



29 August 2016

Perseus Mining positions itself for growth following a challenging year

West African gold producer Perseus Mining Limited (ASX/TSX: PRU) ("Perseus") has released its Annual Financial Report for the twelve months ending 30 June 2016 ("FY2016"), announcing a loss for the year attributable to the owners of the parent entity (i.e. excluding minority interests) of A\$35.6 million, or (5.7) cents per share. This loss compares to a profit of A\$87.8m earned in the corresponding period ending 30 June 2015 ("FY2015"). The key factors contributing to the reduction in earnings include a reduction of A\$43.2 million in foreign exchange gain, a write-off of exploration expenditure of A\$17.9M and reduced gold production at the Edikan Gold Mine in Ghana ("Edikan") due to issues arising from delays in obtaining access to mine the Fetish and Chirawewa pits.

An intensive work programme was undertaken at Edikan during the second half of FY2016 which has resulted in materially improved operating performance as well as reduced unit costs compared to FY2015: mining cost per tonne of material mined reduced by 40%; processing cost per tonne of ore milled reduced by 11%; and G & A cost reduced by 19%. Coupled with a period of accelerated capital investment to achieve power self-sufficiency, processing plant improvements, waste stripping and infrastructure and relocation housing, all of which are scheduled to finish by December 2016, Edikan is expected to enter a period of sustained strong positive cash flows from early calendar year 2017.

Following execution of a Mining Convention for Perseus's second operating mine, the Sissingué Gold Mine in Côte d'Ivoire ("Sissingué") in July 2015, execution plans for the full scale development of the project have been activated and production of first gold from Sissingué is scheduled to occur in the December 2017 quarter.

On 18 April 2016, Perseus acquired Amara Mining plc giving Perseus ownership of one of West Africa's highest quality pre-development stage projects, the Yaouré Gold Project in Côte d'Ivoire ("Yaouré"). Contracts for all material work packages required to complete the Yaouré definitive feasibility study have been awarded and work on the study is well underway.

On 20 June 2016, Perseus announced an equity placement and an accelerated entitlements offer. In total A\$102 million of equity capital was raised from new and existing institutional and retail investors. Perseus has also advanced negotiations for a project finance debt facility of US\$60 million to be used to partially fund the development of Sissingué with Macquarie Bank and BNP Paribas. Final credit approval and documentation of the debt facility are anticipated to be completed early in the 2017 financial year.

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Combining proceeds of the equity capital raising and planned debt facility with expected future positive cash flows from Edikan from January 2017 and Sissingué from the March quarter of 2018, means that Perseus is well placed to fund its growth strategy that is expected to transform the Company from being a single-country, single-mine enterprise into a multi-mine, multi-country gold producer with production in excess of 500,000 ounces of gold within five years.

Other key points of the 2016 Financial Year results include:

- **24% decrease** in revenue
- **7% increase** in expenses
- **Cash balance of A\$151.2M**, or 15.1cps – A\$47.5M (46%) more than FY2015
- **Combined value of cash and bullion of A\$166.0M**, or 16.5cps at the end of FY2016 – up **A\$38.7M** or 30% on FY2015
- **Working capital of A\$159.7M** – a decrease of **A\$17.9M**, or 10%, on FY2015
- No third party debt.

Edikan produced the following results in the 2016 Financial Year:

- **Gold production** 153,900 ounces
- **All In Site Costs** US\$1,351/oz
- **Average sale price of gold** US\$1,224/oz.

Managing Director Jeff Quartermaine Comments:

“The 2016 fiscal year has been a challenging period for Perseus as reflected by the results announced today however, it has been an important year for us in terms of our corporate development. Not only have we met and overcome some sizeable operating challenges at our Edikan mine but we have set the platform for a major transformation of Perseus through acquiring the Yaouré Gold Project, committing to the development of our second operation at Sissingué and arranging sufficient finance to enable us to execute our growth plans.

Considered in the context of a widely held and positive view of the future market for gold, Perseus is now very well positioned to unlock and create material value for shareholders in coming years.”

To discuss any aspect of this announcement, please contact:

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Caution Regarding Forward Looking Information:

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