ABN 27 106 808 986

Interim Financial Report

For the Half-Year ended
31 December 2016

This interim report incorporating Appendix 4D is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3

Contents

Appendix 4D under the ASX Listing Rule 4.2A.3

Results for announcement to the market

		Six months to 31 December 2015 $'000		**Six months to 31 December 2016 $'000**
Revenue from ordinary activities	Down 25% from	148,651	to	**110,866**
(Loss) / profit after tax from ordinary activities	Down 314% from	11,972	to	**(25,610)**
(Loss) / profit after tax attributable to members	Down 284% from	12,127	to	**(22,285)**

Net tangible assets per share

	31 December 2015	**31 December 2016**
Net tangible assets per share	$1.3	**$0.7**

Dividends / distributions

No interim dividend was paid or declared for the period ended 31 December 2016.

Details of entities over which control has been gained or lost during the half year

Nil.

Explanation of results

See commentary on results in the Directors' report on pages 3-6.

Directors	Reginald Norman Gillard	Non-executive chairman
	Jeffrey Allan Quartermaine	Managing director
	Colin John Carson	Executive director
	Terence Sean Harvey	Non-executive director
	Michael Andrew Bohm	Non-executive director
	John Francis Gerald McGloin	Non-executive director
	Alexander John Davidson	Non-executive director
Company secretary	Martijn Paul Bosboom	
Registered and corporate office	Level 2 437 Roberts Road Subiaco, Western Australia 6008 Australia	
	PO Box 1578 Subiaco, Western Australia 6904	
	Telephone:	(61 8) 6144 1700
	Facsimile:	(61 8) 6144 1799
	Email address:	info@perseusmining.com
	Website:	www.perseusmining.com
Ghana office	4 Chancery Court 147A Giffard Road, East Cantonments Accra - Ghana	
	PO Box CT2576 Cantonments Accra - Ghana	
	Telephone:	(233) 302 760 530
	Facsimile:	(233) 302 760 528
Côte d'Ivoire office	Cocody II Plateaux Vallons, Quartier Lemania Lot 1846 ilot 169 derrière Pako Gourmand 28 BP 571 Abidjan 28, Côte d'Ivoire	
	Telephone:	(225) 22 41 9126
	Facsimile:	(225) 22 41 0925
Share registry	Computershare Investor Services Pty Limited Level 11 172 St Georges Terrace Perth, Western Australia 6000 Australia Telephone: (61 3) 9415 4000 Facsimile: (61 3) 9473 2500 www.computershare.com	Computershare Investor Services Inc. Level 3 510 Burrard Street Vancouver, British Columbia V6C3B9 Canada Telephone: (1 604) 661 9400 Facsimile: (1 604) 661 9401 www.computershare.com
Auditors	Ernst & Young 11 Mounts Bay Road Perth, Western Australia 6000	
Stock exchange listings	Australian Securities Exchange	(ASX – PRU)
	Toronto Stock Exchange	(TSX – PRU)
	Frankfurt Stock Exchange	(WKN: AOB7MN)

Your directors present their report on the consolidated entity (referred to hereafter as the "group") consisting of Perseus Mining Limited ("Perseus") and its controlled entities for the half-year ended 31 December 2016 (the "period"). Perseus is a company limited by shares that is incorporated and domiciled in Australia. Unless noted otherwise, all amounts stated are expressed in Australian dollars.

DIRECTORS

The following persons were directors of Perseus during the period and up to the date of this report:

Reginald Norman Gillard	Non-executive chairman
Jeffrey Allan Quartermaine	Managing director
Colin John Carson	Executive director
Terence Sean Harvey	Non-executive director
Michael Andrew Bohm	Non-executive director
John Francis Gerald McGloin	Non-executive director
Alexander John Davidson	Non-executive director

RESULTS

The group's net loss after tax for the half-year ended 31 December 2016 was $25.610 million (31 December 2015: $11.972 million profit). The change from net profit after tax to net loss after tax is largely attributable to the US$20.000 million settlement of a legal dispute with Bayswater Construction & Mining sarl ("BCM") which did not occur in the comparative period. Furthermore, there was a $37.785 million decrease in revenue in the current period to $110.866 million (31 December 2015: $148.651 million). This related to a decrease in gold sold due to the timing of sales, build-up of gold inventories in circuit as well as lower gold prices realised in the current period. The foreign exchange gain decreased by $8.756 million in the current period to $9.107 million (31 December 2015: $17.863 million), related to the weakening of the Australian dollar against the United States dollar, being less in the half-year ended 31 December 2016 compared to the comparative period. In addition, operational expenses increased as a result of increased mining activity at the Edikan Gold Mine ("Edikan" or "EGM"). Further information on the group's results can be found in the Statement of Comprehensive Income on page 9.

PRINCIPAL ACTIVITIES

The principal activities of the group during the period were mining operations and the sale of gold, mineral exploration and gold project evaluation and development in the Republics of Ghana, Côte d'Ivoire and Burkina Faso, in West Africa.

REVIEW OF OPERATIONS

During the period, the group continued to focus its activities on its three key projects, namely Edikan in Ghana, Sissingué Gold Project ("SGP" or "Sissingué") and Yaouré Gold Project ("Yaouré"), in Côte d'Ivoire.

Edikan Gold Mine - Ghana

The group owns a 90% interest in the EGM, a producing gold mine located in Ghana. The remaining 10% interest in the EGM is a free carried interest owned by the Ghanaian government.

Mining and Processing Operations

During the period, there was an extended shutdown of the Edikan plant to enable a programme of upgrade works to be completed. This programme of works, which is now largely complete, was designed to improve future plant operating performance and reduce maintenance costs.

Operating results at the EGM for the 6 months to 31 December 2016 and the corresponding period in 2015 were as follows.

Key operating parameter	Units	31 December 2016	31 December 2015
Waste + ore mined	bcm	9,061,000	7,644,000
Ore mined	tonnes	2,995,000	2,053,000
Ore milled	tonnes	3,199,000	3,537,000
Head grade	g/t gold	0.89	0.80
Recovery	%	83	84
Gold produced	oz	75,999	76,693

Gold production for the period was 75,999 ounces at an all-in site cost ("AISC" - including production, royalties and sustaining capital costs) of US$1,583/oz, up 24% relative to the corresponding period in 2015 largely as a result of increased waste mining activity and the capital works programme undertaken during the period.

During the period a total of 9,061,000 bcms of material was mined from the Esuajah North, Fetish, Chirawewa and Fobinso open pits, including 2,995,000 tonnes of ore grading 1.03g/t plus 15,570,000 tonnes of waste material. The quantity of material mined increased as a result of accelerated waste stripping of Chirawewa, Esuajah North and Fobinso Final to provide access to fresh ore during the period compared to the comparative period. The ROM ore stockpiles that include both high and low grade ore (but not mineralised waste) plus crushed ore decreased by 205,000 tonnes to 1,854,000 tonnes grading 0.6g/t during the period. The reduction in the stockpile reflected a deficit of ore mined relative to ore milled during the period.

A total of 3,199,000 tonnes of ore grading 0.89 g/t of gold was milled during the period. Overall gold recovery of 83% resulted in the recovery of 75,999 ounces of gold, whilst 74,063 ounces of gold were poured during the period. A total of 66,383 ounces of gold were sold at a weighted average price of US$1,187/oz. A total of 165,973 ounces of gold were committed to forward sales contracts at a weighted average gold price of US$1,287/oz as at the end of the period, including 100,000 ounces at a weighted average gold price of US$1,307/oz that is currently earmarked to support the proposed debt financing of the SGP.

Completion of Capital Works

The capital investment programme that Perseus has undertaken at Edikan during the last two years, that has been a major factor in elevating the mine's AISC during this period, is now largely complete.

During the period, in addition to the completion of a US$9.0 million programme of capital works aimed at upgrading Edikan's crushing and milling circuits to increase availability and reduce maintenance costs and time, construction of housing and the relocation into the new dwellings of families displaced by the opening up of the Fetish, Chirawewa and Esuajah North open pits was also completed. In total, 186 new houses and 12 institutional structures have been constructed at a cost of approximately US$30 million.

Development of the Esuajah North open pit has been advanced and fresh ore is now being mined from the pit. Blasting of fresh ore commenced on 26 November, and in coming months ore will be drawn from four pits on the Edikan licence area including Fobinso, Fetish, Chirawewa and Esuajah North. With the opening up of these work areas, the amount of investment required in waste stripping will materially reduce in coming months.

Sissingué Gold Project, Côte d'Ivoire

The group owns an 86% interest in the SGP, located in the north of Côte d'Ivoire. The Company's 86% interest in the SGP reflects a 10% free carried interest in favour of the Government of Côte d'Ivoire and 4% owned by local interests. 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

During the period, execution plans for the full-scale development of Sissingué were activated, development work ramped up and is currently on track to achieve the goal of producing first gold in the March 2018 quarter. Contracts that accounted for approximately 50% of the estimated construction scope of works were awarded to members of the Lycopodium group and they commenced work as scheduled on 1 September 2016. Perseus's construction team which is responsible for managing the remaining 50% of the scope of works has continued to build during the period. Off-site, detailed engineering is largely complete as is the procurement of all long lead items of plant and equipment. The construction team has mobilised to site and is well underway on the pouring of concrete works associated with the plant as well as the installation of underground services. Work on the construction of the airstrip, tailings dam and mine camp is well advanced.

During the period, Perseus continued its negotiations with Macquarie Bank Limited and BNP Paribas towards a US$60 million project financing facility which would partially fund the development of Sissingué. However, as a result of uncertainty associated with the Sissingué Ore Reserve due to the re-estimation of the Sissingué Mineral Resource, Perseus decided to reduce the level of project debt finance that it sought from its debt financiers. This initiative was taken to avoid the potential for over-gearing the project but requires a greater proportion of development funds to come from internal sources including cash flow and cash reserves. Discussions are at an advanced stage with Macquarie Bank to provide a project debt financing facility. Negotiation of the revised facility is expected to be finalised and documentation completed in the March 2017 quarter. A total of 100,000 ounces of gold has been sold forward at an average price of approximately US$1,307/ounce and is currently earmarked to support the proposed debt financing of the SGP.

Yaouré Gold Project, Côte d'Ivoire

Following the acquisition of Yaouré, through the merger of Perseus and Amara Mining plc ("Amara") in April 2016, Perseus's study team immediately commenced assessing the scope of work required to comprehensively upgrade the existing preliminary feasibility study of Yaouré to definitive feasibility study ("DFS") standard. Following this initial assessment which included examining all of the work previously conducted by Amara, contracts for all material work packages required to prepare the DFS were awarded to a range of consultants and contractors including Runge Pincock Minarco ("RPM") who will perform the role of lead consultant for the study.

During the period, Stage 1 of the DFS was largely completed and Stage 2 commenced and is due to be completed late in the March 2017 quarter. This work confirmed that there were no "fatal flaws" in the work previously conducted. Some additional areas of study were identified along with a number of optimisation opportunities focused particularly on the optimisation of drilling and blasting and comminution that warrant closer examination.

An initial 42,000 metre infill DD and RC drilling programme including grade control drilling in targeted areas, designed to enhance Perseus's confidence in the existing Mineral Resource estimate as well as examine opportunities for incremental expansion of the Mineral Resource, commenced late in the period. A 40,000 metre Rotary Air Blast ("RAB") drilling programme to sterilise the planned sites of mine infrastructure is also planned and will start in the March 2017 quarter.

Completion of the DFS is scheduled to take a total of 12 months from commencement which should see the full study completed by August 2017. If current efforts to contract additional drilling rigs to be deployed on The Mineral Resource confirmation drill programme are successful, then results of the study could be available around the middle of 2017 rather than August 2017. Drilling results and other information associated with progress of the DFS will be progressively released as the study progresses.

The terms of Exploration Permits 168 and 397, the two tenements on which Yaouré is located, have been extended for a period of two years from 1 December 2016 by the Ivorian Ministry of Industry and Mines. It is expected that within this period, Perseus will complete the DFS for Yaouré, negotiate a Mining Convention, apply for and be granted an Exploitation Permit for the Yaouré development and take a positive development decision.

Encouraging progress has been made on negotiating rates of compensation to be paid to landowners for access to land required to develop the project. It is anticipated that these negotiations will be materially advanced during the March 2017 quarter.

ROUNDING

The amounts contained in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($'000) under the option available to the group under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. This legislative instrument applies to the group.

AUDITOR'S INDEPENDENCE DECLARATION

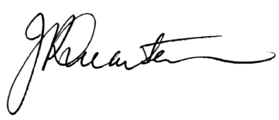
Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young, to provide the directors of Perseus with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on the next page and forms part of this directors' report for the half-year ended 31 December 2016.

On 27 May 2016, the Board granted approval under section 324DAA of the Corporations Act 2001 for Mr Gavin Buckingham to continue as the Group's audit partner for two additional successive financial years, commencing 1 July 2016. The approval was granted at the recommendation of the audit and risk committee, based on the following reasons:

- Following a UK Scheme of Arrangement, Perseus Mining Limited acquired Amara Mining Plc and therefore due to the complexity of such a business combination, there was a benefit in retaining the current audit partner for a further two years whilst management worked through all of the accounting and operational issues associated with the acquisition;
- The existing independence and service metrics in place are sufficient to ensure that auditor independence would not be diminished by such an extension; and
- Mr. Buckingham will continue to abide by the independence guidance provided in APES 110 'Code of Ethics for Professional Accountants' as issued by the Accounting Professional and Ethical Standards Board and Ernst & Young's independence requirements.

Signed in accordance with a resolution of directors.

J A Quartermaine



Managing Director
Perth, 24 February 2017

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's Independence Declaration to the Directors of Perseus Mining Limited

As lead auditor for the review of Perseus Mining Limited for the half-year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Perseus Mining Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
24 February 2017

GB:EH:PRU:069

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These half-year financial statements are the financial statements of the consolidated entity consisting of Perseus Mining Limited and its subsidiaries. The financial statements are presented in the Australian currency.

Perseus Mining Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Perseus Mining Limited
Second Floor
437 Roberts Road
Subiaco, Western Australia 6008
Australia

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the directors' report on pages 3 to 6, which is not part of these interim financial statements.

These interim financial statements were authorised for issue by the directors on 24 February 2017. The directors have the power to amend and reissue the interim financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the company. All press releases, financial statements and other information are available at our News and Reports section on our website at www.perseusmining.com.

Perseus Mining Limited
Statement of comprehensive income
For the half-year ended 31 December 2016

	Notes	Consolidated 31 Dec 2016 $'000	 31 Dec 2015 $'000
Continuing operations			
Revenue		**110,866**	148,651
Other income	2	**23,978**	460
Changes in inventories of finished goods and work in progress		**4,762**	(5,239)
Contractors, consumables, utilities and reagents		**(109,328)**	(92,097)
Royalties		**(8,133)**	(11,441)
Employee benefits expense		**(16,510)**	(12,874)
Depreciation and amortisation expense	2	**(21,799)**	(22,315)
Foreign exchange gain	2	**9,107**	17,863
Finance cost	2	**(12)**	(293)
Impairment of available-for-sale financial asset	7	**-**	(709)
Write-off of exploration		**-**	(4,844)
Legal Settlement	2	**(24,071)**	-
Other expenses		**(6,385)**	(3,297)
(Loss) / profit before income tax		**(37,525)**	13,865
Income tax benefit / (expense)	3	**11,915**	(1,893)
Net (loss) / profit after income tax		**(25,610)**	11,972
Other comprehensive (loss) / income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**2,290**	10,567
Net changes in fair value of cash flow hedges		**20,533**	(18,548)
Net changes in fair value of financial assets		**(536)**	(397)
Income tax (expense) / benefit relating to cash flow hedges		**(7,186)**	6,590
Total comprehensive (loss) / income for the year		**(10,509)**	10,184
(Loss) / profit attributable to:			
Owners of the parent		**(22,285)**	12,127
Non-controlling interests		**(3,325)**	(155)
		(25,610)	11,972
Total comprehensive (loss) / profit attributable to:			
Owners of the parent		**(8,736)**	11,004
Non-controlling interests		**(1,773)**	(820)
		(10,509)	10,184
Basic (loss) / profit per share		**(2.21) cents**	2.29 cents
Diluted (loss) / profit per share		**(2.21) cents**	2.25 cents

The accompanying notes form part of these financial statements.

Perseus Mining Limited
Statement of financial position
As at 31 December 2016

		Consolidated	
	Notes	**31 Dec 2016**	30 June 2016
		$'000	$'000
Current assets			
Cash and cash equivalents	4	**54,655**	151,257
Receivables	5	**21,154**	43,648
Inventories	6	**59,974**	58,849
Prepayments		**5,659**	4,256
Derivative financial instruments	11	**30,712**	-
Assets of disposal group held for sale	14	**14,019**	12,289
Total current assets		**186,173**	270,299
Non-current assets			
Receivables	5	**13,173**	12,724
Inventories	6	**4,032**	2,517
Available for sale financial assets	7	**4,508**	5,044
Property, plant and equipment	8	**298,548**	240,803
Mine properties	9	**241,453**	227,245
Mineral interest acquisition and exploration expenditure	10	**194,354**	184,443
Total non-current assets		**756,068**	672,776
Total assets		**942,241**	943,075
Current liabilities			
Payables and provisions		**91,421**	81,449
Derivative financial instruments	11	**-**	15,361
Liabilities of disposal group held for sale	14	**15,436**	13,776
Total current liabilities		**106,857**	110,586
Non-current liabilities			
Provision		**19,714**	15,935
Deferred tax liability		**43,724**	47,216
Total non-current liabilities		**63,438**	63,151
Total liabilities		**170,295**	173,737
Net assets		**771,946**	769,338
Equity			
Issued capital	13	**720,592**	708,692
Reserves		**30,255**	15,555
Retained earnings		**14,614**	36,899
Parent entity interest		**765,461**	761,146
Non-controlling interest		**6,485**	8,192
Total Equity		**771,946**	769,338

The accompanying notes form part of these financial statements.

Perseus Mining Limited
Statement of changes in equity
For the half-year ended 31 December 2016

	Consolidated								
	Issued capital	**Retained earnings**	**Share based payments reserve**	**Foreign currency translation reserve**	**Asset revaluation reserve**	**Hedge reserve**	**Non-controlling interest's reserve**	**Non-controlling interest**	**Total equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Six months to 31 December 2016									
Balance at 1 July 2016	**708,692**	**36,899**	**19,904**	**5,500**	**2,794**	**(12,388)**	**(255)**	**8,192**	**769,338**
Loss for the period	-	(22,285)	-	-	-	-	-	(3,325)	(25,610)
Currency translation differences	-	-	-	2,074	-	-	-	216	2,290
Net change in the available-for-sale financial assets	-	-	-	-	(536)	-	-	-	(536)
Net change in fair value of cash flow hedges	-	-	-	-	-	18,479	-	2,054	20,533
Income tax relating to components of other comprehensive income	-	-	-	-	-	(6,468)	-	(718)	(7,186)
Total comprehensive (loss) / income	**-**	**(22,285)**	**-**	**2,074**	**(536)**	**12,011**	**-**	**(1,773)**	**(10,509)**
Shares issued during the period	7,651	-	-	-	-	-	-	-	7,651
Share issue expenses	(797)	-	-	-	-	-	-	-	(797)
Exercise of warrants	5,046	-	-	-	-	-	-	-	5,046
Share based payments	-	-	1,151	-	-	-	-	66	1,217
Non-controlling interest arising from change in ownership interest	-	-	-	-	-	-	-	-	-
Balance at 31 December 2016	**720,592**	**14,614**	**21,055**	**7,574**	**2,258**	**(377)**	**(255)**	**6,485**	**771,946**
Six months to 31 December 2015									
Balance at 1 July 2015	**476,427**	**72,539**	**19,212**	**(8,124)**	**(93)**	**10,762**	**250**	**12,249**	**583,222**
Profit for the period	-	12,127	-	-	-	-	-	(155)	11,972
Currency translation differences	-	-	-	10,036	-	-	-	531	10,567
Net change in the available-for-sale financial assets	-	-	-	-	(397)	-	-	-	(397)
Net change in fair value of cash flow hedges	-	-	-	-	-	(16,557)	-	(1,991)	(18,548)
Income tax relating to components of other comprehensive income	-	-	-	-	-	5,795	-	795	6,590
Total comprehensive income / (loss)	**-**	**12,127**	**-**	**10,036**	**(397)**	**(10,762)**	**-**	**(820)**	**10,184**
Shares issued during the period	-	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-	-
Share based payments	-	-	165	-	-	-	-	37	202
Non-controlling interest arising from change in ownership interest	-	-	-	-	-	-	(507)	31	(476)
Balance at 31 December 2015	**476,427**	**84,666**	**19,377**	**1,912**	**(490)**	**-**	**(257)**	**11,497**	**593,132**

The accompanying notes form part of these financial statements.

Perseus Mining Limited
Statement of cash flows
For the half-year ended 31 December 2016

	Notes	Consolidated 31 Dec 2016 $'000	Consolidated 31 Dec 2015 $'000
Operating activities			
Receipts in the course of operations		**121,654**	143,809
Payments to suppliers and employees		**(139,498)**	(133,947)
Interest received		**457**	442
Net cash (used in) / from operating activities		**(17,387)**	10,304
Investing activities			
Payments for exploration and evaluation expenditure		**(5,804)**	(2,691)
Payments for acquisition of property, plant and equipment		**(110)**	(607)
Payments for mine properties		**(9,887)**	(4,167)
Payments for acquisition of assets under construction		**(77,629)**	(18,761)
Net cash used in investing activities		**(93,430)**	(26,226)
Financing activities			
Proceeds from share issues		**7,651**	-
Proceeds from exercise of warrants		**5,046**	-
Share issue expenses		**(797)**	-
Acquisition of minority interest		**-**	(475)
Net cash provided by / (used in) financing activities		**11,900**	(475)
Net decrease in cash held		**(98,917)**	(16,397)
Cash and cash equivalents at the beginning of the financial period		**151,257**	103,741
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		**2,315**	7,297
Cash and cash equivalents at the end of the financial period	**4**	**54,655**	94,641

The accompanying notes form part of these financial statements.

ABOUT THIS REPORT

The interim financial statements are for the consolidated entity consisting of Perseus Mining Limited and its subsidiaries (the "group" or the "consolidated entity"). Perseus Mining Limited is a listed for-profit public company, incorporated and domiciled in Australia. During the half-year ended 31 December 2016, the consolidated entity conducted operations in Australia, Ghana and Côte d'Ivoire.

These consolidated interim financial statements of the consolidated entity for the period ended 31 December 2016 are general purpose condensed financial statements prepared in accordance with the requirements of the Australian *Corporations Act 2001* (Cth) and AASB 134 'Interim Financial Reporting'.

These condensed interim financial statements do not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report. It is recommended that these interim financial statements be read in conjunction with the annual financial report for the year ended 30 June 2016, and any public announcements made by the group during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The consolidated interim financial statements are presented in Australian dollars, which is Perseus Mining Limited's functional and presentation currency. These consolidated interim financial statements are rounded off to the nearest thousand dollars ($'000), unless otherwise indicated.

New and amended standards and interpretations adopted by the group
In the period ended 31 December 2016, the group has reviewed and adopted 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 before 1 July 2016. The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the group's annual consolidated financial statements for the year ended 30 June 2016. As a result of this review the directors have determined that there is no change necessary to group accounting policies.

Historical cost convention
These consolidated interim financial statements have been prepared under the historical cost convention, except for derivative instruments and available for sale financial assets which are carried at fair value, as well as the disposal group which is carried at the lower of carrying value and fair value less cost of disposal.

Critical accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed throughout the notes.

SIGNIFICANT JUDGEMENTS AND 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 consolidated entity and that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting will, by definition, seldom equal the actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the notes indicated below.

	Note
Depreciation and amortisation	2
Unit-of-production method of depreciation/amortisation	2
Deferred stripping expenditure	2
Impairment	2
Income tax	3

SIGNIFICANT JUDGEMENTS AND ESTIMATES – continued

1. SEGMENT INFORMATION

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the executive management team and board of directors that are used to make strategic decisions.

The group primarily reports on a geographical basis as its risks and rates of return are affected predominantly by differences in geographical areas in which it operates and this is the format of the information provided to the executive management team and board of directors.

The group operated principally in three geographical segments during the half-year ended 31 December 2016 being Australia and the West African countries of Ghana and Côte d'Ivoire. The segment information is prepared in conformity with the group's accounting policies.

The group comprises the following main segments:

Australia	Investing activities and corporate management.
Ghana	Mining, mineral exploration, evaluation and development activities.
Côte d'Ivoire	Mineral exploration, evaluation and development activities.

Revenue is derived from two external customers arising from the sale of gold bullion reported under the Ghana reporting segment.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management team and board of directors of the parent entity.

1. SEGMENT INFORMATION – continued

(c) Segment information provided to the executive management team and board of directors

	Six months ending							
	Australia 31 Dec 2016 $'000	Australia 31 Dec 2015 $'000	**Ghana 31 Dec 2016 $'000**	Ghana 31 Dec 2015 $'000	**Côte d'Ivoire 31 Dec 2016 $'000**	Côte d'Ivoire 31 Dec 2015 $'000	**Consolidated 31 Dec 2016 $'000**	Consolidated 31 Dec 2015 $'000
Revenue and other income								
Revenue	**-**	-	**110,866**	148,651	**-**	-	**110,866**	148,651
Other income	**293**	238	**7,881**	222	**15,804**	-	**23,978**	460
Total revenue and other income	**293**	238	**118,747**	148,873	**15,804**	-	**134,844**	149,111
Results								
Operating (loss) / profit before income tax	**(15,919)**	10,387	**(27,310)**	5,344	**5,704**	(1,866)	**(37,525)**	13,865
Income tax benefit / (expense)							**11,915**	(1,893)
Net (loss) / profit							**(25,610)**	11,972
Included within segment results:								
Impairment of available-for-sale financial asset	**-**	(709)	**-**	-	**-**	-	**-**	(709)
Depreciation and amortisation	**(508)**	(352)	**(21,190)**	(21,883)	**(101)**	(80)	**(21,799)**	(22,315)
Share based payments to employees, directors and consultants	**(826)**	(98)	**(184)**	(89)	**(210)**	(11)	**(1,220)**	(198)
Foreign exchange gain / (loss)	**9,523**	15,752	**(396)**	3,094	**(20)**	(983)	**9,107**	17,863

	As at 31 Dec 2016 $'000	As at 30 June 2016 $'000	**As at 31 Dec 2016 $'000**	As at 30 June 2016 $'000	**As at 31 Dec 2016 $'000**	As at 30 June 2016 $'000	**As at 31 Dec 2016 $'000**	As at 30 June 2016 $'000
Assets								
Segment assets	**74,742**	163,614	**546,656**	530,091	**306,824**	237,081	**928,222**	930,786
Unallocated assets of disposal group held for sale							**14,019**	12,289
Total segment assets							**942,241**	943,075
Total assets includes:								
Additions to non-current assets (other than financial assets)	**32**	159	**35,750**	66,343	**51,298**	131,118	**87,080**	197,620
Liabilities								
Segment liabilities	**22,168**	3,763	**121,257**	150,943	**11,434**	5,255	**154,859**	159,961
Unallocated liabilities of disposal group held for sale							**15,436**	13,776
Total segment liabilities							**170,295**	173,737

2. OTHER INCOME / EXPENSES

	Consolidated Six months ended 31 Dec 2016 $'000	31 Dec 2015 $'000
(Loss) / profit before income tax has been determined after:		
Other income:		
Unrealised gain on fair value of gold forward contracts	**23,587**	-
Interest Revenue	**391**	460
	23,978	460
Foreign exchange gain:		
Unrealised foreign exchange gain on translation of inter-company loans	**9,125**	15,798
Unrealised foreign exchange (loss) / gain on translation of VAT receivable	**(970)**	2,020
Unrealised foreign exchange gain on other translations	**952**	45
	9,107	17,863
Changes in inventories of finished goods and work in progress:		
(Write down) / write back of inventories due to (decrease) / increase in net realisable value	**(10,317)**	1,850

(Write down) / write back of inventories due to (decrease) / increase in net realisable value is included in 'changes in inventories of finished goods and work in progress' in the statement of comprehensive income.

	31 Dec 2016 $'000	31 Dec 2015 $'000
Finance costs:		
Interest and finance charges	**(12)**	(293)
Other costs:		
Legal settlement	**(24,071)**	-

BCM legal settlement relates to outstanding claims made by BCM against Amara in relation to contract mining services provided by BCM at Amara's now closed Kalsaka and Seguenega mines in Burkina Faso.

	31 Dec 2016 $'000	31 Dec 2015 $'000
Depreciation and amortisation:		
Amortisation of stripping asset	**(314)**	(5,111)
Other depreciation and amortisation	**(21,485)**	(17,204)
	(21,799)	(22,315)

SIGNIFICANT JUDGEMENTS AND ESTIMATES

(i) Impairment of assets

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 group 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 Ore 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;

2. OTHER INCOME / EXPENSES – continued

SIGNIFICANT JUDGEMENTS AND ESTIMATES – continued
(i) Impairment of assets - continued

- *(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 the gold price and grade (changes in contained ounces).

(ii) Unit-of-production method of depreciation / amortisation
The group 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 group amortises mine property assets utilising tonnes of ore mined and mine related plant and equipment over tonnes of ore processed.

(iii) Deferred stripping expenditure
The group defers stripping costs incurred during the production stage of its operations. Significant judgement is required to distinguish between production stripping that relates to the extraction of inventory and what relates to the creation of a deferred waste asset. The group also identifies the separate components of the ore body. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify these components, and to determine the expected volumes of waste to be stripped and ore to be mined in each component and a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The group 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.

3. INCOME TAX BENEFIT / (EXPENSE)

The income tax benefit that has been recognised in the statement of comprehensive income comprises $11,915,211 (31 December 2015 income tax expense: $1,892,524), fully relating to the EGM loss for the period.

SIGNIFICANT JUDGEMENTS AND ESTIMATES
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 group 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 group 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 group operates could limit the ability of the group to obtain tax deductions in future periods.

4. CASH AND CASH EQUIVALENTS

		Consolidated	
		31 Dec 2016	30 June 2016
		$'000	$'000
Cash assets	(i)	**42,940**	101,613
Short term deposits	(ii)	**11,715**	49,644
		54,655	151,257

(i) Cash at bank earns interest at floating rates based on daily bank deposit rates.
(ii) Short-term deposits are made for varying periods, depending on the immediate cash requirements of the group, and earn interest at the respective short-term deposit rates.

5. RECEIVABLES

Current			
Trade debtors	(i)	**1,349**	15,258
Sundry debtors	(i)	**5,424**	9,271
Other receivable	(ii)	**18,255**	22,870
Allowance for doubtful debts	(iii)	**(3,874)**	(3,751)
		21,154	43,648
Non-current			
Security deposits	(iv)	**13,173**	12,724
		13,173	12,724
Movement in the allowance for doubtful debts:			
Balance at beginning of the period		**3,751**	3,645
Foreign exchange translation gain		**123**	106
Balance at the end of the period		**3,874**	3,751

Terms relating to the above financial instruments:
(i) Trade and sundry debtors are non-interest bearing and generally on 30 day terms.
(ii) Other receivable relates to GST and VAT receivable throughout the Group. At 31 December 2016, $18.3 million (30 June 2016: $22.9 million) related to a VAT refund receivable from the Ghana Revenue Authority ("GRA"). In early July 2016 two cheques from the GRA totalling GHS44.9 million (US$11.4 million) were received from the GRA for the VAT receivable. Further to this, in December 2016, a cheque of GHS21.6 million (US$5.1 million) was received from the GRA for the VAT receivable.
(iii) Allowance for doubtful debts are recognised against sundry debtors for estimated irrecoverable amounts determined by reference to an analysis of the counterparty's current financial position.
(iv) At 31 December 2016, the group has US$9.5 million (approximately A$13.2 million) (30 June 2016: US$9.5 million, approximately A$12.7 million) held in bank deposits which are subject to a lien and are collateral for a bank guarantee that has been issued to the Ghana Environmental Protection Agency in relation to environmental rehabilitation provisions concerning the EGM.

Past due but not impaired
With the exception of $3.9 million disclosed above which is fully provided for, all of the remaining trade and other receivables are not past due.

5. RECEIVABLES – continued

Fair value and foreign exchange and credit risk
Due to the short term nature of the current receivables, their carrying amount is assumed to approximate their fair value. Long term receivables are evaluated by the group based on parameters such as individual creditworthiness of the customer and specific country risk factors. The carrying amount of long term receivables is assumed to approximate fair value, as the security deposits that make up the long term receivables have a market based interest rate. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above.

The other receivable relating to a VAT refund from the GRA is immediately repayable on demand in Ghanaian Cedis ("GHS"), is unsecured and bears no interest. Since the authorisation of treasury credit notes by the GRA, payments of employment taxes, withholding taxes and royalties have been offset against the VAT receivable.

6. INVENTORIES

	Consolidated	
	31 Dec 2016	30 June 2016
	$'000	$'000
Current		
Ore stockpiles – at cost	**-**	5,407
Ore stockpiles – at net realisable value	**5,797**	9,919
Gold in circuit – at net realisable value	**9,123**	6,557
Bullion on hand – at net realisable value	**11,225**	-
Materials and supplies	**33,829**	36,966
	59,974	58,849

Inventory expense
The inventory expense during the six month period ended 31 December 2016 was $136.4 million (30 June 2016: $244.3 million). The write down of inventories due to a decrease in net realisable value recognised during the period ended 31 December 2016 amounted to $10.3 million (30 June 2016: write up of $13.1 million) and is included in 'changes in inventories of finished goods and work in progress' in the statement of comprehensive income.

Non-current		
Ore stockpiles – at net realisable value	**4,032**	2,517
	4,032	**2,517**

SIGNIFICANT JUDGEMENTS AND ESTIMATES
Net realisable value tests are performed at least quarterly and represent the estimated future sales price of the product based on 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.

7. AVAILABLE FOR SALE FINANCIAL ASSETS

		Consolidated	
		31 Dec 2016	30 June 2016
Non-current		**$'000**	$'000
Available for sale financial assets	(i)	**4,508**	5,044
		4,508	5,044
Reconciliation of movements in available for sale financial assets:			
Balance at beginning of the period		**5,044**	2,820
Additions		**-**	46
Impairment of available for sale financial asset	(ii)	**-**	(709)
(Loss) / gain on fair value remeasurements		**(536)**	2,887
Balance at end of the period		**4,508**	5,044

Terms and conditions relating to the above financial instruments:

(i) The group's investment in Manas Resources Limited ("Manas") of $0.5 million and Amani Gold Limited ("Amani"), formerly Burey Gold Limited, of $4.0 million is recognised as an available for sale financial asset.

(ii) During the half-year ended 31 December 2016, impairment of the investment in Manas and Amani was considered. No evidence of impairment existed. The investments in Manas and Amani are recognised at fair value at 31 December 2016.

Fair value measurements
Information about the group's assumptions used in determining fair value is provided in note 12.

8. PROPERTY, PLANT AND EQUIPMENT

Plant and equipment - at cost	**210,234**	193,218
Accumulated depreciation	**(86,369)**	(74,487)
	123,865	118,731
Reconciliation of plant and equipment:		
Balance at the beginning of the period	**118,731**	125,730
Acquired on acquisition of a subsidiary	**-**	152
Additions	**110**	797
Transferred from assets under construction	**10,311**	7,263
Depreciation	**(9,171)**	(19,088)
Disposals	**(5)**	(24)
Translation difference movement	**3,889**	3,901
Carrying amount at the end of the period	**123,865**	**118,731**

8. PROPERTY, PLANT AND EQUIPMENT – continued

	Consolidated	
	31 Dec 2016	30 June 2016
	$'000	$'000
Assets under construction – at cost	**174,683**	122,072
Reconciliation of assets under construction:		
Balance at the beginning of the period	**122,072**	84,942
Acquired on acquisition of a subsidiary	**-**	461
Additions	**67,232**	58,084
Transferred to property, plant and equipment	**(10,311)**	(7,263)
Transferred to mine properties	**(5,566)**	(15,678)
Translation difference movement	**1,256**	1,526
Carrying amount at the end of the period	**174,683**	122,072
Total property, plant and equipment net book value	**298,548**	240,803

9. MINE PROPERTIES

Mine properties - at cost	**406,300**	374,203
Accumulated depreciation	**(164,847)**	(146,958)
	241,453	227,245
Reconciliation of mine properties:		
Balance at the beginning of the period	**227,245**	214,699
Additions	**13,791**	19,940
Transferred from assets under construction	**5,566**	15,678
Amortisation	**(12,628)**	(28,968)
Translation difference movement	**7,479**	5,896
Carrying amount at the end of the period	**241,453**	227,245

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Ore Reserves are estimates of the amount of ore that can be economically and legally extracted from the group's mining properties. The group estimates it's Ore 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.

10. MINERAL INTEREST ACQUISITION AND EXPLORATION EXPENDITURE

	Consolidated	
	31 Dec 2016	30 June 2016
	$'000	$'000
Mineral interest acquisition and exploration – at cost	**194,354**	184,443
Reconciliation:		
Balance at the beginning of the period	**184,443**	41,568
Acquired on acquisition of a subsidiary	**-**	147,107
Additions	**5,947**	8,972
Write-off of exploration	**-**	(17,921)
Translation difference movement	**3,964**	4,717
Carrying amount at the end of the period	**194,354**	184,443

The expenditure above relates principally to exploration and evaluation activities. The ultimate recoupment of this expenditure is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

SIGNIFICANT JUDGEMENTS AND ESTIMATES
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.

11. DERIVATIVE FINANCIAL INSTRUMENTS

Current assets		
Financial assets at fair value – gold forward contracts	**30,712**	-
	30,712	-
Current liabilities		
Cash flow hedge liabilities	**-**	12,841
Financial assets at fair value – gold forward contracts	**-**	2,520
	-	15,361

11. DERIVATIVE FINANCIAL INSTRUMENTS – continued

The group is party to derivative financial instruments in the normal course of business in order to hedge exposure to future price and currency fluctuations in the primary commodity markets in which it operates. This is done in accordance with the group's financial risk management policies.

Forward metal contracts – cash flow hedges:

The group uses cash flow designated USD forward metal contracts to manage movements in USD precious metal prices on its anticipated sales of gold. At 31 December 2016 there were no cash flow designated hedge contracts in place. During the period the cash flow hedges no longer met the criteria for hedge accounting and there was a reclassification to Financial assets at fair value – gold forward contracts. The cumulative loss that was recorded in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. The portion of the gain or loss on these hedging instruments that was determined to be an effective hedge, prior to reclassification to Financial assets at fair value – gold forward contracts, was recognised and retained directly in equity. The ineffective portion was recognised in the statement of comprehensive income, prior to reclassification to Financial assets at fair value – gold forward contracts.

The amount reclassified from equity during the year to the income statement, as a result of the occurrence of the forecast sale of gold that was hedged, was a loss of $11.1 million (30 June 2016 gain: $17.8 million).

Financial assets at fair value – gold forward contracts:

Financial assets at fair value through profit or loss include the change in value of gold forward contracts in place during the half-year ending 31 December 2016. The group uses USD forward metal contracts to hedge movements in USD precious metal prices on its anticipated sales of gold. The risk management policies related to these contracts are provided in note 12. Movements in fair value between inception and close-out of the contract are taken to profit and loss.

At 31 December 2016 the group held forward metal contracts for 165,973 ounces of gold with a weighted average price of US$1,287/oz. This includes 100,000 ounces of forward metal contracts at an average price of US$1,307/oz specifically to support the proposed Sissingué project finance debt facility. When necessary, these contracts may be rolled over into new contracts at maturity, subject to counterparty credit approval.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

The group makes judgements on the effectiveness of all derivative financial instruments entered into, including forward metal contracts, metal options and foreign currency option contracts. 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.

12. FINANCIAL RISK MANAGEMENT

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the group as at 31 December 2016:

	Loans and receivables / amortised cost $'000	**Available-for-sale $'000**	**Fair value through profit and loss $'000**	**Fair value through other comprehensive income (cash flow hedge) $'000**
Financial assets:				
Receivables	**21,154**	**-**	**-**	**-**
Gold forward contracts	**-**	**-**	**30,712**	**-**
Total current	**21,154**	**-**	**30,712**	**-**
Receivables	**13,173**	**-**	**-**	**-**
Available for sale investments	**-**	**4,508**	**-**	**-**
Total non-current	**13,173**	**4,508**	**-**	**-**
Total	**34,327**	**4,508**	**30,712**	**-**
Financial liabilities:				
Payables	**89,753**	**-**	**-**	**-**
Total current	**89,753**	**-**	**-**	**-**
Total	**89,753**	**-**	**-**	**-**

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the group as at 30 June 2016:

	Loans and receivables / amortised cost $'000	Available-for-sale $'000	Fair value through profit and loss $'000	Fair value through other comprehensive income (cash flow hedge) $'000
Financial assets:				
Receivables	43,648	-	-	-
Total current	43,648	-	-	-
Receivables	12,724	-	-	-
Available for sale investments	-	5,044	-	-
Total non-current	12,724	5,044	-	-
Total	56,372	5,044	-	-
Financial liabilities:				
Payables	79,868	-	-	-
Gold forward contracts	-	-	2,520	-
Derivative financial instruments	-	-	-	12,841
Total current	79,868	-	2,520	12,841
Total	79,868	-	2,520	12,841

12. FINANCIAL RISK MANAGEMENT – continued

Fair values

Set out below is a comparison of the carrying amounts and fair values of financial instruments:

	Consolidated			
	31 Dec 2016		30 June 2016	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$'000	**$'000**	$'000	$'000
Financial assets:				
Receivables	**21,154**	**21,154**	43,648	43,648
Gold forward contracts	**30,712**	**30,712**	-	-
Total current	**51,866**	**51,866**	43,648	43,648
Receivables	**13,173**	**13,173**	12,724	12,724
Available for sale investments	**4,508**	**4,508**	5,044	5,044
Total non-current	**17,681**	**17,681**	17,768	17,768
Total	**69,547**	**69,547**	61,416	61,416
Financial liabilities:				
Payables	**89,753**	**89,753**	79,868	79,868
Gold forward contracts	**-**	**-**	2,520	2,520
Derivative financial instruments	**-**	**-**	12,841	12,841
Total current	**89,753**	**89,753**	95,229	95,229
Total	**89,753**	**89,753**	95,229	95,229

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities
Level 2 Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)
Level 3 Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

For financial instruments that are recognised at fair value on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no transfers between categories during the period.

12. FINANCIAL RISK MANAGEMENT – continued

The following table presents the group's financial instruments measured and recognised at fair value:

31 December 2016	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets:				
Available for sale instruments	**4,508**	**-**	**-**	**4,508**
Gold forward contracts	**-**	**30,712**	**-**	**30,712**
Total	**4,508**	**30,712**	**-**	**35,220**

30 June 2016				
Financial assets:				
Available for sale instruments	5,044	-	-	5,044
Total	5,044	-	-	5,044
Financial liabilities:				
Gold forward contracts	-	2,520	-	2,520
Derivative financial instruments	-	12,841	-	12,841
Total	-	15,361	-	15,361

Valuation techniques

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties and forward rate curves of the underlying commodity. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period.
- Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The net fair value of cash and cash equivalents and non-interest bearing financial assets and liabilities of the group approximate their carrying values. The carrying values (less impairment provision if provided) of trade receivables and payable approximate their fair values due to their short-term nature. The carrying amount of long term receivables is assumed to approximate fair value, as the security deposits that make up the long term receivables have a market based interest rate.

12. FINANCIAL RISK MANAGEMENT – continued

SIGNIFICANT JUDGEMENTS AND ESTIMATES
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.

13. ISSUED CAPITAL AND RESERVES

(a) Issued and paid-up share capital

	Consolidated	
	31 Dec 2016	31 Dec 2015
	$'000	$'000
1,031,818,701 (31 December 2015: 529,343,901) ordinary shares, fully paid	**720,592**	476,427

	Consolidated			
	31 Dec 2016		31 Dec 2015	
	$'000	**Number**	$'000	Number
Balance at the beginning of the period	**708,692**	**1,004,653,217**	476,427	526,656,401
Transaction costs arising from issue of securities for cash	**(797)**	**-**	-	-
Vesting of performance rights on 29 July 2015	**-**	**-**	-	2,687,500
Share placement at issue price of $0.44 pursuant to the exercise of warrants	**5,046**	**11,488,115**	-	-
Share placement at issue price of $0.50 on 22 July 2016	**7,651**	**15,302,369**	-	-
Vesting of performance rights on 28 July 2016	**-**	**375,000**	-	-
Balance at the end of the period	**720,592**	**1,031,818,701**	476,427	529,343,901

(b) Performance rights

Performance rights have been granted as follows:

Grant date	End of measurement period	Expiry date	Exercise price	Opening balance	Performance rights issued	Performance rights exercised	Performance rights forfeited	Closing balance
				1 July 2016				31 Dec 2016
				Number	*Number*	*Number*	*Number*	*Number*
1-Jan-14	31-Dec-16	30-Jun-17	nil	1,925,000	-	-	(62,500)	1,862,500
4-Jun-14	31-Dec-16	30-Jun-17	nil	562,500	-	-	-	562,500
1-Jan-15	30-Jun-16	31-Dec-16	nil	750,000	-	(750,000)	-	-
1-Jan-15	31-Dec-17	30-Jun-18	nil	750,000	-	-	(500,000)	250,000
1-Jul-15	30-Jun-17	31-Dec-17	nil	4,725,000	-	-	(850,000)	3,875,000
20-Nov-15	30-Jun-17	31-Dec-17	nil	800,000	-	-	-	800,000
20-Nov-15	30-Jun-18	31-Dec-18	nil	500,000	-	-	-	500,000
13-Jan-16	31-Dec-16	30-Jun-17	nil	1,325,000	-	-	(450,000)	875,000
1-Jul-16	30-Jun-17	31-Dec-17	nil	-	1,241,668	-	-	1,241,668
1-Jul-16	30-Jun-18	31-Dec-18	nil	-	991,666	-	-	991,666
1-Jul-16	30-Jun-19	31-Dec-19	nil	-	866,666	-	-	866,666
1-Jul-16	31-Dec-17	30-Jun-18	nil	-	1,925,000	-	-	1,925,000
1-Jul-16	31-Dec-18	30-Jun-19	nil	-	5,700,000	-	-	5,700,000
				11,337,500	10,725,000	(750,000)	(1,862,500)	19,450,000

13. ISSUED CAPITAL AND RESERVES – continued

SIGNIFICANT JUDGEMENTS AND ESTIMATES
The consolidated entity measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they were granted. The fair value of options granted is determined using a Black-Scholes model and the fair value of performance rights granted is determined using a Monte Carlo simulation model.

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends as declared and, in the event of winding up of the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

(d) Nature and purpose of reserves

A summary of the transactions impacting each reserve has been disclosed in the statement of changes in equity.

Share based payments reserve
The share based payments reserve is used to record the fair value of options and performance rights issued but not exercised.

Foreign currency translation reserve
The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity along with Perseus's share of the movement in its associate's foreign currency translation reserve.

Non-controlling interest's reserve
The non-controlling interest's reserve records the difference between the fair value of the amount by which the non-controlling interests were adjusted to record their initial relative interest and the consideration paid.

Hedge reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

Asset revaluation reserve
The asset revaluation reserve is used to record the revaluation of the investment in Manas Resources Limited and Amani Gold Limited to fair value as the investment is designated as an available for sale financial asset.

14. DISPOSAL GROUP HELD FOR SALE

The Burkinabe subsidiaries that that were acquired by Perseus through the Amara acquisition have been presented as a disposal group held for sale. The decision to sell the assets was made by the Amara Board and negotiations are ongoing by Perseus to sell the Burkinabe assets. The subsidiaries held for sale are Kalsaka Mining SA ("KMSA"), Cluff Gold Sega Sarl and Cluff Mining Burkina Sarl. The disposal group has been treated as a discontinued operation.

At 31 December 2016, the disposal group comprised the following assets and liabilities:

	31 Dec 2016	30 June 2016
	$'000	$'000
Assets of disposal group held for sale		
Property, plant and equipment	**6,607**	6,447
Inventory	**19**	53
Other receivables and recoverable taxes	**3,638**	2,022
Security deposits	**3,737**	3,747
Cash and cash equivalents	**18**	20
Total assets of disposal group held for sale	**14,019**	12,289
Liabilities of disposal group held for sale		
Trade and other payables	**10,526**	8,822
Provisions	**4,910**	4,954
Total liabilities of disposal group held for sale	**15,436**	13,776

There is no cumulative income or expenses included in other comprehensive income relating to the disposal group.

15. CONTINGENCIES

During the period, there was a legal settlement to BCM relating to outstanding claims made by BCM against Amara for contract mining services provided by BCM at Amara's now closed Kalsaka and Seguenega mines in Burkina Faso. Under the settlement agreement, a total of US$20.0 million was to be paid to BCM, of which US$5.0 million was paid as at 31 December 2016.

There were no other known contingent liabilities since the annual financial report for the year ended 30 June 2016.

16. COMMITMENTS

(a) Exploration expenditure commitments

With respect to the group's mineral property interests in Ghana and Côte d'Ivoire, statutory expenditure commitments specified by the mining legislation are nominal in monetary terms. However, as part of mineral licence application and renewal requirements, the group submits budgeted exploration expenditure. In assessing subsequent renewal applications, the mining authorities review actual expenditure against budgets previously submitted. The group's budget expenditures for future periods are shown below. These amounts do not become legal obligations of the group and actual expenditure may and does vary depending on the outcome of actual exploration programs, and the costs and results from those programs.

	Consolidated	
	31 Dec 2016	30 June 2016
	$'000	$'000
Within one year	**400**	1,500
One year or later and not later than five years	**3,000**	2,800
Later than five years	**-**	3,500
	3,400	7,800

16. COMMITMENTS - continued

(b) Capital commitments

The group is responsible for all rehabilitation of the EGM mining leases, which are currently estimated to cost approximately US$9.7 million and a provision has been recorded for this at balance date. As the development of Sissingué is now well advanced, the group is responsible for the rehabilitation of the areas it has disturbed, which is currently estimated to cost approximately US$2.0 million and a provision has been recorded for this at balance date. The group is also responsible for the rehabilitation of the historical heap leach operations at Yaouré in Cote d'Ivoire, which are currently estimated to cost approximately US$2.2 million and a provision has been recorded for this at balance date. The group does not have any material commitments in relation to the construction of the SGP as at 31 December 2016.

(c) Operating lease commitments

The company leases office premises under normal commercial arrangements. The lease is for a period of 5 years beginning 1 April 2012. The company is under no legal obligation to accept a renewal of the lease once the lease term has expired.

Future minimum lease payments payable under non-cancellable operating leases at 31 December 2016 are as follows:

	Consolidated	
	31 Dec 2016	30 June 2016
	$'000	$'000
Within one year	**311**	303
One year or later and not later than five years	**1,421**	-
	1,732	303

17. EVENTS OCCURING AFTER THE END OF THE REPORTING PERIOD

Since the end of the period and to the date of this report no matter or circumstance has arisen that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial periods other than:

(a) On 14 February 2017 KMSA, which represents the majority of the disposal group held for sale as at 31 December 2016, went into liquidation following court appointment of a liquidator for the entity; and

(b) On 17 February 2017, 1,062,500 performance rights successfully vested under the terms of the company's Performance Rights Plan and converted to ordinary shares on a 1 for 1 basis on satisfaction of specified conditions. The shares were issued to employees at nil consideration as part of employee remuneration.

DIRECTORS' DECLARATION

In the opinion of the directors of Perseus Mining Limited (the 'Company'):

(a) The accompanying financial statements, and notes are in accordance with the Corporations Act 2001 including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half year then ended; and

  (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Pursuant to s.303(5) of the Corporations Act 2001, this declaration is signed in accordance with a resolution of the Board of Directors.

J A Quartermaine

Managing Director
Dated at Perth, 24 February 2017

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

To the members of Perseus Mining Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Perseus Mining Limited (the company), which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, other information as set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules and the directors' declaration of the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act* 2001 and complies with the ASX Listing Rules as they relate to Appendix 4D. The directors are also responsible for such internal controls that the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and the ASX Listing Rules as they relate to Appendix 4D. As the auditor of Perseus Mining Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Building a better working world

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Perseus Mining Limited is not in accordance with:

a) the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

   ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

b) the ASX Listing Rules as they relate to Appendix 4D.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
24 February 2017