
Waste mined	Mt	42.0	40.7	35.8	19.7	11.5	1.7	-	-	**151.4**
Total Material Mined	Mt	49.5	52.0	47.0	27.3	17.5	5.7	0.1	-	**199.1**
Strip ratio	t:t	5.6	3.6	3.2	2.6	1.9	0.4	-	-	**3.2**
Unit mining costs	US$/t mined	3.06	3.27	3.34	3.59	3.48	4.34	34.88	-	**3.37**
Ore processed	Mt	7.2	7.6	7.4	7.0	7.3	7.7	6.1	3.4	**53.8**
Head grade	g/t gold	1.1	1.3	1.4	1.3	1.1	0.9	0.7	0.6	**1.1**
Recovery	%	86.0	88.4	89.1	89.1	87.4	87.6	89.4	88.3	**88.1**
Gold production	**'000ozs**	**226**	**282**	**303**	**253**	**223**	**203**	**118**	**55**	**1,663**
COSTS										
Unit mining costs	US$/t mined	3.06	3.27	3.34	3.59	3.48	4.34	34.88	-	**3.37**
Unit processing costs**	US$/t milled	8.71	8.38	8.62	9.05	8.66	8.26	9.74	8.41	**8.72**
Unit G&A costs	US$/t milled	2.67	2.53	2.59	2.75	1.98	1.88	1.76	1.38	**2.26**
Production cash costs[1]	US$/oz	1,033	896	793	713	619	506	644	655	**758**
Royalties	US$/oz	82	81	81	81	81	81	81	81	**81**
Sustaining capital costs[2]	US$/oz	92	19	7	15	11	23	9	68	**26**
Total all-in site cash cost	**US$/oz**	**1,207**	**996**	**881**	**809**	**711**	**610**	**734**	**804**	**865**
[1]Includes mining (incl. all waste stripping), processing, general and administration cash costs										
[2]Sustaining capital includes:										
Access* to all mining areas	US$M	10.482	-	-	-	-	-	-	-	**10.482**
Mining infrastructure	US$M	-	-	-	1.225	0.500	-	-	-	**1.725**
Processing infrastructure	US$M	7.400	2.000	1.500	1.500	1.000	1.000	0.500	-	**14.900**
G&A sustaining	US$M	0.500	0.500	0.500	0.500	0.500	0.500	0.500	-	**3.500**
Tailings storage facility	US$M	2.500	2.943	-	-	-	-	-	-	**5.443**
Reclamation & Closure	US$M	-	-	-	0.466	0.476	3.156	-	3.741	**7.839**
Total sustaining capital	**US$M**	**20.882**	**5.443**	**2.000**	**3.691**	**2.476**	**4.656**	**1.000**	**3.741**	**43.889**

Notes:

* *Access costs include the cost of all forms of compensation to be paid to landholders, acquisition, and development costs for relocation housing including civil works, house construction and project management*

** *Excludes cost of transporting and refining bullion at US$0.04 per ounce*

Valuation of cash flows and sensitivity analysis

Based on the LOM production and cost parameters, the NPV of the cash flows forecast to be generated by Edikan at a US$1,200 per ounce gold price is estimated at US$287 million or A$0.46 per share based on our expanded issued capital following the recent acquisition of Amara Mining plc.

The sensitivity analysis shown below in Table 11 summarises the sensitivity of this valuation to movements in both the gold price and real discount rates. Within an expected short term trading range of US$1,100 per ounce to US$1,300 per ounce, the economics of the project remain robust.

Table 11: Edikan Valuation

NET PRESENT VALUE (US$M) OF EDIKAN'S FORECAST CASHFLOWS			
Discount Rate (%)	Gold Price		
	US$1,100/ounce	US$1,200/ounce	US$1,300/ounce
6.50	245	324	402
8.25	230	305	379
10.00	215	287	357

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 86% interest in the SGP, with (as if it had been granted) a 10% free carried interest owned by the Ivorian government and the remaining 4% owned by local interests.

Project Implementation

The development of Sissingué provides Perseus with a relatively low cost, low technical risk opportunity to pursue its strategy of diversifying its production base by establishing a second financially robust, producing mine in Côte d'Ivoire. Furthermore, by advancing the development of Sissingué in the development schedule ahead of the larger Yaouré Gold Project, Perseus expects not only to have additional cash flow available to finance Yaouré when it is ready to proceed to development, but also Perseus will have established a development team with current "hands on" development experience that can be applied immediately to the development of Yaouré.

During the Quarter, Perseus advanced towards a development decision by undertaking the following:

- Completion of a well-structured programme of early works, including a material part of the front end engineering and design (FEED) programme, 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.

- Continued its programme of community engagement that involved engagement with all national, regional and local government and local 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.

- Advanced discussions of a financing package for the funding of the Sissingué development. The aim is to fund the project development through a combination of Perseus's existing cash resources, term bank debt and mezzanine debt. By the end of the Quarter, discussions were well advanced and funding partners are expected to be agreed shortly with documentation to follow.

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 was 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 12 and Table 13.

Table 12: 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 13: 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 14:

Table 14: 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.

Corporate

Acquisition of Amara Mining plc

On February 29, 2016, Perseus announced that the Boards of Perseus and London Stock Exchange-listed Amara had reached agreement on the terms of a recommended combination of Perseus and Amara via a UK scheme of arrangement.

Under the proposal, Amara shareholders were entitled to receive 0.68 new Perseus shares and 0.34 unlisted, transferable Perseus warrants for every Amara share held. The warrant entitles the holder to subscribe for one Perseus share at A$0.44 (a premium of 32.8% to the 20-day VWAP of Perseus when the deal was agreed) for a period of 36 months. This represented a combined premium for Amara shareholders of 42.2% to Amara's mid-market closing price on Friday February 26, 2016 or 28.3% to Amara's 20-day VWAP. The value of the warrants represents an additional premium of approximately 14.5% to Amara's mid-market closing price of 10.3 pence on February 26, 2016.

Subsequent to the end of the Quarter on April 8, 2016, the Amara shareholders voted overwhelmingly to approve the Scheme of Arrangement. On April 15, 2016 the High Court of Justice in England and Wales sanctioned the scheme of arrangement and it became effective from April 18, 2016.

A total of 286,101,744 new Perseus shares were then issued to the owners of Amara's shares and, as a result, ownership of Perseus is now, before the exercise of any warrants, in the ratio of 64.9% original Perseus shareholders, and 35.1% new (former Amara) shareholders. In the event that all of the warrants are exercised in full, Perseus will benefit from additional equity funding of approximately $62.9 million (approximately US$45.0 million) and the relative ownership would become 55.2% original Perseus shareholders and 44.8% new (former Amara) shareholders.

Following the completion of the transaction, Perseus now has:

- A balanced and diversified portfolio of high quality operating, development and exploration assets that includes the Edikan, Sissingué, Yaouré and Baomahun projects;

- A strong balance sheet that can be utilised together with strong projected cash flows from Edikan (following the end of the 2017 financial year) to fund the development of Sissingué and Yaouré;

- An experienced mine construction and operating team, combined with members of the current management team that oversaw the construction and delivery of Edikan into production on time and under budget, and an existing development presence in Côte d'Ivoire;

- A highly capable and reliable Board and management team that has many years of collective experience operating in West Africa and other developing regions;

- Well established "social licences" to operate in Ghana, Côte d'Ivoire and Sierra Leone.

Short to Medium Term Corporate Strategy

In the short to medium term, Perseus will execute its corporate strategy of seeking to derive cash flows from multiple mining operations located in a range of different geopolitical settings within West Africa by focussing on the following:

- Continuing to ensure that Edikan performs to plan. To this end, after the end of the Quarter on April 18, 2016, an update Life of Mine Plan for Edikan was published that forecast:
    - Gold production averaging 222,000oz/annum over Edikan's entire remaining 7.5 years mine life including production of approximately 258,000oz/annum for the next 5 years;
    - A decrease of 10% in the forecast average AISC[1] in the next 5 years from July 1, 2016 to June 30, 2022 to US$920/oz and an 8% decrease in the average AISC to US$865/oz over the LOMP.

- Committing to the full scale development of Sissingué as soon as financing arrangements are finalised. This is expected to occur during the June 2016 quarter and result in production of gold from Sissingué around mid-2017. The development is expected to be funded through a combination of Perseus's existing cash resources, term bank debt and mezzanine debt;

- Complete a Definitive Feasibility Study ("DFS") for Yaouré during the June 2017 quarter and proceed to commence development of Yaouré as soon as licencing and financing is complete. Based on preliminary estimates, this is expected to occur by mid-2018 with construction to be completed and gold production commencing approximately 18 months later;

- Develop Perseus's organisation to ensure that it has the required human resources available to effectively and efficiently execute its corporate strategy. Perseus acknowledges that it is an ambitious plan to transition from a single-mine, single-country operation to a multi-mine, multi-country operation within five years. However, with selective additions to the Company's already strong Board and management team, the Company is confident that the plan can be executed and material value can be delivered to its expanded shareholder base.

Notes:
1. All-In Site Costs include direct production costs, royalties, investment in waste stripping and sustaining capital expenditure. It does not include exploration expenditure, income taxes or corporate costs

Expansion of the Board of Directors

Following the completion of the acquisition of Amara on April 18, 2016, two former directors of Amara, Messrs John McGloin and Alex Davidson have joined the Board of Perseus as non-executive directors. This expands the Board to a total of 7 directors including 5 non-executives and 2 executive directors.

Messrs John McGloin and Alex Davidson bring a wealth of highly regarded, international mining experience to the Perseus board.

John McGloin is a geologist by background with hands-on African experience. A UK resident, he led the top rated Extel mining team in London before returning to industry as Chairman and Chief Executive Officer of Amara.

Alex Davidson is also a geologist with more than 25 years' experience in gold and base metal exploration. A Canadian resident, Alex is widely regarded as one of the leading technical directors in the mining world. He is currently serving on several resource company boards. As an executive he served with distinction as Executive Vice President of Exploration and Development for Barrick Gold.

Third Party Debt

Aside from trade creditors and accruals of $51.4 million incurred in the ordinary course of business, Perseus remained debt free during the Quarter.

COMPANY OUTLOOK FOR THE QUARTER ENDING JUNE 30, 2016

Based on current work scheduled for the quarter ending June 30, 2016 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 implement improved grade control practices and investigate potential opportunities for improvements in grade estimation;
- 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 including the installation of a power plant on site at Edikan;
- Continue construction of houses to relocate former residents of the Eastern Pits mine take area;
- 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 Project

- Finalise funding arrangements for the Sissingué development and commence full scale construction of the mine and associated infrastructure;
- 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;

- Publish a Mineral Resource and Ore Reserve statement for the Bélé deposit, which is located within trucking distance of the proposed Sissingué mill site; and
- Continue exploration on the Mahalé exploration licence and at Sissingué.

Yaouré Gold Project

- Start work on preparing a DFS for Yaouré, commencing with the planning and execution of a 42,000 metre drilling programme designed to confirm Mineral Resource estimates as a basis for mine optimisation;
- Obtain an approved ESIA for Yaouré

Baomahun Gold Project

- Undertake a thorough review of existing data associated with the Baomahum Gold Project, including an extended site visit by Perseus's exploration team, to assess the potential of the Project and commence planning the way forward.

Corporate

- Finalise the acquisition of Amara and integrate the two companies;
- Undertake an investor relations programme to ensure that the market is fully informed of the details of Perseus's strategy and the growth potential of the enlarged Perseus group; and
- Examine the merits of listing Perseus's shares on the London Stock Exchange to service investors who have joined the Perseus share register following the acquisition of Amara.

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 eight most recent quarters are as follows:

Operating results[1] for the three months ended	**Mar 31 2016**	**Dec 31 2015**	**Sep 30 2015**	**Jun 30 2015**	**Mar 31 2015**	**Dec 31 2014**	**Sep 30 2014**	**Jun 30 2014**
Total revenue	49.502	67.559	81.552	105.444	85.890	70.466	71.702	64.595
Net (loss) / profit after tax	(17.920)	(23.838)	35.810	20.859	30.141	18.436	22.731	(12.034)
Basic (loss) / profit per share (cents)	(3.37)	(4.34)	6.63	3.55	5.44	3.45	4.24	(2.25)

Notes:
1. All amounts shown above are in millions of dollars

The operating results for the March 2016 Quarter included revenue earned from the sale of precious metals (March 2016 Quarter: $49.223 million; March 2015 quarter: $85.749 million) less the cost of the goods sold (March 2016 Quarter: $39.577 million; March 2015 quarter: $46.281 million). The decrease in total revenue, from $67.559 million in the December 2015 quarter to $49.502 million in the March 2016 Quarter, is a result of, a decrease in average USD sales prices (March 2016 Quarter: US$1,190/oz; December 2015 quarter: US$1,247/oz) and the appreciation of the AUD relative to the USD during the period, offset by higher gold sales (March 2016 Quarter: 36,355 ounces; December 2015 quarter: 32,616 ounces).

During the March 2016 Quarter a foreign exchange loss ($12.947 million) was recognised (March 2015 quarter: gain of $14.205 million) arising from an appreciation of the AUD relative to the USD during the period (March 31, 2016: 0.7670; December 31, 2015: 0.7300).

In addition, the result includes interest revenue (March 2016 Quarter: $0.279 million; March 2015 quarter: $0.141 million), depreciation and amortisation (March 2016 Quarter: $13.205 million; March 2015 quarter: $12.321 million), administration and corporate overheads (March 2016 Quarter: $1.921 million; March 2015 quarter: $1.288 million).

DISCUSSION OF FINANCIAL CONDITION

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:	**Mar 31 2016**	**Dec 31 2015**	**Sep 30 2015**	**Jun 30 2015**	**Mar 31 2015**	**Dec 31 2014**	**Sep 30 2014**	**Jun 30 2014**
Cash and cash equivalents	66.298	94.641	123.414	103.741	77.807	43.087	44.321	36.937
Total assets	669.393	717.427	760.356	697.826	673.350	627.497	595.114	562.022
Total liabilities	117.451	124.295	126.083	114.604	107.786	93.511	89.743	95.413
Net assets	551.942	593.132	634.273	583.222	565.564	533.986	505.371	466.609

Notes:
1. All amounts shown are in millions of dollars

Total assets
Total assets have decreased during the March 2016 Quarter by $48.034 million (December 2015 quarter decrease of $42.929 million). The March 2016 Quarter decrease is due to a decrease in current assets of $53.856 million offset by an increase in non-current assets of $5.822 million. Details of movements in specific accounts follow.

Cash and cash equivalents
At March 31, 2016, the Company had available cash or cash equivalent resources of $66.298 million plus a further $12.345 million of restricted funds on deposit securing environmental obligations. This cash balance represents a decrease relative to the position as at December 31, 2015 ($94.641 million plus restricted cash of $12.968 million). The decrease in cash reserves of $28.343 million during the March 2016 Quarter is due to a decrease in inflows from the sale of gold and silver during the period along with payments associated with capital work in progress and operation of the EGM, capital of the SGP early works programme, purchase of other fixed assets and payments for exploration and administration activities.

The net decrease in cash reserves of $28.343 million during the March 2016 Quarter is discussed in some detail in the "Discussion on Cash flows".

Receivables
At March 31, 2016, the Company's current receivables were $39.052 million (December 31, 2015: $29.838 million) while non-current receivables amounted to $12.345 million (December 31, 2015: $12.968 million). The increase in current receivables during the March 2016 Quarter relative to the prior quarter is a result of the timing of gold sales and the receipt of debtor payments. The decrease in non-current receivables is due to the effect of the appreciation of the AUD relative to the USD during the period on the restricted funds on deposit.

Inventory
At March 31, 2016, the Company held inventories of $54.636 million (December 31, 2015: $46.445 million). The net increase in inventory during the March 2016 Quarter ($8.191 million) relative to the position at December 31, 2015, is the result of an increase in gold in circuit, ROM and crushed ore stockpiles, offset by a decrease in materials and supplies and the appreciation of the AUD relative to the USD during the period.

Property, plant and equipment
At March 31, 2016, the Company recognised on its balance sheet a total of $223.475 million for property, plant and equipment ("PP&E") (December 31, 2015: $215.267 million).

The Company capitalised $21.041 million of expenditure on PP&E during the March 2016 Quarter before expensing depreciation of $4.606 million. Due to the depreciation of the USD against the AUD, an $8.227 million foreign exchange loss was recorded against PP&E during the March 2016 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 March 31, 2016, the Company recognised mine properties of $221.193 million on its balance sheet (December 31, 2015: $233.259 million). During the March 2016 Quarter, $7.442 million of expenditure of Mine Properties (most of which relates to deferred waste accounting entry) has been capitalised and $8.599 million of amortisation has been expensed. In addition, the net depreciation of the USD against AUD during the period referred to above gave rise to $10.909 million foreign exchange loss being recorded against mine properties.

Exploration and evaluation expenditure
At March 31, 2016, the Company recognised mineral interest acquisition and exploration expenditure of $41.919 million on its balance sheet (December 31, 2015: $41.717 million).

The Company capitalised $1.784 million of exploration and evaluation expenditure incurred on its Ghanaian and Ivorian exploration tenements during the March 2016 Quarter ($1.480 million in the December 2015 quarter) and wrote off nil (December 31, 2015: $4.844 million) due to the assessed complexity of developing specific exploration properties in Ghana. In addition, a foreign exchange loss of $1.582 million was recognised during the March 2016 Quarter.

Prepayments
At March 31, 2016, the Company recognised prepayments of $4.476 million on its balance sheet (December 31, 2015: $6.250 million). The decrease in prepayments during the March 2016 Quarter reflects the normal commercial activity associated with the EGM.

Available for sale financial assets
At March 31, 2016, the Company recognised available for sale financial assets of $2.320 million on its balance sheet (December 31, 2015: $1.714 million). The increase in available for sale financial assets during the March 2016 Quarter is due to a gain on the mark-to-market revaluation of the investment in Burey offset by a loss on the mark-to-market revaluation of the investment in Manas.

Derivative financial instruments
As at March 31, 2016, the Company held cash flow designated hedge contracts for 126,000 ounces of gold and recorded an asset of $3.388 million (December 31, 2015: nil) on its balance sheet. The movement in mark-to-market value has been recorded as equity. $3.388 million has been classified as a current asset as these hedge contracts settle within twelve months of balance date (December 31, 2015: 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 7,000 ounces of gold and recorded an asset of $0.291 million (December 31, 2015: 120,267 ounces of gold and recorded an asset of $35.328 million) on its balance sheet. The movement in mark-to-market value has been recorded in the income statement. $0.291 million has been classified as a current asset as these forward contracts settle within twelve months of balance date (December 31, 2015: current asset of $35.328 million).

Total liabilities
As at March 31, 2016, the Company had liabilities totalling $117.451 million compared to $124.295 million at December 31, 2015. The changes in total liabilities during the March 2016 Quarter are attributable to decreases in non-current liabilities of $12.063 million offset by increases in current liabilities of $5.219 million. Details of movements in specific accounts follow below.

Payables
During the March 2016 Quarter, amounts owed to creditors relating mainly to the operation of the EGM, increased to $52.785 million from a total outstanding at December 31, 2015 of $47.566 million.

On a quarter-on-quarter basis, creditors at March 31, 2016 were $5.219 million higher than at the end of the December quarter. The increase relative to the December quarter reflects changes in timing of payment of outstanding invoices in the March 2016 Quarter.

Provision
A provision of $11.822 million as at March 31, 2016 for future rehabilitation work relating mainly to both old and new mining activity at EGM as well as for the long-service entitlement was $0.574 million lower than the amount provided

for at December 31, 2015 of $12.396 million. The change during the March 31, 2016 Quarter reflects a slight decrease in the area requiring rehabilitation as a result of decreased mining activity and a depreciation of the USD against the AUD during the period, as highlighted above.

DISCUSSION ON CASHFLOWS

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	Mar 31 2016	Dec 31 2015[3]	Sep 30 2015	Jun 30 2015	Mar 31 2015	Dec 31 2014	Sep 30 2014	Jun 30 2014[2]
Operating activities	5.764	(4.386)	14.690	38.464	36.326	2.504	8.499	4.033
Investing activities	(27.545)	(16.397)	(9.829)	14.977	(8.738)	(7.829)	(7.671)	(10.220)
Financing activities	-	(0.475)	-	-	(0.002)	-	-	(0.002)

Notes:

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
3. Payments relating to acquisition of minority interest reclassified from investing activities to financing activities

After considering the effects of foreign exchange movements, the Company's cash balance decreased by $28.343 million during the March 2016 Quarter while in the corresponding period in 2015 cash increased by $34.720 million.

Operating activities during the March 2016 Quarter resulted in total cash receipts of $57.504 million (December quarter: $54.243 million) from the sale of precious metals produced at the EGM and $0.225 million (December quarter: $0.186 million) from bank interest that were offset by administration expenses and production expenses at EGM of $51.965 million (December quarter: $58.815 million), giving a net cash inflow for Operating Activities during the period of $5.764 million (December quarter: outflow of $4.386 million). This net cash inflow was $30.562 million less than the corresponding amount in the March 2015 quarter when net inflows associated with Operating Activities totalled $36.326 million. In the March 2015 quarter, there were cash receipts of $90.928 million from the sale of precious metals produced at the EGM and interest received of $0.177 million offset by administration expenses and production expenses of $54.779 million.

Investing activities during the March 2016 Quarter included payments for mine properties of $6.593 million (December quarter: $3.523 million), development expenses at EGM and SGP of $19.197 million (December quarter: $10.751 million), payments relating to exploration in Ghana and Côte d'Ivoire of $1.702 million (December quarter: $1.522 million), investment in fixed assets of $0.007 million (December quarter: $0.601 million) and investment in listed entities of $0.046 million (December quarter: nil), that generated a net cash outflow of $27.545 million (December quarter: $16.397 million). In the corresponding March 2015 quarter, investing activities included payments for mine properties ($2.424 million), payments for development of EGM and SGP ($4.449 million), payments relating to exploration in Ghana and Côte d'Ivoire ($1.670 million) and investment in fixed assets ($0.014 million), investments in listed entities ($0.181 million), resulting in a net cash outflow associated with investing activities of $8.738 million.

Financing activities cash flows in the March 2016 Quarter included payments for share issue expenses of nil (December quarter: nil) and acquisition of minority interest of nil (December quarter: $0.475 million). In the corresponding March 2015 quarter, financing activities included payments for share issue expenses of $0.002 million.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2016, the Company's cash and cash equivalents amounted to $66.298 million (December 31, 2015: $94.641 million).

The Company does not currently have a working capital deficiency. At March 31, 2016, 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, continue construction of resettlement housing, 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, finalise funding arrangements for the Sissingué development and commence full scale construction of the mine and associated infrastructure, start work on preparing a bankable DFS for Yaouré commencing with the planning and execution of a 42,000 metre drilling programme designed to confirm Mineral Resource estimates as a basis for mine optimisation, undertake a thorough review of existing data associated with the Baomahum Gold Project, including an extended site visit by Perseus's exploration team, to assess the potential of the Project and commence planning the way forward, finalise the acquisition of Amara and integrate the two companies, 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 2014 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. In early April 2016, the GRA refunded GHS20.2 million (US$5.3 million) of the VAT receivable and a further GHS15.1 million (US$3.9 million) in May 2016.

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 March 31, 2016 and no new options were issued during the March 2016 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 condition subsequent that the Company grants additional security in favour of the lenders by December 31, 2011 (as extended). 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 March 31, 2016 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 March 31, 2016, a total of 133,000 ounces of gold (December 31, 2015: 120,267 ounces of gold) had been hedged under gold forward sale contracts for settlement up to and including March 2017 at an average sale price of US$1,258/oz. This total hedge book represents 30% of the Company's total forecast gold production to December 31, 2017 and approximately 6% of the gold contained in the Company's currently defined Mineral Reserves.

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 March 31, 2016. 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	0.404	-	-
Total	**1.154**	**1.700**	**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 March 31, 2016 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 March 2016 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 March 2016 Quarter.

In November 2012 the Company fully repaid its project finance facility. Consequently, it presently has no borrowings at March 2016 Quarter. The Company's objectives and policies for managing these risks have not changed during the March 2016 Quarter.

OFF BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements as at March 31, 2016.

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 are based on brokers consensus forecast;
- *(iv)* Future costs of production;
- *(v)* Future capital expenditure;
- *(vi)* Future exchange rates; and/or

(vii) Discount rates based on the group's estimated before tax weighted average cost of capital, adjusted when appropriate to take into account relevant risks such as development risk etc.

Variations to expected future cash flows, and timing thereof, could result in significant changes to the impairment test results, which in turn could impact future financial results. The expected future cash flows of the cash generating units are most sensitive to fluctuations in gold price.

(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 $0.164 million for the quarter ended March 31, 2016 ($0.115 million for the quarter ended December 31, 2015, $0.084 million for the quarter ended September 30, 2015).

(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 Company 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 Company also identifies the separate components of the ore body. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify these components, and to determine the expected volumes of waste to be stripped and ore to be mined in each component and suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Company considers that the ratio of the expected waste to be stripped for an expected amount of ore to be mined, for a specific component of the ore body, is the most suitable production measure. Furthermore, judgements and estimates are also used to apply the units of production method in determining the amortisation of the stripping activity asset(s).

Changes in a mine's life and design will usually result in changes to the expected stripping ratio (waste to mineral reserves ratio). Changes in other technical or economical parameters that impact reserves will also have an impact on the life of component ratio even if they do not affect the mine's design. Changes to the life of the component are accounted for prospectively.

(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 March 2016 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, 2015. All of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning July 1, 2015 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 March 31, 2016, the Company had issued 529,343,901 shares (December 31, 2015: 529,343,901; September 30, 2015: 529,343,901; June 30, 2015: 526,656,401; March 31, 2015: 526,656,401), nil options (December 31, 2015: nil; September 30, 2015: nil; June 30, 2015: nil; March 31, 2014: nil) and 11,337,500 performance rights (December 31, 2015: 10,462,500; September 30, 2015: 9,162,500; June 30, 2015: 8,377,418; March 31, 2015: 8,377,418).

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

Ordinary shares	815,445,645
Performance rights over unissued shares	11,337,500
Warrants	143,050,770

Since March 31, 2016 and up to the date of this MD&A, the Company has not issued any shares, warrants, options or performance rights, other than:

On April 18, 2016, the company acquired all the outstanding shares in Amara Mining plc ("Amara") via a UK Scheme of Arrangement ("Scheme"). Under the Scheme Document dated March 18, 2016, 286,101,744 shares and 143,050,770 warrants were issued to the shareholders of Amara on April 19, 2016. Each warrant to subscribe for ordinary shares is exercisable at A$0.44 each on or before the date that is 36 months from the date of issue. As a result, ownership of Perseus is now, before the exercise of any warrants, in the ratio of 64.9% original Perseus shareholders, and 35.1% new (former Amara) shareholders. In the event that all of the warrants are exercised in full, Perseus will benefit from additional equity funding of approximately $62.9M (approximately US$45.0M) and the relative ownership would become 55.2% original Perseus shareholders and 44.8% new (former Amara) shareholders.

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 March 31, 2016, 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 March 2016 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 March 2016 Quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. As at March 31, 2016, 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 25, 2015.

TECHNICAL DISCLOSURES

***Competent Person and ASX Listing Rules Statement**:*

The information in this report relation to the Mineral Resource for the EGM deposits was first reported by the Company in compliance with the JORC Code 2012 in market announcements released on August 27, 2014, September 4, 2014, April 20, 2015 and updated in its 2015 Financial Statements released on August 31, 2015 and a market release on April 19, 2016. The information in this report in relation to the EGM Ore Reserves which were first reported by the Company in compliance with the JORC Code 2012 in a market announcement released on April 20, 2015 and updated in its 2015 Financial Statements released on August 31, 2015 and a market release on April 19, 2016. 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 that relates to Mineral Resources and Ore Reserves for the SGP was first reported by the Company in compliance with the JORC Code 2012 in a market announcement released on April 21, 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 those market announcements continue to apply and have not materially changed.

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 Company confirms that all material assumptions underpinning those production targets, or the forecast financial information derived from those production targets, in the market release dated April 19, 2016 continue to apply and have not materially changed.