



ABN 27 106 808 986

NOTICE OF MEETING

AND

EXPLANATORY MEMORANDUM

in respect of the

ANNUAL GENERAL MEETING OF SHAREHOLDERS

to be held on Friday, 25 November 2016 at 3p.m. (Perth time), Perth, Western Australia

As at and dated 3 October 2016

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.



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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the "**Meeting**") of holders of ordinary shares (the "**Shareholders**") of Perseus Mining Limited (the "**Company**") will be held at the Duxton Hotel, 1 St Georges Terrace, Perth, Western Australia on Friday, 25 November 2016 at 3.00 p.m. (Perth time) for the purpose of transacting the business set out below.

The enclosed explanatory memorandum ("**Explanatory Memorandum**") accompanies and forms part of this Notice of Meeting.

AGENDA

ORDINARY BUSINESS

1. Financial Report for the Year Ended 30 June 2016

To receive and consider the financial report of the Company for the year ended 30 June 2016, together with the reports by the directors and auditors thereon.

2. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution in accordance with section 250R(2) of the *Corporations Act 2001 (Cth)* (the "**Corporations Act**"):

"That the Remuneration Report as set out in the Directors' Report section of the 2016 Annual Report of the Company be adopted."

Note: The vote on this resolution is advisory only and does not bind the directors or the Company.

Voting Exclusion applies and is described below.

3. Resolution 2 - Re-Election of Mr Colin Carson as a Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Colin Carson, who retires in accordance with Clause 3.6 of the Constitution of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company."

4. Resolution 3 - Re-Election of Mr Michael Bohm as a Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Michael Bohm, who retires in accordance with Clause 3.6 of the Constitution of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company."



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5. Resolution 4 - Re-Election of Mr John McGloin as a Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr John McGloin who has been appointed by the Board and who retires in accordance with Clause 3.3 of the Constitution of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company."

6. Resolution 5 - Re-Election of Mr Alexander Davidson as a Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Alexander Davidson who has been appointed by the Board and who retires in accordance with Clause 3.3 of the Constitution of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company."

7. Resolution 6 – Approval of Issue of Performance Rights to Mr Quartermaine

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purposes of Listing Rule 10.14 and for all other purposes, the issue of Performance Rights under the Performance Rights Plan to Mr Jeffrey Quartermaine on the terms set out in the Explanatory Memorandum accompanying this Notice, be and is hereby approved."

Voting Exclusion applies and is described below.

8. Resolution 7 – Approval of Issue of Performance Rights to Mr Carson

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purposes of Listing Rule 10.14 and for all other purposes, the issue of Performance Rights under the Performance Rights Plan to Mr Colin Carson on the terms set out in the Explanatory Memorandum accompanying this Notice, be and is hereby approved."

Voting Exclusion applies and is described below.

9. Resolution 8 – Non-Executive Directors Fees

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, pursuant to clause 10.2 of the Company's Constitution, aggregate non-executive Directors' fees be increased from \$750,000 per annum to \$900,000 per annum."

Voting Exclusion applies and is described below.

10. Resolution 9 – Ratification of Issue of Shares

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 122,317,939 Shares on the terms and conditions set out in the Explanatory Memorandum."



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Voting Exclusion applies and is described below.

GENERAL BUSINESS

11. To transact any other business which may lawfully be brought forward.

Accompanying this Notice of Meeting is (i) an explanatory memorandum, which provide additional information relating to the matters to be dealt with at the Meeting; and (ii) a Form of Proxy or a Voting Instruction Form (“VIF”).

Voting Exclusions and Explanatory Notes

Voting restrictions apply to Resolutions 1, 6, 7, 8 and 9 as follows.

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the key management personnel, details of whose remuneration are included in the Remuneration Report;
- (b) a closely related party of such a member which includes a spouse, dependent, certain other close family members as well as any companies controlled by the member.

However, a person (the “Voter”) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the Voter is the chair of the Meeting and the appointment of the chair as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Directors (who, by definition, form part of the key management personnel in any case) or any of their associates must not cast votes in relation to Resolution 1 except as a proxy in the circumstances described above.

If you wish to appoint a member of the key management personnel (which includes each of the directors and the Chair) as your proxy, please read the voting exclusion above and in the proxy form carefully. Shareholders are encouraged to direct their proxies how to vote.

In relation to Resolution 6, the Company will disregard any votes cast by Mr Quartermaine, Mr Carson and any of their associates.

In relation to Resolution 7, the Company will disregard any votes cast by Mr Quartermaine, Mr Carson and any of their associates.

In relation to Resolution 8, the Company will disregard any votes cast on this resolution by Directors and any of their associates.



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In relation to Resolution 9, the Company will disregard any votes cast on this resolution by any person who participated in the placement and any associates of those persons.

However, the Company need not disregard a vote in relation to Resolutions 6, 7, 8 or 9 if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

How the Chair will vote available proxies

The Chair of the Meeting intends to vote all available proxies in favour of all of the resolutions set out in the Notice. The proxy form expressly authorises the Chair to exercise undirected proxies in favour of remuneration related resolutions (Resolutions 1, 6, 7 and 8).

Default to the Chair

Any directed proxies that are not voted on a poll at the Meeting will automatically default to the Chair of the Meeting, who is required to vote those proxies as directed.

Registered Shareholders

A registered Shareholder may attend the Meeting in person or may be represented thereat by proxy. In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- the proxy need not be a shareholder of the Company;
- each Shareholder may specify the way in which the proxy is to vote on each resolution or may allow the proxy to vote at his discretion; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise half of the votes.

Accordingly, if you are a registered Shareholder of the Company and are unable to attend the Meeting in person, please execute the accompanying form of proxy in accordance with the instructions contained in the form and return it in accordance with the following:

1. **in respect of Shareholders registered on the Company's Australian share register**, prior to 3pm (Perth time) on Wednesday, 23 November 2016:
 - I. Online: at www.investorvote.com.au;
 - II. Mobile: scan the QR Code on the enclosed Proxy Form and follow the prompts;
 - III. by mail: complete and sign the enclosed Proxy Form and return to:
Computershare Investor Services Pty Limited
GPO Box 242, Melbourne VIC 3001 Australia;
 - IV. By Fax: complete and sign the enclosed Proxy Form and fax to:
Inside Australia 1800 783 447
Outside Australia +61 3 9473 2555;
 - V. Custodian voting: For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.



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2. **in respect of Shareholders registered on the Company's Canadian register**, not later than 48 hours prior to the Meeting:
 - I. Online: at www.investorvote.com;
 - II. By mail: complete and sign the enclosed Proxy Form and return to:
Computershare
9th Floor, 100 University Avenue
Toronto, ON M5J 2Y1;
 - III. By Telephone: 1-866-732-VOTE (8683) Toll Free

2. **in respect of Shareholders holding shares through CREST in the United Kingdom**, prior to 3pm (GMT) on Monday, 21 November 2016:
 - I. Online: at www.investorcentre.co.uk/eproxy;
 - II. By mail: complete and sign the enclosed Form of Instruction and return to:
Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ
United Kingdom
 - III. Depository Interest Holders who are CREST members and who wish to issue an instruction through the CREST electronic voting appointment service may do so by using the procedures described in the CREST manual (available from www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting services provider(s), who will be able to take the appropriate action on their behalf.

In order for instructions made using the CREST service to be valid, the appropriate CREST message (a CREST Voting Instruction) must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited (EUI) and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST)

The message, regardless of whether it relates to the voting instruction or to an amendment to the instruction given to the Depository must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) no later than 3pm (GMT) on 21 November 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Voting Instruction by the CREST applications host) from which the issuer's agent is able to retrieve the CREST Voting Instruction by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the transmission of CREST Voting Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that the CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a CREST Voting Instruction is transmitted by means of the CREST service by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.



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Beneficial Shareholders

Shareholders holding shares through the Corporate Sponsored Nominee in the United Kingdom, prior to 12pm (GMT) on Monday, 21 November 2016 may submit their voting intentions as follows:

- I. Online: at www.investorcentre.co.uk/eproxy;
- II. By mail: complete and sign the enclosed Form of Direction and return to: Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ United Kingdom.

If you are a beneficial Shareholder of the Company other than through Corporate Sponsored Nominee in the United Kingdom and receive these materials through your broker or through another intermediary, please complete and return the VIF or proxy in accordance with the instructions provided to you, by your broker, or by the other intermediary.

The board of directors of the Company (the "**Board**") has fixed 12 October 2016 as the record date for determining the registered Shareholders of the Company entitled to receive the Notice of Meeting and 5pm (Perth time) on Wednesday, 23 November 2016 as the record date for determining the Shareholders of the Company entitled to vote at the Meeting. However, any shareholder who acquires shares in the Company after 12 October 2016 can obtain a copy of the Notice of the Meeting and a Proxy Form by contacting the Company.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read "Martijn Bosboom", is written over a horizontal line.

Martijn Bosboom
Company Secretary
Perth, Western Australia

Dated: 3 October 2016



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EXPLANATORY MEMORANDUM

This Explanatory Memorandum is furnished in connection with the solicitation of proxies by Perseus Mining Limited (“**Perseus**” or the “**Company**”) for use at the annual general meeting of the holders of the ordinary shares (the “**Shares**”) of the Company (the “**Shareholders**”) to be held on Friday, 25 November 2016 at 3:00 pm (Perth time), and any adjournment thereof (the “**Meeting**”), at the place and for the purposes set forth in the accompanying notice of meeting (the “**Notice**”).

In this Explanatory Memorandum, unless otherwise indicated all dollar amounts are expressed in Australian dollars. Unless otherwise stated, the information contained in this Explanatory Memorandum is as of the date of the Notice.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the matters set forth in the Notice attached hereto for approval at the Meeting. The directors recommend that Shareholders read this Explanatory Memorandum and Management Information Circular in full before making any decision regarding the matters set forth in the Notice.

1. Financial Statements and Reports

In accordance with the requirements of the Company’s Constitution and the *Corporations Act 2001 (Cth)* Australia (the “**Corporations Act**”), the audited consolidated financial statements for the financial year ended 30 June 2016, together with the report of the auditor thereon and the Directors’ Report (the “**Annual Report**”), will be tabled at the Meeting. Shareholders will have the opportunity at the Meeting to discuss the Annual Report, make comments and raise queries in relation to the Annual Report.

Representatives of the Company’s auditors, Ernst & Young, will be present to take questions and comments from Shareholders about the conduct of the audit and the preparation and content of the audit report.

Companies are no longer required to mail out a hard copy of their annual report to shareholders except to those shareholders who have elected to receive a hard copy and notified the Company to that effect. Shareholders who have not already made such an election may obtain a hard copy of the Annual Report by contacting the Company. Alternatively, the Annual Report is available on the Company’s website at www.perseusmining.com and may be downloaded or read online.

2. Resolution 1 - Adoption of Remuneration Report

Pursuant to section 250R(2) of the Corporations Act, the Company submits to Shareholders for consideration and adoption, by way of a non-binding resolution, its remuneration report for the year ended 30 June 2016 (the “**Remuneration Report**”). The Remuneration Report is a distinct section of the Annual Report which deals with the remuneration of directors and executives of the Company.

By way of summary, the Remuneration Report:

- (a) explains the Company’s remuneration policy and the process for determining the remuneration of its directors and executive officers;

- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out the remuneration details for each director and executive officer named in the Remuneration Report for the financial year ended 30 June 2016.

The directors recommend that Shareholders vote in favour of the adoption of the Remuneration Report. As previously stated, this resolution is advisory only and does not bind the directors or the Company. However, the Board will take the outcome of the vote on this resolution into consideration when reviewing the remuneration practices and policies of the Company in the future.

The Chairman of the Meeting will provide Shareholders with reasonable opportunity at the Meeting to ask questions about, or to make comments on, the Remuneration Report.

If at least 25% of the votes cast at the Meeting on Resolution 1 are voted against adoption of the Remuneration Report, and then again at the Company's 2017 annual general meeting, the Company will be required to put to Shareholders a resolution at that meeting proposing the calling of a general meeting to consider the appointment of new directors of the Company ("**Spill Resolution**").

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene a general meeting ("**Spill Meeting**") within 90 days of the Company's 2017 annual general meeting. All of the directors who are in office when the Company's 2017 Directors' Report is approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Chairman authorised to exercise undirected proxies: Where Shareholders have appointed the Chair of the Meeting as their proxy, the Chair will vote in favour of Resolution 1 "Adoption of Remuneration Report" unless the Shareholder has expressly indicated a different voting intention. This is so notwithstanding that the resolution is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chair.

3. Resolutions 2 and 3 - Re-Election of Michael Bohm and Colin Carson as Directors

In accordance with the requirements of the Company's Constitution and the ASX Listing Rules, one-third of the directors of the Company (excluding the managing director and the two directors appointed by the Board in April 2016), and those who were last re-elected more than three years ago, must retire from office at the Meeting but if they are eligible, may offer themselves for re-election. In accordance with these requirements, Mr Michael Bohm and Mr Colin Carson must retire at the Meeting. Being eligible, both Mr Bohm and Mr Carson have offered themselves for re-election.

Details of Mr Bohm's and Mr Carson's qualifications and experience are available in the Annual Report. Mr Bohm has been a director of the Company since 2009 and Mr Carson 2003. The Board considers Mr Bohm to be independent. As Mr Carson is an executive director, he is not considered independent.

3. Resolutions 4 and 5 - Re-Election of John McGloin and Alexander Davidson as Directors

In accordance with the requirements of the Company's Constitution, directors who have been appointed by the Board since the previous annual general meeting, must retire from office at the Meeting but if they are eligible, may offer themselves for re-election. In accordance with these



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requirements, Mr McGloin and Mr Davidson must retire at the Meeting. Being eligible, both Mr McGloin and Mr Davidson have offered themselves for re-election.

Mr McGloin is a geologist and graduate of Camborne School of Mines. He has worked for many years in Africa within the mining industry before moving into consultancy and subsequently into investment banking. Mr McGloin joined Collins Stewart following 4 years at Arbuthnot Banking Group where he led the mining team. Prior to that, he was the mining analyst at Evolution Securities. Over the years, Mr McGloin has acted for many mining companies including African Platinum, Randgold Resources, Avocet Mining, European Goldfields and Titanium Resources Group. Mr McGloin served as Executive Chairman of Amara Mining plc from 28 May 2012 to 18 April 2016 and as Chief Executive Officer of Amara from 7 August 2014 to 18 April 2016. He was appointed a director of Perseus on 19 April 2016 following completion of the acquisition of Amara Mining plc. In view of Mr McGloin's executive role at Amara Mining plc, he is not considered independent. Mr McGloin also serves as a non-executive director of Caledonia Mining Corporation plc.

Mr Davidson has held a number of senior exploration roles within major mining companies, including as executive vice president of exploration and corporate development for Barrick Gold. Prior to joining Barrick, he was vice president, exploration for Metal Mining Corporation and has over 25 years' of experience in designing, implementing and managing gold and base metal exploration and acquisition programmes throughout the world. Mr Davidson served as a non-executive director of Amara Mining plc from 25 November 2013 to 18 April 2016 and was appointed a director of Perseus on 19 April 2016 following completion of the acquisition of Amara Mining plc. The Board considers Mr Davidson to be independent. Mr Davidson also serves as a non-executive director of the following companies: Americas Silver Corporation, Yamana Gold Inc, Capital Drilling Ltd, NuLegacy Gold Corporation and Orca Gold Inc.

Before Messrs McGloin and Davidson were appointed, checks were undertaken in relation to their character, experience, criminal record and bankruptcy history. Those checks have not revealed any material adverse information in respect of either of them.

Exemption from TSX Rules

In reliance on Section 401.1 of the TSX Company Manual, the Company has sought and been granted an exemption from the requirements of Section 461.1 to 461.4 of the TSX Company Manual, the effect of which is that (i) not every director of the Company must submit himself for re-election at the Meeting; and (ii) the Company is not required to have a majority voting policy in respect of director elections. Effectively, the re-election of directors for the purposes of this Meeting is subject only to the requirements of the Company's Constitution, the ASX Listing Rules and the Corporations Act.

The Company sought the exemption on the basis that: (i) the Company's primary listing is the Australian Stock Exchange; (ii) the Company is incorporated in Australia; and (iii) less than 25% of trading volume in the Company's shares was on Canadian marketplaces. The Company will be required to notify the TSX of its continued reliance on the exemption before each successive annual general meeting.

The directors (excluding Messrs Carson, Bohm, McGloin and Davidson) recommend that Shareholders vote in favour of the re-election of Mr Carson, Mr Bohm, Mr McGloin and Mr Davidson.

4. Resolutions 6 and 7 - Approval of Issue of Performance Rights to Mr Quartermaine and Mr Carson

Shareholder approval is being sought for the granting of Performance Rights (“PRs”) to each of Mr Jeffrey Quartermaine and Mr Colin Carson, both executive directors of the Company.

The Directors, based on recommendations by the Board’s Remuneration Committee, are seeking approval for the issue of:

- (i) 1,000,000 PRs to Mr Quartermaine, which, subject to satisfaction of vesting criteria, can convert to up to 1,000,000 fully paid ordinary shares; and
- (ii) 600,000 PRs to Mr Carson, which, subject to satisfaction of vesting criteria, can convert to up to 600,000 fully paid ordinary shares.

The Shares issuable upon exercise of the PRs to be granted to Messrs. Quartermaine and Carson represent 0.16% of the issued and outstanding Shares of the Company on the date hereof.

The PRs proposed for issue will be subject generally to the terms and conditions of the Performance Rights Plan, a copy of which may be obtained by contacting the Company. The Performance Rights Plan was adopted at the Company’s annual general meeting held in November 2014. The quantum of the PRs is determined by reference to the executives’ total fixed remuneration (“TFR”). The Remuneration Committee (of which the executive directors are not members) has previously sought independent expert remuneration advice in relation to incentive based remuneration for executives. The independent advice indicated that the “at risk” component of these executives’ remuneration package should be up to 100% of current TFR in the case of the managing director and up to 50% of current TFR in the case of other senior executives. The “at risk” component can then be further allocated into short term incentive (“STI”) subject to specified vesting criteria to be satisfied in a financial year and payable in cash and long term incentive (“LTI”). Based on the expert advice, the LTI is therefore payable through an issue of securities in the Company by way of, for example, participation in the Performance Rights Plan. The issue of PRs and their subsequent conversion, if any, to shares in the Company enables the alignment of the executives’ interests with those of the Shareholders.

In January 2014 the Company issued PRs to a number of its employees and executives. Following approval by shareholders at the Company’s general meeting held in June 2014, PRs with the same vesting conditions were also issued to Messrs Quartermaine and Carson (“**2014 PRs**”). Those vesting conditions were intended to reflect the long term nature of securities based compensation but also reflect some shorter term incentive. Accordingly, for half of the 2014 PRs the Company’s total shareholder return (“**TSR**”) performance over an eighteen month period (1 January 2014 to 30 June 2015) was to be compared to the eighteen month average TSR of a group of gold producers which were considered by Perseus to be its peers (based on market capitalization, precious metals and / or West African production focused) and the other half will be measured on TSR performance over a three year period (1 January 2014 to 31 December 2016) compared to Perseus’s peers. As all vesting conditions of the 2014 PRs that were measured over the period from 1 January 2014 to 30 June 2015 were met, those PRs have vested and the Company has issued shares for vested PRs to relevant employees including Messrs Quartermaine and Carson.

In August 2015 the Company issued PRs to a number of its employees and executives (“**2015 PRs**”). The vesting conditions for the 2015 PRs were based on comparison of the Company’s TSR performance over a two year period (1 July 2015 to 30 June 2017) against the two year average TSR of a group of gold producers which are considered by Perseus to be its peers (based on market capitalization, precious metals and / or West African production focused). Following approval by shareholders at the Company’s general meeting held in November 2015, PRs were also issued to



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Messrs Quartermaine and Carson. The vesting conditions for the issue of PRs to Mr Carson were the same. The vesting conditions for the issue of PRs to Mr Quartermaine were intended to reflect a more long term incentive. Accordingly, for half of the 2015 PRs issued to Mr Quartermaine the Company's TSR performance over a two year month period (1 July 2015 to 30 June 2017) will be compared to the two month average TSR of a group of gold producers which are considered by Perseus to be its peers (based on market capitalization, precious metals and / or West African production focused) and the other half will be measured on TSR performance over a three year period (1 July 2015 to 30 June 2018) compared to Perseus's peers.

In July and September 2016 the Company issued PRs to a number of its employees and executives ("**2016 PRs**"). Vesting conditions were intended to reflect the long term nature of securities based compensation but also reflect some shorter term incentive. Accordingly, for one third of the 2016 PRs the Company's TSR performance over a twelve month period (1 July 2016 to 30 June 2017) is to be compared to the twelve month average TSR of a group of gold producers which are considered by Perseus to be its peers (based on market capitalization, precious metals and / or West African production focused), one third of the 2016 PRs to be measured on TSR performance over a two year period (1 July 2016 to 30 June 2018) compared to Perseus's peers and one third of the 2016 PRs to be measured on TSR performance over a three year period (1 July 2016 to 30 June 2019) compared to Perseus's peers. The vesting conditions for the PRs for Messrs Quartermaine and Carson for which approval is sought at the Meeting are the same.

The 2016 PRs will vest or be forfeited as follows:

- (i) If Perseus's TSR is < 50th percentile - all PRs will be forfeited.
- (ii) If Perseus's TSR = 50th percentile - 50% of PRs will vest.
- (iii) If Perseus's TSR falls between the 50th to 75th percentiles - the number of PRs to vest will be pro-rated between 50% and 100%.
- (iv) If Perseus's TSR is >75th percentile - all PRs will vest.

The Board believes that the grant of PRs with these vesting conditions to Messrs. Quartermaine and Carson will provide them, as the Company's senior executives, with incentive to achieve the mid to long term performance objectives of the Company by aligning shareholder return objectives with the vesting of their PRs.

The PRs proposed for grant to the executives are subject to the terms and conditions of the Performance Rights Plan and are 'at risk' until the vesting conditions outlined above are met.

Shareholder approval is required under ASX Listing Rule 10.14 for the issue of 2016 PRs to these executives as they are Directors and therefore related parties of the Company. The Board has considered the application of Chapter 2E of the Corporations Act and has resolved that the reasonable remuneration exception provided by Section 211 of the Corporations Act is relevant in the circumstances and accordingly, the Company will not also seek approval for the issue of PRs to Mr Quartermaine and Mr Carson pursuant to Section 208 of the Corporations Act.

ASX Listing Rule 10.15 requires the following information to be provided in relation to the PRs proposed to be granted to Mr Quartermaine and Mr Carson pursuant to the Performance Rights Plan:

- (a) The number of PRs (and hence the maximum number of Shares) to be issued to Mr Quartermaine and Mr Carson is 1,000,000 and 600,000 respectively.



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- (b) No consideration is payable by Mr Quartermaine and Mr Carson at the time of issue of the PRs or upon vesting thereof into ordinary shares.
- (c) The Performance Rights Plan was approved at the Company's annual general meeting held in November 2014. At the date of this Notice, 1,362,500 PRs are held by Mr Quartermaine and 500,000 by Mr Carson. No PRs have been issued to non-executive directors.
- (d) Participation in the Performance Rights Plan is available to Eligible Participants, as defined in the Performance Rights Plan. Mr Quartermaine and Mr Carson have both been determined to be an Eligible Participant for the purposes of the Performance Rights Plan. Non-executive directors are not eligible to participate.
- (e) No loans will be made by the Company in connection with the issue of PRs to Mr Quartermaine and Mr Carson or their vesting, if any, into shares.
- (f) The PRs will be issued to Mr Quartermaine and Mr Carson as soon as practicable after the Meeting but no later than one year after the date of the Meeting (or such later date as permitted by ASX by way of a waiver from the Listing Rules). For both Mr Quartermaine and Mr Carson one third of the PRs will have a vesting and measurement period from 1 July 2016 until 30 June 2017, one third from 1 July 2016 until 30 June 2017 and one third from 1 July 2016 until ending 30 June 2019. Subject to satisfaction of vesting criteria (detailed elsewhere in this Explanatory Memorandum), conversion of PRs to Shares may occur after the end of the respective terms.
- (g) All other terms and conditions of PRs proposed for grant to Mr Quartermaine and Mr Carson are as described in the Performance Rights Plan, generally.
- (h) A voting exclusion statement in respect of Resolutions 6 and 7 is included in the Notice of Meeting.

The Board, excluding Mr Quartermaine and Mr Carson who have a vested interest in this matter, recommends that Shareholders vote in favour of the issue of PRs to these executive directors.

5. Resolution 8 – Non-Executive Directors Fees

Resolution 8 seeks shareholder approval for an increase in the fees available for payment to the non-executive directors of the Company. Non-executive directors' fees are currently limited to an aggregate of \$750,000 and shareholder approval is sought to increase this amount by \$150,000 for a new aggregate limit of \$900,000.

At the annual general meeting of Shareholders in November 2010, Shareholders approved an increase in the non-executive directors' fees from \$400,000 to \$750,000 per annum, following a doubling of the number of the Company's non-executive directors from two to four.

The Board reduced the non-executive director fees by 15% with effect from 1 July 2013. These fees have not been changed since that reduction. With the addition of two non-executive directors in April 2016 bringing the number of non-executive directors to five, the establishment of a Technical Committee and the significant change in the scale of the Company's activities post the Amara acquisition as it transitions from a one mine operation to a multi mine multi jurisdiction operator, it is considered appropriate to create the flexibility to increase non-executive director fees over time.

Resolution 8 provides for a maximum of \$900,000 in non-executive director fees, which will provide the Company flexibility to allow for an appropriate increase. It is not the Board's present intention to utilise the entire proposed \$900,000 of fees and the amount is simply the maximum that the Company will be allowed to pay its non-executive directors in aggregate without further shareholder approval.



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No securities have been issued to a non-executive director under Listing Rule 10.11 or 10.14 with the approval of shareholders within the preceding 3 years.

The Company's executive directors, Mr Jeff Quartermaine and Mr Colin Carson (who will not be eligible for directors' fees) recommend that Shareholders approve Resolution 8 for the increase in non-executive directors' fees.

6. Resolution 9 – Ratification of Prior Shares Issue

On 23 June 2016, the Company announced that it had successfully completed a placement of 122,317,939 shares to institutional and sophisticated investors at an issue price of \$0.50 each to raise about \$61 million ("**Placement Shares**"). The Placement Shares were issued on 1 July 2016. An accelerated non-renounceable entitlement offer for institutional investors ("**Institutional Entitlement Offer**") completed on the same date and 66,243,194 shares were issued under the Institutional Entitlement Offer on 1 July 2016 as well. The associated non-renounceable entitlement offer for retail holders ("**Retail Offer**") completed on 20 July 2016 and 15,302,099 shares were issued under the Retail Offer on 25 July 2016.

The issue of 122,317,939 Placement Shares was equal to the Company's 15% placement capacity under ASX Listing Rule 7.1. Consequently, Resolution 9 seeks shareholder ratification for the allotment and issue of the Placement Shares, which will have the effect of refreshing the Company's 15% limit for new issues of securities under the ASX Listing Rules.

The following information is provided in accordance with ASX Listing Rule 7.5:

- (i) 122,317,939 ordinary shares have been issued.
- (ii) The Placement Shares have been issued at \$0.50 and raised a total of \$61,158,969,50 before costs of the issue.
- (iii) The Placement Shares are fully paid ordinary shares in the Company, ranking equally in all respects with the existing quoted Shares of the Company.
- (iv) The Placement Shares have been issued to clients of a broker syndicate which comprised Macquarie Capital (Australia) Limited as sole lead manager and bookrunner and Arlington Group Asset Management Limited as co-lead manager. No related parties of the Company have participated in the share issue.
- (v) The Company intends to use the net proceeds of the placement to fund its growth strategy including development of the Sissingué Gold Project, completion of a Definite Feasibility Study of the Yaouré Gold Project and increased exploration expenditure. Funds will also be applied to working capital and general corporate purposes to ensure continued balance sheet strength and flexibility.

A voting exclusion statement is included in the Notice.

The Board recommends that Shareholders vote in favour of the ratification of the issue of the Placement Shares.

Other Business

Management is not aware of any other business to come before the Meeting other than as set forth in the accompanying Notice. If any other business properly comes before the Meeting, it is the intention of the persons named in the form of proxy to vote the Shares represented thereby in accordance with their best judgment on such matter.



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INFORMATION FOR CANADIAN HOLDERS

Designated Foreign Issuer Status

The Company confirms that it is a designated foreign issuer as defined in National Instrument 71-102 – Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and is subject to Australian law and the regulatory requirements of the ASX. As a result, the Company does not include a management information circular pursuant to National Instrument 51-102 - Continuous Disclosure Obligations (“NI 51-102”) in this Notice of Meeting.

Advice for Beneficial Holders

Shares may not be registered in the Shareholder’s name but in the name of an intermediary (which is usually a bank, trust company, securities dealer or broker, or a clearing agency in which an intermediary participates). **A non-registered Shareholder cannot be recognized at the Meeting for the purpose of voting his Shares unless such holder is appointed by the applicable intermediary as a proxyholder.**

The Company is distributing Meeting materials to non-objecting beneficial owners in accordance with National Instrument 54-101 – *Communications with Beneficial Shareholders* (“NI 54-101”). Persons who are objecting beneficial owners for the purposes of NI 54-101 will not receive Meeting materials unless the beneficial owner’s intermediary assumes the cost of delivery.

Non-registered Shareholders who receive meeting materials will be given a voting instruction form (a “VIF”) which must be completed and signed by the non-registered Shareholder in accordance with the instructions noted on it. In this case, the mechanisms described above for registered Shareholders cannot be used and the instructions on the VIF **must** be followed (which in some cases may allow completion of the VIF by telephone or the Internet). The VIF is provided instead of a proxy. By returning the VIF in accordance with its instructions, a non-registered owner is able to instruct the registered Shareholder how to vote on behalf of the non-registered owner.

The purpose of these procedures is to allow non-registered Shareholders to direct the voting of the shares that they own but that are not registered in their name. Should a non-registered Shareholder wish to attend and vote at the Meeting in person (or have another person attend and vote on his behalf), the non-registered Shareholder should carefully follow the instructions provided on the VIF.

Proxies returned by intermediaries as “non-votes” because the intermediary has not received instructions from the non-registered Shareholder with respect to the voting of certain shares or, under applicable stock exchange or other rules, the intermediary does not have the discretion to vote those Shares on one or more of the matters that come before the Meeting, will be treated as not entitled to vote on any such matter and will not be counted as having those Shares voted in respect of any such matter.

Notice-and-access Delivery

The Company is using the notice-and-access model for the delivery of meeting materials to both its beneficial and registered shareholders on its Canadian share register in respect of the Meeting. Under notice-and-access, instead of receiving paper copies of this Notice of Meeting and the Annual Report for the year ended June 30, 2016 (collectively, the “Meeting Materials”), shareholders will be able to access the Meeting Materials electronically. Paper copies should be requested by no later than November 10, 2016. The webhost for Notice and access is



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http://www.perseusmining.com/2016_agm_materials.117.html and the phone number 1-866-962-0498 within North America and outside North America (514) 982-8716.

A separate notice has already been issued to Shareholders providing prescribed information required under the notice-and-access model. Shareholders will continue to receive a proxy or voting instruction form, as applicable, enabling them to vote at the Meeting. The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and it will also reduce the Company's printing and mailing costs.

APPROVAL OF THIS EXPLANATORY MEMORANDUM

The contents and the sending of this Explanatory Memorandum have been approved by the directors of the Company.

By order of the Board of Directors

A handwritten signature in black ink, appearing to be "M. Bosboom", written over a horizontal line.

Mr Martijn Bosboom
Company Secretary
Dated: 3 October 2016