Perseus Mining Limited

ANNUAL REPORT 2017

Corporate **Directory**

DIRECTORS

Terence Sean Harvey
Non-Executive Chairman (effective 1 April 2017)

Reginald Norman Gillard
Non-Executive Chairman (retired 31 March 2017)

Jeffrey Allan Quartermaine
Managing Director and Chief Executive Officer

Colin John Carson
Executive Director

Michael Andrew Bohm
Non-Executive Director

John Francis Gerald McGloin
Non-Executive Director

Alexander John Davidson
Non-Executive Director

Sally-Anne Georgina Layman
Non-Executive Director (appointed 13 September 2017)

COMPANY SECRETARY

Martijn Paul Bosboom

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AUDITORS

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STOCK EXCHANGE LISTINGS

Australian Securities Exchange	**(ASX – PRU)**
Toronto Stock Exchange	**(TSX – PRU)**
Frankfurt Stock Exchange	**(WKN: AOB7MN)**

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Company **Highlights 2017**

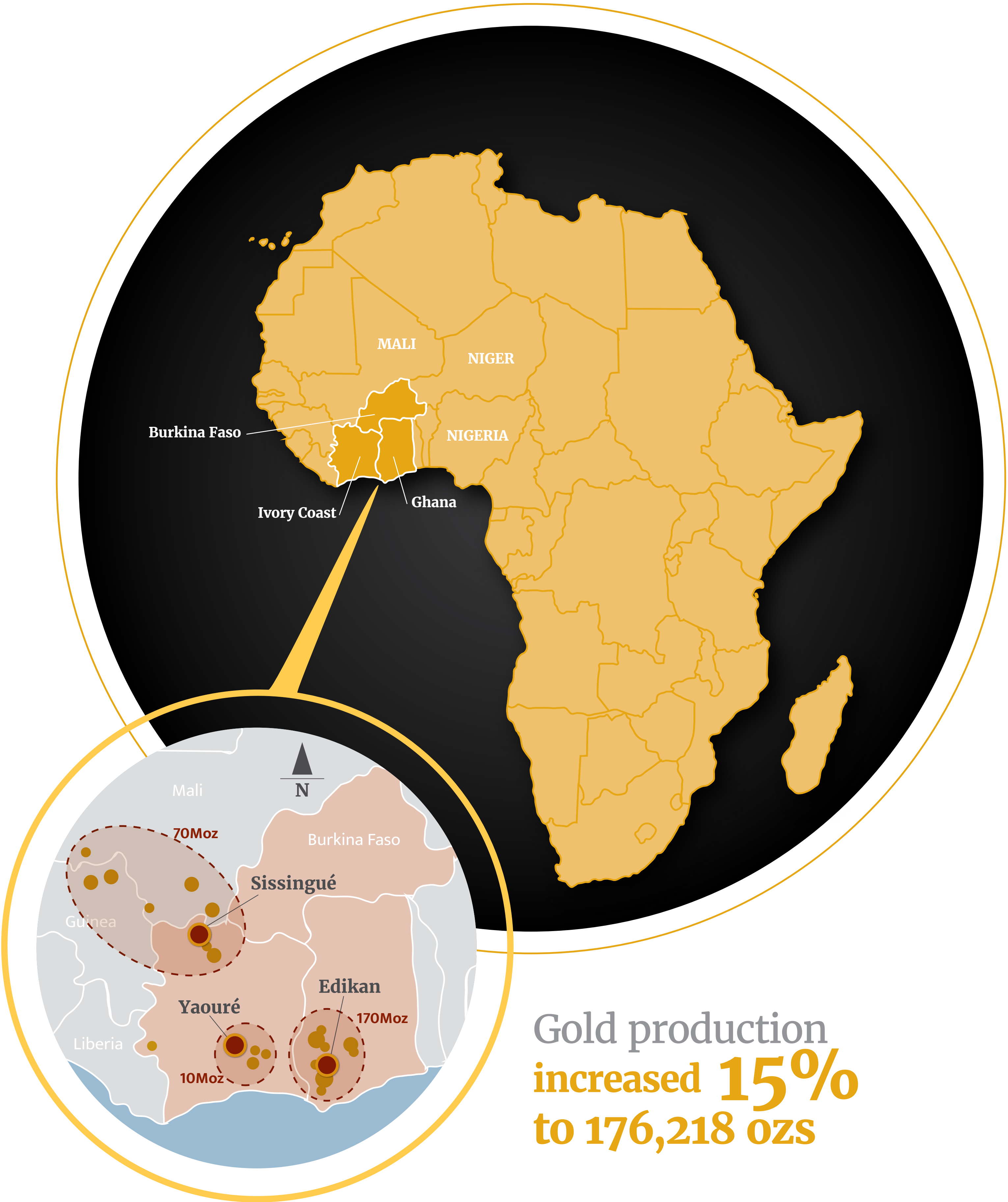
Material turnaround
in operating performance at
Edikan gold mine in second half.

Completed **major investment** program at Edikan to
upgrade processing plant
and provide infrastructure for local community.

Development of the **Sissingué Gold project** on schedule and **on budget**, with first **gold production scheduled for Q1 2018**.

Definitive Feasibility Study
for the Yaouré Gold Project in Côte d'Ivoire on schedule for
completion by year end.

Cash and bullion on hand of
A$43.0 million
at June 30



Gold production increased 15% to 176,218 ozs

Our **Strategy**

A corporate growth strategy designed to transform Perseus from a single mine-single country business to a credible mid-tier, multi-operation enterprise spanning several geopolitical settings.

1	**Increase Productivity**	**Drive increased productivity** at Edikan through further optimisation and **focussed capital investment**
2	**Unlock Value**	**Unlock the value** of our growth assets, Yaouré and Sissingué by bringing to production **quickly and efficiently**
3	**Finance Growth**	**Finance growth** through the prudent use of debt to supplement existing cash and future cash flows
4	**Leverage Skills & Experience**	**Leverage the skills and experience** of our operating team and Board to **deliver successful outcomes**
5	**Mitigate Geopolitical Risk**	**Mitigate geopolitical risks** through **multi-country projects** and excellent **long term in-country relationships**

Chairman's **Address 2017**

DEAR FELLOW SHAREHOLDER,

I am pleased to present Perseus Mining Limited's Annual Report for the year ended 30 June 2017, the first in my new role as Chairman of the Company. It is a great honour to take over the role from former Chairman Reginald Gillard, who served the Company for more than 13 years until his decision to retire earlier this year. Reginald's leadership has been integral to the Company's success since listing, and we wish him well in his next endeavours.

Perseus has achieved a great deal this year as we move closer to becoming a multi-mine West African gold producer.

Our Sissingué Gold Project in Côte d'Ivoire (Ivory Coast) remains on track to pour gold in the first quarter of 2018 while good progress has been made at the Yaouré Gold Project, also in Côte d'Ivoire.

As we flagged to the market in advance, it was a challenging first half of the financial year for our Edikan Gold Mine in Ghana. We returned much stronger results in the second half, achieving our production and cost guidance. We are confident the evidence of improved performance at Edikan will lead to an improved share price performance. Our production guidance for FY18 is 250,000-285,000 ounces of gold, a significant increase on our 2017 production levels.

Construction at Sissingué has progressed well throughout the year and is on schedule and on budget.

Our Definitive Feasibility Study for the Yaouré Gold Project advanced on all fronts and is on schedule for completion in the December 2017 quarter. Preliminary DFS results have confirmed key project parameters are either in line with or better than those forecast by Perseus's due diligence study of Yaouré completed prior to its acquisition in April 2016, so we look forward to receiving the detailed results later this year.

With two projects in development in Côte d'Ivoire, Perseus has worked to further strengthen its relationship with the nation's government and the local community and we are grateful for the support we have received.

We have also recently announced an important new appointment to the Board of the Company, with experienced executive and company director Ms Sally-Anne Layman joining Perseus as a non-executive director. Sally-Anne, who holds both a Bachelor of Commerce (Accounting) and a Bachelor of Engineering in Mining (Hons), also has assumed the role of Chairperson of the Board's Audit and Risk Committee and will sit on the Remuneration Committee. I welcome her to the Board and look forward to her assistance in the successful development of the Company.

I have been on the Perseus board for more than seven years now and have seen first-hand the leadership of our Managing Director and CEO Jeff Quartermaine. I'd like to thank Jeff for his continued dedication and diligence.

I'd also like to thank the management, both in Australian and West Africa, my fellow Board members and our shareholders for their continued support.

The coming year will be exciting for Perseus and I hope that you will continue to share the journey with us.

Sean Harvey
Chairman

Managing Director's Address 2017

THE 2017 FINANCIAL YEAR WAS A YEAR OF TWO DISTINCT HALVES FOR PERSEUS.

While the first six months were challenging, we accomplished a great deal in terms of laying foundations for a stronger future for the company. We completed the final stages of a two-year capital investment program upgrading Edikan's crushing and milling circuits to increase availability and reduce maintenance costs and time, as well as a housing relocation programme. We are already seeing the benefits of this work with a second half performance that was much stronger in terms of increasing production and decreasing our all-in site costs.

This second-half turnaround included a March 2017 quarter which delivered a 50% increase in production and a 40% reduction in all-in site costs per ounce relative to the December 2016 quarter and an even stronger result for the June 2017 quarter, allowing us to achieve the mid-point of our half-year guidance in terms of production and all-in site costs. The second half of the year demonstrated that Perseus has a solid track record of delivering on our promises and presenting a credible case for investment, and I have little doubt this performance will continue into 2018.

This turnaround is not a flash-in-the-pan. It is part of a long-term trend of strong performance brought about by some very material changes in the way we do our business. In particular, a very committed performance from our employees both in West Africa, and in particular at the Edikan Gold Mine, as well as by our corporate team based out of Perth, has given rise to materially improved outcomes and it is very fitting that this effort and dedication be publically recognized.

Perseus is now looking forward to achieving our goal of bringing our second gold mine into production at Sissingué in early 2018 and preparing our third mine, Yaouré for a positive development decision shortly thereafter.

The development of Sissingué has moved ahead positively on all fronts during the year and what we have accomplished to date has impressed and surprised visitors to the site. Completion of the project is fully funded and with the help of our contractors Lycopodium, we are well on track to deliver the project on time and under budget in early 2018.

At Yaouré, work on the definitive feasibility study has progressed well and we believe that later this year, we will present a project that will become a major part of Perseus's profitable operating platform for years to come. There is real potential to extend the project well beyond the scope of the current DFS with further gold discoveries on the exploration permits surrounding the Yaouré Project, and we are looking forward to the opportunity to start examining this potential, once development plans for

Yaouré are set in train in 2018.

With the hard work of 2017 behind us, Perseus has a pipeline of real projects that can sustain gold production and positive cash flow for the coming 10 years, and provide your company with a solid platform for future growth beyond our current horizons. These assets, together with a steadily improving track record of operating performance and delivery of our promises, set us apart from many of our peers.

Finally, I wish sincerely thank our Board, our management team and all of our staff in Ghana, Côte d'Ivoire and Australia for their efforts over the past year. I would also particularly like to express my thanks to our former Chairman, Reginald Gillard, for his help and guidance over the last five years as we have worked hard together to turn Perseus into a viable business. I am pleased with the way we have finished 2017, which should give people confidence that we can deliver on our targets, and I believe many positives will emerge for the Company in 2018 as we continue our path to achieving bigger and better goals.

Jeffrey Quartermaine
Managing Director

REVIEW OF OPERATIONS

During the financial year under review the programme of capital investment undertaken by Perseus at its Edikan Gold Mine in Ghana ("Edikan" or "EGM"), was completed. This work involved the construction of infrastructure and housing required to relocate residents from newly accessed mining areas, the acquisition of additional power generation units along with a range of improvements to the processing plant infrastructure. Following the completion of these works, improvements in processing plant run time, throughput rates and recoveries have been recorded in the second half of the year. Towards the end of the year there has also been an improvement in head grade of ore processed reflecting the fact that higher grade zones of ore have been accessed. The quantity of fresh ore mined has also increased, reducing the reliance on low grade stockpiled fresh ore to provide a suitable ore blend for processing purposes. The improvement in head grade is expected to continue in the forthcoming year as even higher-grade ore zones are accessed, particularly in the Fobinso and Esuajah North pits. The effectiveness of Edikan's predominantly Ghanaian operating team in driving the improvements in mechanical efficiencies in the processing plant has also made a significant contribution to the steady improvement in gold production achieved at the mine, during the year.

On site, the construction team made sound progress, with the bulk concrete works nearing completion by year-end.

Construction of the Sissingué Gold Mine in Côte d'Ivoire ("Sissingué" or "SGM") progressed during the year with contracts accounting for approximately 50% of the estimated scope of works being awarded to members of the Lycopodium group and others during the year. Off-site, detailed engineering was completed during the year as was the procurement of all long lead items of plant and equipment. On site, the construction team made sound progress, with the bulk concrete works nearing completion by year-end. The majority of buildings are either complete or close to completion at year-end, along with the erection of steelworks associated with the crusher and SAG mill. The CIL tanks are being erected and the installation of the SAG Mill will start early in the new financial year. Towards the end of the year, the airstrip, tailings dam, mine camp and work on the river water intake structure were also completed.

Perseus's Technical Services and Human Resources teams prepared and started implementation of comprehensive Operations Readiness Plans for the Sissingué operation with the objective of ensuring that following commissioning of the mine and plant, the ramp up to full scale gold production occurs as efficiently as possible. The mining contract was awarded during the year to Société de Forage et de Travaux Public – Mining SA ("SFTP"), an experienced Malian mining contractor that currently provides contract mining services to Newcrest's Bonikro Gold Mine and Randgold's Tongan Gold Mine, both located in Côte d'Ivoire.

Following the acquisition of the Yaouré Gold Project in Côte d'Ivoire ("Yaouré") in 2016, contracts for all material work packages to complete the Yaouré Definitive Feasibility Study ("DFS") were awarded to a range of consultants and contractors, and Stage 1 of the DFS was completed during the year. The terms of Exploration Permits 168 and 397, the two tenements on which Yaouré is located, were extended for a period of two years from 1 December 2016 by the Ministry of Industry and Mines in Côte d'Ivoire. It is expected that within this two-year 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.

During the year, the retail portion of an equity placement and an accelerated entitlement offer announced on the 20 June 2016, was closed contributing $7.7 million out of a total of $101.9 million of new equity capital raised to fund Perseus's growth strategy from new and existing institutional and retail investors.

During the year, Perseus formally accepted Committed Letters of Offer from Macquarie Bank Limited ("Macquarie") to provide members of the Perseus group with a total of US$60 million of debt finance to be used to finance its growth strategy. The financing includes a US$40 million project debt facility that will be used to finance the completion of the development of Sissingué. Loan documentation for the US$40 million Sissingué project debt facility was completed towards the end of the year and Board approval was obtained to execute documentation. Execution of the loan agreement was completed in July 2017.

In addition, a US$20 million debt facility was provided by Macquarie to Perseus's Ghanaian subsidiary, Perseus Mining (Ghana) Limited ("PMGL"), and this facility was fully drawn in March 2017. The purpose of this facility is to provide general working capital until July 2018 while Perseus's corporate cash resources are being applied to fund Sissingué as well as exploration and corporate expenses. US$5 million of this debt facility was repaid to Macquarie in June 2017, leaving an outstanding balance of US$15 million at year-end.

An initial drilling programme designed to enhance Perseus's confidence in the existing Mineral Resource estimate at Yaouré and examine opportunities for incremental expansion of the Mineral Resource, was completed subsequent to the year-end. A preliminary estimate of Mineral Resources has been prepared based on the drill data base as at the end of July 2017, which included approximately two thirds of the assay results from the current drilling programme. While it is not a definitive result, the preliminary Mineral Resource estimate confirms Perseus's assessment of the project potential formed as part of its due diligence study completed prior to acquisition of the project in April 2016.

The group's Joint Ore Reserve Committee ("JORC") compliant Proved and Probable Ore Reserves as at 30 June 2017 at Edikan and Sissingué decreased to 59.6 million tonnes ("Mt")

JORC compliant Measured and Indicated Mineral Resources, including Proved and Probable Ore Reserves, for Yaouré will be published following the completion of the DFS in the December 2017 quarter.

containing 2.34 million ounces of gold after allowing for mining depletion. At the end of the year, the group's JORC compliant Measured and Indicated Mineral Resources (inclusive of Ore Reserves) were 5.70 million ounces of gold and Inferred Mineral Resources were 1.63 million ounces of gold.

As a result of the acquisition of Amara Mining plc ("Amara") in the prior year the group acquired an additional 5.2 million ounces of Measured and Indicated Mineral Resources, including 3.2 million ounces of Proven and Probable Ore Reserves relating to the Yaouré project. Cautionary statement: The estimates for Yaouré are Foreign Estimates under the ASX Listing Rules and Historical Estimates under Canadian the National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") as at 24 November 2015 (Mineral Resource) and 14 May 2015 (Ore Reserve) and are not reported in accordance with the JORC Code. A qualified person has not completed sufficient work to classify these estimates as current Mineral Resources or Ore Reserves in accordance with the JORC code and the Company is not treating these estimates as current. It is uncertain that following evaluation and/or further exploration work these estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC Code. For further information regarding the treatment of the estimates, the reader is referred to page 53 of this report.

JORC compliant Measured and Indicated Mineral Resources, including Proved and Probable Ore Reserves, for Yaouré will be published following the completion of the DFS in the December 2017 quarter.

EGM, GHANA

The EGM is located on the Ayanfuri and Nanankaw mining leases spanning the border between the Central and Western Provinces of the Republic of Ghana, in West Africa. These mining leases, together with the adjoining exploration license areas of Grumesa, Kwatechi, Dunkwa, Nsuaem and Nkotumso that are also held or optioned by the group, cover a total area of about 383 square kilometres. The group owns a 90% interest in the EGM, with the remaining 10% a free carried interest owned by the Ghanaian government.

Gold production operations

Operating results at the EGM for the 12 months to 30 June 2017 and the corresponding period in 2016 were as follows:

Table 1: Key production statistics - EGM

Parameter	Unit	12 months to 30 June 2017	12 months to 30 June 2016
Total ore and waste mined	kt	36,732	30,423
Ore mined	kt	7,632	5,306
Ore milled	kt	6,828	6,608
Milled head grade	g/t gold	1.0	0.9
Gold recovery rate	%	83.5	83.1
Gold produced	ounces	176,218	153,902

A total of 17,271k bank cubic metres ("bcm") of ore and waste were mined during the period from the Chirawewa, Fetish, Esuajah North and Fobinso pits, including 738k tonnes of oxide ore at 1.06g/t gold and 6,894k tonnes of fresh/transitional ore at 1.04g/t gold. Ore stockpiles (including both high and low-grade ore but not mineralised waste) plus crushed ore increased to 2,862k tonnes grading 0.63 g/t containing approximately 57,969 oz of gold. This stockpile is comprised of approximately 30% oxide ore and 70% primary ore.

Total mill throughput for the period was 6,828k tonnes of ore grading 0.96 g/t of gold, 11.6% higher grade than the previous period. The gold recovery rate of 83.5%, was 0.5% higher than in the previous period. The improvement in milled ore grade and recovery rate reflects the fact that higher grade zones of ore were accessed, mined and processed during the year. The quantity of fresh ore mined has also increased, reducing the reliance on low grade stockpiled fresh ore to provide a suitable ore blend for processing purposes.

Gold production for the period was 176,218 ounces at an all-in site cost (including production costs, royalties and sustaining capital) of US$1,324/oz. The 14.5% increase in gold production during the period, relative to the 2016 financial year, is mainly due to a higher average head grade of processed ore along with increased gold recovery rates.

During the financial year Perseus completed an intense programme capital investment at Edikan involving the construction of infrastructure and housing in which to relocate residents of newly accessed mining areas, the acquisition, installation and commissioning of additional power generation units along with a range of improvements to the processing plant infrastructure aimed at improving operating efficiency. Commissioning of the diesel fired power station, ensuring 100% power self-sufficiency for Edikan in the event of possible future power shortages in Ghana, was completed in July 2016. The planned upgrades to the processing plant to improve run time and reduce maintenance costs were completed in December 2016. The construction of housing and the relocation of families displaced by the opening up of the Fetish, Chirawewa and Esuajah North open pits into the new dwellings was also completed in December 2016. In total, compensation for the loss of crops and livelihood plus the construction of 186 new houses and 12 institutional structures cost approximately US$30 million. A ceremony to formally hand over the new housing estate to local authorities took place in January 2017.

The all-in site unit cost (including production costs, royalties and sustaining capital divided by the number of ounces of gold produced) for the period of US$1,324/oz is 2.0% lower than the previous period of US$1,351/oz. This is due to lower capital expenditure following the completion of the capital works programme during the year, combined with higher gold production resulting from an increase in both gold recovery and head grade of processed ore.

Table 2: Key financial operating statistics - EGM

Parameter	Unit	12 months to 30 June 2017	12 months to 30 June 2016
Total gold sales	Ounces	175,233	153,957
Average sales price	US$/oz of gold sold	1,242	1,224
Production costs including:			
• Mining cost	US$/tonne of material mined	3.00	2.73
• Processing cost	US$/tonne of ore milled	9.79	9.55
• G & A cost	US$M / month	1.39	1.29
Royalties	US$/oz	86	96
Sustaining Capital	US$/oz	138	200
All-in site cost	**US$/oz**	**1,324**	**1,351**

Unit mining costs increased from the prior period due to an increase in mine geology and grade control costs as well as the higher labour costs following the conclusion during the period of wage negotiations with the Ghana Mineworkers Union for the 2016 and 2017 years. This was offset by the tonnes of material mined increasing significantly from the prior period.

Unit processing costs have increased from the prior period due to the higher cost of maintenance consumables related to the timing of scheduled maintenance shutdowns, the higher labour costs referred to above as well as additional freight costs. General and administrative costs have also increased from the prior period due to the higher labour costs referred to above.

Of the 175,233 ounces of gold that were sold during the year at an average delivered price of US$1,242/oz, 56,652 ounces were delivered under forward sales contracts at a weighted average price of US$1,244/oz while the balance of the gold sales were made at prevailing spot prices or short-term spot deferred contracts.

As at 30 June 2017, the company held forward gold sale contracts totalling 153,022 ounces of gold at a weighted average price of US$1,272/oz. This amount of hedging includes 67,000 ounces of hedging contracted at a weighted average price of US$1,301/oz specifically to support the proposed Sissingué project finance debt facility.

Financing

A US$20 million debt facility was offered to Perseus's Ghanaian subsidiary, PMGL by Macquarie, and fully drawn in March 2017. This facility is for the purpose of providing general working capital until July 2018 while Perseus's corporate cash resources are being applied to fund the development of Sissingué as well as exploration and corporate expenses. US$5 million of this debt facility was repaid in June 2017 to Macquarie leaving an outstanding amount owing under the facility of US$15 million.

Exploration

During the period 4,400 metres of reverse circulation ("RC") and 1,025 metres of diamond core were drilled on various targets within the EGM project area. Drilling focussed on near-mine targets that could potentially add incremental benefit to the current operation, with limited testing of green-field targets. Soil sampling was also undertaken over several previously untested areas, virtually completing geochemical coverage of the EGM project area except for areas of deep alluvial cover or areas heavily disturbed by artisanal mining activity that will need to be tested by auger or rotary air blast ("RAB") drilling.

In late 2016, the Company also undertook a major airborne geophysical survey, acquiring 2,674 line kilometres of detailed airborne electro-magnetics, magnetics and radiometrics covering virtually all of the EGM tenure. Interpretation of the newly acquired geophysical data sets, combined with historical ground geophysics, geological mapping, soil geochemistry and drilling, has provided an improved picture of the geology, structure and controls on gold mineralisation at Edikan. The study, undertaken by consultants Corporate Geoscience Group, provided some 50 high quality targets for follow-up, and has driven most of the drilling conducted during the latter part of the year.

Drilling has initially targeted a number of resistivity anomalies indicative of possible intrusive granite bodies similar to those hosting gold mineralisation in the Fobinso, Abenabena, Fetish and Esuajah North pits. Four targets have been drilled so far, with intrusives intersected in each case. However, to date the granite bodies have been narrow and either unmineralised or weakly mineralised. Drilling will now move to testing of potentially higher-grade shear-hosted mineralisation along the Bokitsi-Dadieso Shear Zone, particularly along the heavily artisanally mined structure extending 2 kilometres northeast from Dadieso.

EGM Mineral Resource estimate

The global Mineral Resource estimate for the EGM is prepared in accordance with the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The Mineral Resource estimate is summarised in the following table that reports the Mineral Resources by category, deposit and deposit type.

The classification categories of Measured, Indicated and Inferred under the JORC Code are equivalent to the CIM categories of the same name (CIM, 2010). Whereas all previous estimates of Mineral Resources at Edikan have been prepared using the ordinary kriging ("OK") estimation method, the updated Mineral Resource estimate is based on multiple indicator kriging ("MIK") estimating techniques for all deposits other than the Esuajah South deposit and Heap Leach where the OK estimation method has continued to be used.

The updated global Measured and Indicated Mineral Resource estimate for Edikan is now estimated as 151.6Mt grading 1.0g/t gold, containing 4,869k ounces of gold, as at 30 June 2017. A further 29.5Mt of material grading 1.0g/t gold and containing a further 900k ounces of gold are classified as an Inferred Mineral Resource.

The Mineral Resource estimates for the EGM are tabulated below in table 3.

Table 3: Mineral Resources – EGM [7,8,9]

Deposit	Deposit Type	Measured Resources			Indicated Resources			Measured + Indicated Resources		
		Quantity Mt	Grade g/t gold	Gold '000oz	Quantity Mt	Grade g/t gold	Gold '000oz	Quantity Mt	Grade g/t gold	Gold '000oz
AF Gap [1,2,3]	Open Pit	11.0	0.97	341	35.6	0.84	961	46.6	0.87	1,302
Fobinso[1,2,3]	Open Pit	2.4	1.09	85	11.3	0.94	344	13.8	0.97	428
Esuajah North[1,2,3]	Open Pit	9.9	0.95	302	17.9	0.88	510	27.8	0.91	812
Fetish[1,2,3,4]	Open Pit	9.6	1.00	310	23.9	0.90	691	33.5	0.93	1,001
Chirawewa North[1,2,3]	OPEN PIT	1.1	0.79	27	4.8	0.79	122	5.9	0.79	149
Chirawewa South[1,2,3]	Open Pit	0.1	1.16	5	0.4	1.07	15	0.6	1.09	21
Bokitsi South[1,2,3]	Open Pit	0.9	2.57	71	1.1	1.90	66	1.9	2.20	137
Sub Total	Open Pit	34.9	1.02	1,141	95.1	0.89	2,709	130.1	0.92	3,850
Esuajah South[5]	U/ground	8.5	1.9	533	6.3	1.7	353	14.8	1.8	879
Heap Leach[6]	Stockpile	-	-	-	4.3	0.6	89	4.3	0.6	89
ROM Stockpiles	Stockpile	2.5	0.64	51	-	-	-	2.5	0.64	51
Total		**45.9**	**1.16**	**1,725**	**105.7**	**0.92**	**3,151**	**151.6**	**0.99**	**4,869**

Notes:
1. *Based on January 2017 resource estimates.*
2. *Depleted to 30 June 2017 mining surfaces.*
3. *0.4g/t gold cut-off applied.*
4. *Includes Bokitsi North lode.*
5. *0.7g/t gold cut-off grade applied.*
6. *At zero cut-off grade.*
7. *All Mineral Resources current as at 30 June 2017.*
8. *Mineral Resources are inclusive of Ore Reserves.*
9. *Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies*

Table 4: Inferred Mineral Resources – EGM [6,7]

Deposit	Deposit Type	Inferred Resources		
		Quantity Mt	Grade g/t gold	Gold '000oz
AF Gap [1,2,3]	Open Pit	9.4	0.8	250
Fobinso[1,2,3]	Open Pit	3.4	0.9	94
Esuajah North[1,2,3]	Open Pit	2.9	0.9	88
Fetish[1,2,3,4]	Open Pit	6.3	1.0	191
Chirawewa North[1,2,3]	Open Pit	1.5	0.8	39
Chirawewa South[1,2,3]	Open Pit	0.1	0.9	2
Bokitsi South[1,2,3]	Open Pit	1.3	1.1	43
Esuajah South[5]	U/ground	4.7	1.3	192
Total		**29.5**	**1.0**	**900**

Notes:
1. *Based on January 2017 resource estimates.*
2. *Depleted to 30 June 2017 mining surfaces.*
3. *0.4g/t gold cut-off applied.*
4. *Includes Bokitsi North lode.*
5. *0.7g/t gold cut-off grade applied.*
6. *All Mineral Resources current as at 30 June 2017.*
7. *Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies*

EGM Ore Reserve estimate

The updated Edikan Ore Reserves summarised below in table 5 are based on the December 2016 Edikan Ore Reserves and updated pit optimisation, design and scheduling of the Open Pit resources, a new Esuajah South Ore Reserve based on underground mining methods, as well as depletion up to 30 June 2017. The Reserves are reported in accordance with the 2012 JORC code.

The updated Proved and Probable Ore Reserves for Edikan are now estimated as 53.0Mt grading 1.1g/t gold, containing 1,943k ounces of gold including 19.1Mt of ore grading 1.1g/t gold and containing 685k ounces of gold in the Proved category and a further 33.8Mt of ore grading 1.2g/t gold containing 1,259k ounces of gold classified as Probable Ore Reserves. Details of these estimates are shown in table 5.

Table 5: Ore Reserves – EGM [2,3,4,6]

	Proved Reserves			Probable Reserves			Proved & Probable Reserves			
Deposit	Quantity Mt	Grade g/t gold	Gold '000oz	Quantity Mt	Grade g/t gold	Gold '000oz	Quantity Mt	Grade g/t gold	Gold '000oz	Strip Ratio[5]
AF Gap	5.5	1.09	191	6.0	1.07	208	11.5	1.08	399	3.6
Fobinso[1]	1..0	1.22	38	3.1	1.13	111	4.0	1.15	149	1.9
Esuajah North[1]	5.1	1.10	179	6.5	1.04	218	11.6	1.07	396	2.1
Fetish[1]	4.5	1.21	176	7.7	1.11	275	12.2	1.15	451	3.2
Chirawewa[1]	0.2	0.95	6	1.2	0.97	37	1.4	0.97	43	1.2
Bokitsi South	0.5	2.98	44	0.1	2.82	10	0.6	2.95	54	7.5
Sub Total	16.7	1.18	634	24.6	1.09	857	41.2	1.12	1,491	2.9
Esuajah South UG	-	-	-	4.9	1.99	312	4.9	1.99	312	0
Heap Leach	-	-	-	4.4	0.63	89	4.4	0.63	89	0
ROM Stockpiles	2.5	0.64	51	-	-	-	2.5	0.64	51	0
Total	**19.1**	**1.11**	**685**	**33.8**	**1.16**	**1,259**	**53.0**	**1.14**	**1,943**	**2.2**

Notes:
1. *Allows for mining depletion to 30 June 2017.*
2. *Based on December 2016 Ore Reserve estimate.*
3. *All Ore Reserves current as at 30 June 2017.*
4. *Variable gold grade cut-off based on recovery of each material type in each deposit: Oxide 0.35 – 0.40 g/t, Transition 0.50 – 0.65 g/t and Fresh 0.45 – 0.55 g/t.*
5. *Inferred Mineral Resource is considered as waste, t : t.*
6. *Numbers contain some rounding.*

SGM, CÔTE D'IVOIRE

The SGM is located in the north of Côte d'Ivoire and lies within the Sissingué exploitation permit that covers an area of 446km^2. The exploitation permit is located along a structural/stratigraphic corridor within the Syama-Boundiali greenstone belt approximately 150km south-southeast of the Morila gold mine in Mali and 65km west northwest of Randgold's Tongon deposit in Côte d'Ivoire. The group owns an 86% interest in the SGM, with the remaining 10% a free carried interest reserved for the Ivorian government and 4% owned by local interests.

Project development

Contracts that accounted for approximately 50% of the estimated scope of construction works were awarded to members of the Lycopodium group at the beginning of the year. Offsite preparatory work commenced as scheduled on 1 September 2016 and the construction team was mobilised to site at Sissingué in October 2016.

Off-site, detailed engineering was completed during the year as was the procurement of all long lead items of plant and equipment.

Off-site, detailed engineering was completed during the year as was the procurement of all long lead items of plant and equipment. On site, the construction team made sound progress, with the bulk concrete works associated with the plant and installation of underground services nearing completion by year-end. The majority of buildings including offices and the warehouse are either complete or close to completion, as is the erection of steelworks associated with the crusher and SAG mill. The CIL tanks are being erected and the contractor responsible for the installation of the SAG Mill has mobilised to site and will start work shortly. Towards the end of the year, the airstrip, tailings dam, mine camp and work on the river intake structure were also completed. Work on the laying of piping to connect the intake facility to the water storage facility is nearing completion. Assembly of the generators and power station control panels is nearing completion and this equipment is on schedule to be delivered to site during the December 2017 quarter.

Perseus's Technical Services and Human Resources teams started implementing comprehensive Operations Readiness Plans for the Sissingué operation with the objective of ensuring that following commissioning of the mine and plant, the ramp up to full scale gold production occurs as efficiently as possible. Work started towards the end of the year on the recruitment of key members of the site operations team, some of whom will be actively involved in the later stages of construction and commissioning of the plant.

A number of key contracts were awarded during the year to suppliers of critical goods and services for the Sissingué operation. This included the mining contract that was awarded to SFTP, an experienced Malian mining contractor that currently provides contract mining services to Newcrest's Bonikro Gold Mine and Randgold's Tongan Gold Mine, both located in Côte d'Ivoire. SFTP was also contracted by Perseus to carry out the bulk earthworks associated with the construction of Sissingué's tailings storage facility, completing this task on time and on budget.

Grade control drilling, to be performed by SFTP as part of the mining contract, is expected to start in mid-September 2017 to ensure that approximately three months of grade control data is available for Perseus's mine planning purposes before SFTP commences full scale mining activities on site by November 2017.

Perseus has also executed a Memorandum of Understanding with the National Gendarmerie of Côte d'Ivoire that provides for a number of gendarmes to be permanently stationed in facilities constructed by Perseus and located adjacent to the mine site for the purposes of maintaining peace and public order as well as ensuring the safety of both Ivorian citizens and foreigners resident in the area on a 24/7 basis.

Given the progress made to date on all fronts, Sissingué remains on track to produce its first gold in the March 2018 quarter.

Financing

As at the end of the year, a total of US$68 million of capital had been spent on preliminary works and the full-scale development of Sissingué. The remaining development of Sissingué will be funded by a combination of US$8 million from Perseus's internal cash resources and a US$40 million project loan provided by Macquarie. Loan documentation for the US$40 million Sissingué project debt facility to be provided by Macquarie Bank Limited was completed towards the end of the year and Board approval was obtained to execute documentation. Execution of the loan agreement was completed in July 2017.

Exploration

Nearly 23,000 metres were drilled on the Sissingué exploitation licence during the year. This included infill and extensional drilling at the Sissingué main deposit, and testing of the Papara and Katara prospects.

At the Sissingué main deposit almost 7,000 metres of RC and diamond drilling was completed to better define resources and reserves, with another 1,370 metres drilled on extensions to the northwest and southeast. This work has defined the Sissingué main deposit in much better detail and provided a greater confidence in the reportable resources and reserves.

Diamond and RC drilling was also used to investigate mineralisation at the Papara prospect, some 25km north of Sissingué, where extensive artisanal workings cover an area largely underlain by a diorite intrusion. The recent drilling covered much of the diorite and its contact with the surrounding Birimian sediments, with the best results coming from a 250 metre long zone comprising bleached and quartz veined sediments adjacent to the diorite, associated with pyrite and arsenopyrite. Intersections ranged up to 34.2 metres grading 2.14 g/t gold and the mineralisation remains open-ended. Further drilling is planned to fully delineate this zone and others targets around the Papara diorite.

In addition to the resource definition and target-testing drilling above, the Company also completed some 6,365 metres of augering to investigate previously identified soil anomalies and to extend geochemical coverage into areas of transported cover where bedrock gold responses may have been masked. A review of historical geochemical data indicates existing soil sampling may have only been partially successful in defining bedrock gold anomalism, with potential for significant dispersion of gold away from its primary source during the lateritisation process that characterises the regolith in the Sissingué district. Thus previous RAB and aircore drilling centered on the strongest anomalies may not have effectively tested the potential for in-situ bedrock mineralisation.

The conclusion from this review is that auger drilling to penetrate the upper, in many cases demonstrably transported, parts of the laterite profile to sample the lower, in-situ levels of the regolith, will provide much better definition of bedrock gold distribution. Based on this, systematic auger drilling will be conducted over areas of extensive gold-in-soil anomalism in the Papara, Zanikan and Gbeni districts during the next field season, designed to provide better definition of targets for follow-up RAB drilling.

A total of 8,400 metres was drilled on the Mahalé licence, located 43km west-southwest of the SGM plant site. Over 3,040 metres of RC and 2,274 metres of diamond drilling were undertaken at the Bélé East and West zones. The drilling was designed to upgrade the Bélé resources to Measured and Indicated category in support of studies into the feasibility of exploiting these deposits as satellite ore sources for the SGM. As part of this program, studies were also undertaken into the style of mineralisation and associated alteration. This led to the recognition that the mineralisation in both zones is associated with strong magnetite alteration on the sheared margins of a syenogranite intrusion, with gold deposition related to pyrite replacement of the magnetite. This provides a potential new geophysical avenue for target definition on the Mahalé property.

A further 3,087 metres of RAB drilling was completed at Mahalé, following up previously defined soil and auger anomalies around the margins of the Bélé syenogranite. One of these zones returned up to 12 metres grading 1.7 g/t gold, indicating a major new target for future investigation.In addition to the drilling activities, an airborne magnetics and radiometrics survey totalling 7,316 line km was completed over the entire Mahalé permit. The major aim of this survey was to provide information on the bedrock geology of this poorly exposed property, in particular the presence of Bélé -type intrusives and associated magnetite alteration as present at Bélé East and West.

SGM and Bélé Mineral Resource estimate

During the year, independent mining industry consultant, Snowden Mining Industry Consultants ("Snowden") was commissioned by Perseus to re-estimate Mineral Resources at the SGM deposit. The Mineral Resource estimate was prepared in accordance with the JORC Code 2012 Edition. The Mineral Resource estimate is summarised in the following table that reports the Resources by category and area, above a 0.6 g/t gold cut-off grade. The classification categories of Inferred, Indicated and Measured under the JORC Code are equivalent to the CIM categories of the same name (CIM, 2014).

The global Measured and Indicated Mineral Resource for the SGM is estimated as 13.0Mt grading 1.6g/t gold, containing 700k ounces of gold. A further 0.9Mt of material grading 1.9g/t gold, containing a further 58k ounces of gold are classified as Inferred Mineral Resources. Details of these estimates are shown below in tables 6 and 7.

Table 6: M&I Mineral Resources – SGM [1,2,3,4]

Deposit	Measured Resources			Indicated Resources			Measured + Indicated Resources		
	Quantity Mt	Grade g/t gold	Gold '000oz	Quantity Mt	Grade g/t gold	Gold '000oz	Quantity Mt	Grade g/t gold	Gold '000oz
Sissingué	4.3	2.1	290	8.9	1.4	410	13.0	1.6	700

Notes:
1. *Based on December 2016 Mineral Resource estimate.*
2. *0.6g/t gold cut-off applied.*
3. *Mineral Resource current as at 30 June 2017.*
4. *Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.*

Table 7: Inferred Mineral Resources – SGM [1,2,3,4]

Deposit	Inferred Resources		
	Quantity Mt	Grade g/t gold	Gold '000oz
Sissingué	0.9	1.9	58

Notes:
1. *Based on December 2016 Mineral Resource estimation.*
2. *0.6g/t gold cut-off applied.*
3. *Mineral Resources current as at 30 June 2017.*
4. *Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.*

The Bélé Mineral Resources are located on the Mahalé exploration permit, approximately 40 kilometres from the proposed processing plant for Sissingué, it is intended that this material will be processed in due course through the Sissingué process facility.

In conjunction with the recent re-estimation of the Sissingué Mineral Resource, Snowden was requested to estimate the Mineral Resources contained in the Bélé mineral deposit that was drilled with a series of RC and diamond drill programmes during the period from 2013 to 2016. Since then, further drilling has been completed at Bélé and Snowden has reviewed this additional data and updated their earlier Mineral Resource estimate. The revised global Mineral Resource estimate prepared by Snowden was reported in accordance with the JORC Code 2012 Edition. The Indicated and Inferred classification categories under the JORC Code (2012) are equivalent to the CIM category of the same name (CIM, 2014).

The global Measured and Indicated Mineral Resource for the Bélé project is estimated as 1.9Mt grading 2.0g/t gold, containing 130k ounces of gold. A further 0.4Mt of material grading 1.8g/t gold, containing a further 25k ounces of gold are classified as Inferred Mineral Resources. Details of these estimates are shown below in tables 8 and 9.

Table 8: Measured and Indicated Mineral Resources - Bélé Project[1,2,3,4]

Deposit	Measured Resources			Indicated Resources			Measured + Indicated Resources		
	Quantity Mt	Grade g/t gold	Gold '000oz	Quantity Mt	Grade g/t gold	Gold '000oz	Quantity Mt	Grade g/t gold	Gold '000oz
Bélé East	-	-	-	0.7	2.3	49	0.7	2.3	49
Bélé West	-	-	-	1.3	1.9	78	1.3	1.9	78
Bélé Total	-	-	-	**1.9**	**2.0**	**130**	**1.9**	**2.0**	**130**

Notes:
1. *Based on February 2017 Mineral Resource estimates.*
2. *0.8g/t gold cut-off applied.*
3. *Mineral Resource current as at 30 June 2017.*
4. *Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.*

Table 9: Inferred Mineral Resources – Bélé Project [1,2,3,4]

Deposit	Inferred Resources		
	Quantity Mt	Grade g/t gold	Gold '000oz
Bélé East	0.3	1.8	16
Bélé West	0.1	1.8	8
Bélé Total	**0.4**	**1.8**	**25**

Notes:
1. *Based on February 2017 Mineral Resource estimates.*
2. *0.8g/t gold cut-off applied.*
3. *Mineral Resource current as at 30 June 2017.*
4. *Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.*

Combined SGM and Bélé Ore Reserve estimate

The combined SGM and Bélé project updated Ore Reserve which is summarised below in table 10 is estimated at 5.8 million tonnes of ore, grading 2.1 g/t gold and containing 400 kozs of gold and is based on the re-estimated Sissingué Mineral Resource and the Bélé East and West Mineral Resource estimates as at February 2017 and updated pit optimisation, design and scheduling of the open pit resources. Table 10 reports the Ore Reserves by category, deposit and type, above variable cut-off grades. The classification categories of Proved and Probable under the JORC Code are equivalent to the CIM categories of the same name (CIM, 2010).

Table 10: Ore Reserves – Combined SGM and Bélé [7,8]

Deposit	Proved Reserves			Probable Reserves			Proved & Probable Reserves			Strip Ratio[6]
	Quantity Mt	Grade g/t gold	Gold '000oz	Quantity Mt	Grade g/t gold	Gold '000oz	Quantity Mt	Grade g/t gold	Gold '000oz	
Sissingué[1,2]	3.1	2.41	240	1.8	1.54	86	4.8	2.10	330	2.8
Bélé West[3,4]	-	-	-	0.5	2.09	35	0.5	2.09	35	5.8
Bélé East[3,5]	-	-	-	0.5	2.46	39	0.5	2.46	39	5.1
Total	**3.1**	**2.41**	**240**	**2.8**	**1.81**	**160**	**5.8**	**2.13**	**400**	**3.3**

Notes:
1. *Based on January 2017 Ore Reserve estimation.*
2. *Variable gold grade cut-off based on recovery of each material type: Oxide 0.45 g/t, Transition 0.85 g/t, Granite – Porphyry 0.85 g/t and Sediment 1.05 g/t.*
3. *Based on March 2017 Ore Reserve estimation.*
4. *Variable gold grade cut-off based on recovery of each material type: Oxide 0.65 g/t, Transition 0.95 g/t, Granite 1.05 g/t and Mafic 1.20 g/t.*
5. *Variable gold grade cut-off based on recovery of each material type: Oxide 0.65 g/t, Transition 1.00 g/t, Granite 1.05 g/t and Mafic 1.20 g/t.*
6. *Inferred Mineral Resource is considered as waste, t : t.*
7. *Ore Reserve current as at 30th June 2017.*
8. *Numbers contain some rounding.*

YAOURÉ, CÔTE D'IVOIRE

Yaouré is located in central Côte d'Ivoire, 40 km northwest of Yamoussoukro, the political capital, and 270 km northwest of Abidjan, the economic capital, of Côte d'Ivoire. Yaouré lies within a rural area, 22 km east-northeast of the city of Bouaflé, and 5 km west of the Kossou dam and hydroelectric power station. The nearest villages to the site, are Angovia and Allahou-Bazi, which are located approximately 1 km to the east of the proposed mine site.

DFS

Following the acquisition of Yaouré, through the merger of Perseus and Amara on 18 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 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 which is performing the role of lead consultant for the study.

At the beginning of the financial year, Stage 1 of the DFS was completed. 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.

The terms of Exploration Permits 168 and 397, the two tenements on which Yaouré is located, were 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.

An integral part of the DFS was an initial drilling programme designed to enhance Perseus's confidence in the existing Mineral Resource estimate as well as examine opportunities for incremental expansion of the Mineral Resource which was completed subsequent to the year end. The resource definition drilling comprised of 47,693 metres of infill diamond and RC drilling. The RC drilling included 12,709 metres of 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. A 20,307 metre RAB drilling programme to sterilise the planned sites of mine infrastructure was also undertaken. A further 4,543 metres of drilling for geotechnical, hydrogeological and engineering design purposes has also been completed.

Work on the DFS has progressed positively on all other fronts including mining, processing, and infrastructure assessments. To date, preliminary results from these studies are confirming earlier assessments of the considerable potential of Yaouré. The full DFS, including a new Ore Reserve estimate, is expected to be completed and published in the December 2017 quarter.

Settlement of Legal Claim

During the year, a Settlement Agreement with BCM International Ltd and its subsidiaries ("BCM") was negotiated documenting the terms of settlement of a dispute between BCM and various members of Amara. The dispute with BCM related to outstanding claims made by BCM against Amara in relation to contract mining services provided by BCM at Amara's now closed Kalsaka and Séguenéga mines in Burkina Faso. Under the terms of the settlement which was executed on 30 November 2016, Perseus agreed to pay BCM the sum of US$20 million.

Exploration

Exploration at Yaouré focussed on the Yaouré West property, with soil sampling covering virtually the entire property now complete. At the Allekran North prospect, infill soil sampling was undertaken along the faulted contact between metasediments and mafic volcanics where strong gold-in-soil anomalies had been detected by previous programs. Analysis of the results of the soil sampling, combined with regolith mapping and interpretation of airborne geophysical data, has highlighted several areas for priority auger, RAB, RC and diamond drilling in the coming year. Targets identified for this work include the CMA northeast extensions, Kongonza South, Kouakougnanou (KKG) and Filon Akakro, as well as Allekran North. Auger drilling will also be undertaken on the Yaouré East property to investigate previously identified gold-in-soil anomalism.

Other permits, Côte d'Ivoire

Soil sampling and regolith mapping programs were completed over the two newly granted Exploration Permits, Kounahiri in central Côte d'Ivoire and Zouan Hounien in the Ity district of southwest Côte d'Ivoire. Moderate tenor gold anomalies were defined on the Kounahiri property, coincident with a major regional shear structure. Infill sampling was completed over this 27 kilometre long trend to better define the anomalies for follow-up auger drilling. Consideration is also being given to an airborne magnetics and radiometric survey to help refine the structural and geological setting.

Company **Highlights 2017**

GROUP ORE RESERVES AND MINERAL RESOURCES

Table 11: Total Group Ore Reserves [3]

Deposit	Proved Reserves			Probable Reserves			Proved & Probable Reserves		
	Quantity Mt	Grade g/t gold	Gold '000oz	Quantity Mt	Grade g/t gold	Gold '000oz	Quantity Mt	Grade g/t gold	Gold '000oz
EGM [1,2]	19.1	1.11	685	33.8	1.16	1,259	53.0	1.14	1,943
SGM [1,2,5]	3.1	2.41	240	2.8	1.81	160	5.8	2.13	400
YGP[4]	18.1	1.8	1,100	44.2	1.5	2,200	62.3	1.6	3,200

Notes:
1. *JORC Ore Reserve/NI 43-101 Mineral Reserve as at 30 June 2017.*
2. *The Company holds 90% of Edikan Gold Mine, 86% of Sissingué Gold Mine and 90% of Yaouré Gold Project after allowing for Government equity at mining stage.*
3. *Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.*
4. *Cautionary statement: This estimate is a Foreign Estimate under the ASX Listing Rules and a Historical Estimate under Canadian NI 43-101 as at 24th November 2015 and is not reported in accordance with JORC Code. A qualified person has not completed sufficient work to classify this estimate as current Mineral Resources or Ore Reserves in accordance with JORC code and the Company is not treating these estimates as current. It is uncertain that following evaluation and/or further exploration work these estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with JORC Code.*
5. *Sissingué Gold Mine Ore Reserves include Sissingué, Bélé East and Bélé West Ore Reserves.*

Table 12: Total Group Mineral Resources (including Ore Reserves) [1,2,3]

Deposit	Measured Resources			Indicated Resources			Inferred Resources		
	Quantity Mt	Grade g/t gold	Gold '000oz	Quantity Mt	Grade g/t gold	Gold '000oz	Quantity Mt	Grade g/t gold	Gold '000oz
Edikan Gold Mine	45.9	1.16	1,725	105.7	0.92	3,151	29.5	1.0	900
Sissingué Gold Mine	4.3	2.1	290	8.9	1.4	410	13.0	1.6	700
Bélé Gold Project				1.9	2.0	130	0.4	1.8	25
Yaouré Gold Project[4]	18.6	1.9	1,114	85.5	1.5	4,042	47.7	1.4	2,156

Notes:
1. *Resource quoted on 100% equity basis. The Company holds 90% of Edikan Gold Mine and 86% of Sissingué Gold Mine after allowing for Government equity at mining stage.*
2. *All Mineral Resources current as at 30 June 2017.*
3. *Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.*
4. *Cautionary statement: This estimate is a Foreign Estimate under the ASX Listing Rules and a Historical Estimate under Canadian NI 43-101 as at 24 November 2015 and is not reported in accordance with JORC Code. A qualified person has not completed sufficient work to classify this estimate as current Mineral Resources or Ore Reserves in accordance with JORC code and the Company is not treating these estimates as current. It is uncertain that following evaluation and/or further exploration work these estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with JORC Code.*

GOVERNANCE AND INTERNAL CONTROLS FOR RESERVE AND RESOURCE ESTIMATES

Perseus' Mineral Resource and Ore Reserve estimates are prepared by suitably qualified external consultants and Perseus personnel using industry standard techniques in accordance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) and the National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). The estimates are subject to internal controls and sign off processes both at a site and corporate level. Perseus continues to develop its internal systems and controls.

Sustainability
Report 2016-2017

1 OCCUPATIONAL HEALTH & SAFETY (OHS)

1.1 Injuries

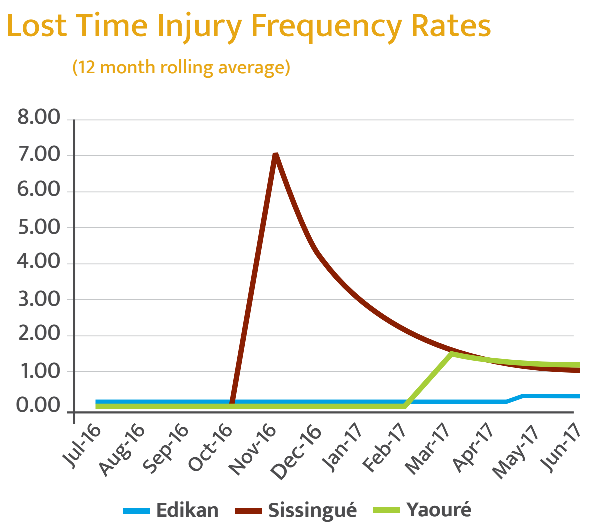
Across its operations, Perseus recorded a total of 89 injuries on duty, as per the data in Table 1 below. The number of injuries on each site aligns with the ratios of man hours worked on each site. During the year, Edikan recorded two Lost Time Injuries (LTIs) which were both sustained by contractor personnel. Yaouré's one LTI was also a contractor whilst Sissingué's was a local employee.

Table 1: Perseus Injury Statistics by Site

	Edikan	Sissingué	Yaouré
First Aid Injuries	43	15	10
Medical Treatment Injuries	4	9	4
Lost Time Injuries	2	1	1
TOTAL	**49**	**25**	**15**
Man Hours	6,115,592	1,035,590	942,080

The Lost Time Injury Frequency Rates (LTIFR) for the three Perseus sites are shown in Figure 1. At the end of June 2017, the Edikan LTIFR was 0.33, up slightly from 0.19 at the end of June 2016. Sissingué's LTIFR at the end of June 2017 was 0.97 and Yaouré's was 1.06. As the frequency rate is calculated on man hours worked, Yaouré had less man hours than Sissingué which resulted in a higher LTIFR.

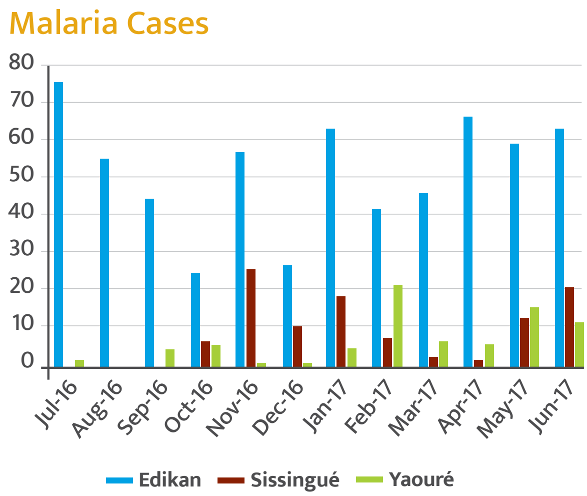
Figure 1: Lost Time Injuries per 1 Million Man Hours Worked



1.2 Malaria

Malaria continues to be an issue at all the Perseus sites as detailed in Figure 2, with the pattern of malaria cases generally coinciding with the seasons as well as total workforce numbers. World Malaria Day was again celebrated and raising awareness of malaria amongst the workforce remains a key focus. Both Sissingué and Yaouré have also introduced a long pants/long sleeve policy to try and reduce the number of malaria infections.

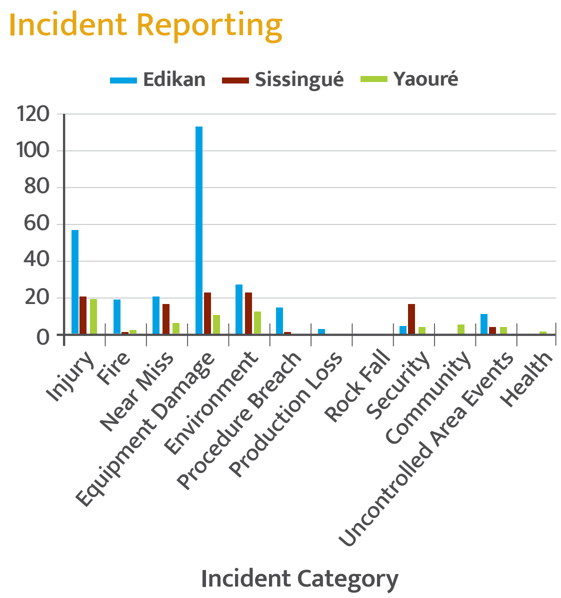
Figure 2: Malaria Cases



1.3 Incident and Hazard Reporting

There were 272 incidents formally reported at Edikan during the year, 90 at Sissingué and 21 at Yaouré, with all incidents by category displayed in Figure 3. The incident category most reported at both Edikan and Sissingué is equipment damage, with 114 and 23 events reported respectively during the year. At Yaouré, injuries were the most common report.

Figure 3: Incidents by Category



The sites also formally reported identified hazards during the year, with Edikan giving hazard reporting an increased focus. As a result, the number of hazards reported at Edikan increased significantly during the year with 759 hazards reported and corrective actions to mitigate the associated risks are being undertaken.

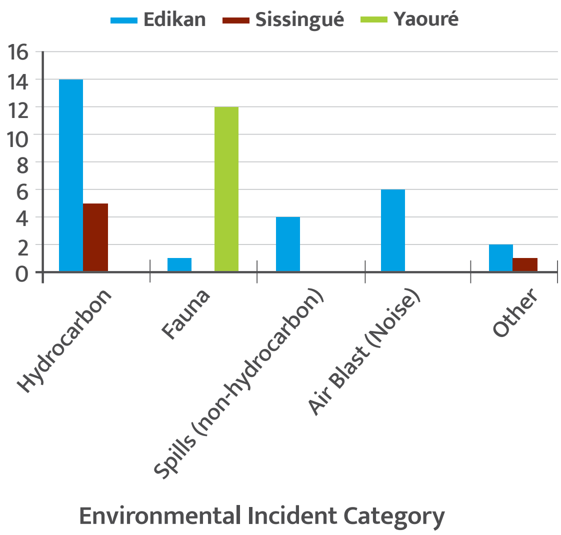
2 ENVIRONMENT

2.1 Incidents

Environmental incidents were formally reported at all sites during the year, and incidents by category are displayed in Figure 4. Air blast (noise) incidents at Edikan decreased but the community continued to complain about building cracks following blast events (see Section 3.3 Community Grievances). Yaouré had 12 fauna incidents, all relating to the presence of snakes around work and accommodation areas or the death of snakes during land clearing.

Figure 4: Environmental Incidents by Category

Environmental Incidents

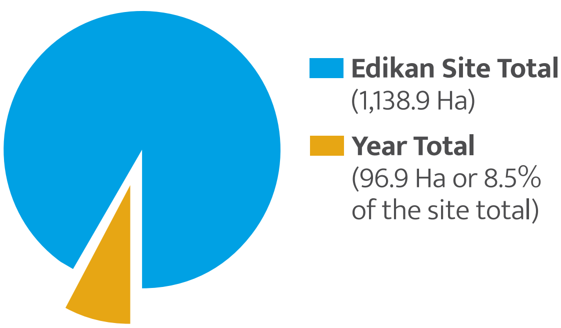


2.2 Land Disturbance and Rehabilitation

An additional 96.9 hectares of land was cleared of vegetation at Edikan, for the continued development of the Fetish and Esuajah North mining areas, resulting in the creation of seven new topsoil stockpiles. Details of land disturbance at Edikan this year and to date are shown in Figure 5.

Figure 5: Edikan Land Disturbance this Year and to Date

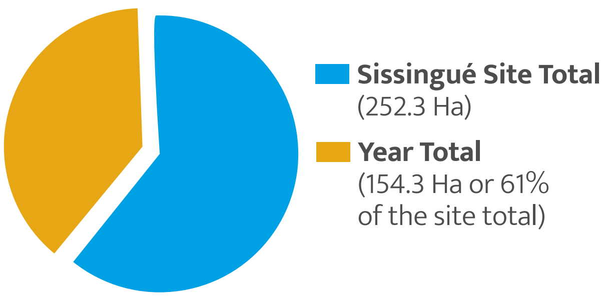
Edikan Land Disturbed



At Sissingué, a total of 252.3 hectares has been cleared to date for the Project and 154.3 hectares this year (61% of total) as shown in Figure 6. This includes areas for roads, the process plant site, camp, airstrip, pit and tailings dam. Topsoil stockpiles have been covered by vegetation naturally, minimising erosion. As final areas become available, they will also be revegetated.

Figure 6: Sissingué Land Disturbance this Year and to Date

Sissingué Land Disturbed



At Yaouré, 40.14 hectares were disturbed for the feasibility study drilling program.

Progressive rehabilitation of disturbed areas back to a natural state continues to be undertaken at Edikan, with details of land disturbance and rehabilitation works undertaken at Edikan to date shown in Figure 7. Labour used for the rehabilitation program is sourced from the local catchment communities.

Figure 7: Edikan Rehabilitation Works to Date

Edikan Land Rehabilitated

2.3 Environmental Approvals and Permitting

2.3.1 Edikan – Permits and Approvals

Activities and milestones related to permitting and approvals at Edikan during the year are detailed below:

- The Ghana Minerals Commission (MINCOM) depositional permit for FTSF Cell 3E was received.
- The Ghana Environmental Protection Authority (EPA) depositional permits for FTSF Cells 3D and 3E were received.
- Documents for the renewal by the EPA of the Environmental Certificate for the Western Pits were submitted on 9 July 2015 and the application is still being processed.
- Separate Environmental Management Plans for the Western Pits and Eastern Pits were submitted to the EPA and a combined Environmental Certificate is expected.
- An application for the renewal of the site Radiation Permit was submitted and a site radiation safety assessment was conducted by the Ghana Atomic Energy Commission.
- The MINCOM Operating Permit for Ayanfuri and Nanankwa mining leases for 2017 was obtained.
- Mine-Take Renewal Permits for the next 5 years were received.
- The MINCOM Blast Permit for the Esuajah North pit operation was received.

2.3.2 Sissingué – Permits and Approvals

Activities and milestones related to permitting and approvals at Sissingué during the year are detailed below:

- A Water Abstraction Permit was received from the Ministry of Water and Forests on the 6 January 2017, allowing water to be abstracted from site groundwater bores and the Bagoe River. This Permit was required to assist with dewatering the mine pits and to provide water for processing the ore.
- The Environmental and Social Impact Assessment (ESIA) for the Belé deposit was finalised for submission to the Ivoirian environmental agency (ANDE) for approval. It is proposed that ore from Belé will be trucked to Sissingué for processing.
- The registration process for the Sissingué airstrip with the Ivoirian Civil Aviation Authority is underway.
- Discussions with the Ivoirian Radiation Protection Authority commenced regarding the requirements for a site Radiation Permit. This Permit is required as the process plant will contain five radiation density gauges.

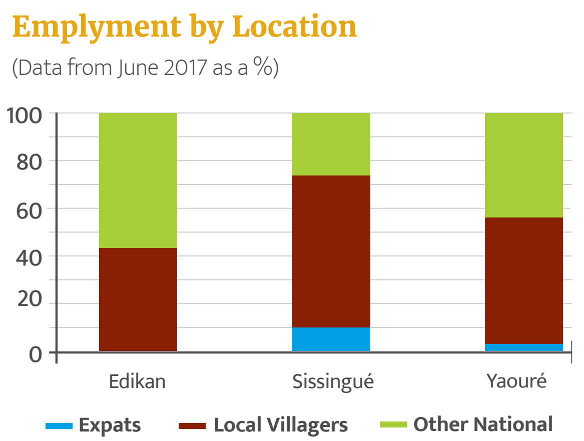
3 SOCIAL DEVELOPMENT

3.1 Employment

Local employment remains a key focus for Perseus and employment committees in the Edikan and Sissingué local catchment communities are used to help facilitate this.

The percentage of Perseus employees and contractors employed at the operational sites in June 2017, by location, is shown in Figure 8. At Edikan, 0.9% of site personnel are expatriates whilst at Sissingué, 10.7% of the workforce are expatriates.

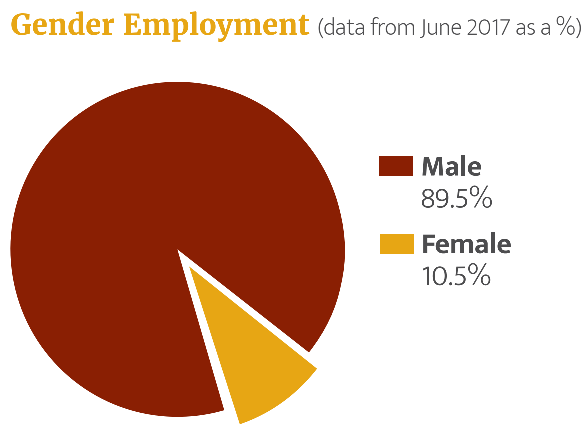
Figure 8: Employees by Location at June 2017



At Sissingué, casual local labour is used for exploration drilling programs and for the construction project, with personnel sourced from villages near its activities. Over the course of the year a total of 2,098 individuals were employed from the villages of Mahalé, Mbengué, Napié, Sissingué and Kounahiri for a combined total of 35,092 work days.

Females continue to be employed in management positions across Perseus, including the Chief Financial Officer and Group Sustainability Manager in Perth, and the West African Regional Human Resources Manager. Perseus continues to adhere to equal opportunity principles and encourages women to apply for positions with the Company. Figure 9 details the split between male and female employees across Perseus at the end of June 2017.

Figure 9: Total Perseus Employment by Gender



3.2 Community Support

During the year, Perseus continued to support the local communities in its areas of influence, with the focus on projects relating to improving health, education and sanitation, as well as to support cultural events. Cash donations of USD 202,138 were made to support these areas. Some additional support provided by Edikan for basic amenities, totalling over USD 39,000, include:

- Re-shaping of the Abenabena community road;
- Electricity improvements for Abenabena, Fobinso and Nkonya;
- Construction of a maternity ward at the Okomfo Anokye Teaching Hospital in Kumasi; and
- Providing clinic equipment to the Fobinso Health Centre.

The Edikan Trust Fund established by Perseus is another provider of financial support to the local communities. This year Perseus contributed USD 281,689 to the fund and USD 495,267 was spent on community development projects. Some of the major projects undertaken during the year include:

- Construction of an elevated water tower at Ayanfuri;
- Construction of a health centre and nurse's accommodation at Abenabena;
- Construction of a health centre at Fobinso;
- 77 scholarships for students studying at high school and tertiary institutions;
- Construction of a 6-room classroom building at Ayanfuri;
- Building materials for some exploration communities; and
- Furnishing of an IT Centre at Ayanfuri and purchasing 30 desktop computers to equip it.

Cash and in-kind donations were also made to communities around Sissingué, including undertaking school repairs and upgrades, providing desks and supporting local sporting events.

3.3 Community Grievances

A formal grievance management process is available for external stakeholders in both Ghana and Côte d'Ivoire. All grievances are investigated and a formal response is provided to the complainant. The objective is to resolve all matters in a timely manner.

Grievances at Edikan, Sissingué and Yaouré for the year by category are detailed in Figures 10 - 12 below. At Edikan, the highest number of unresolved complaints still relates to building cracks because community members have rejected the Company's crack repair program, claiming their buildings cannot be repaired while blasting continues. The key issues of the Sissingué catchment communities is employment and the utilisation of local businesses, whilst at Yaouré grievances have mainly related to crop and land compensation.

Figure 10: Edikan Community Grievances by Category

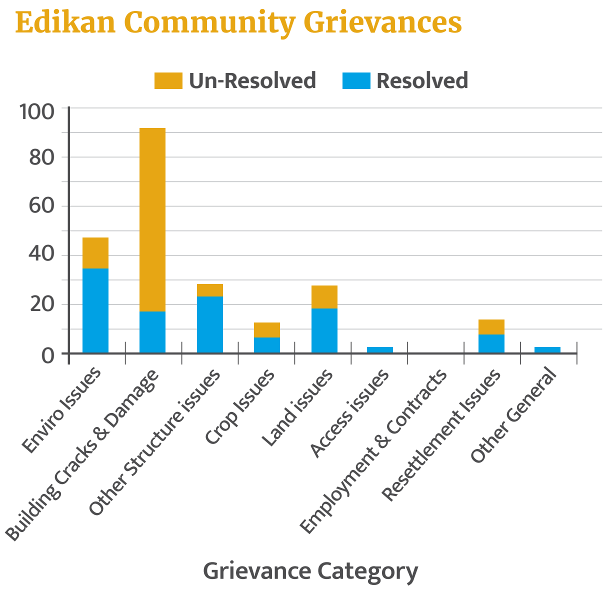


Figure 11: Sissingué Community Grievances by Category

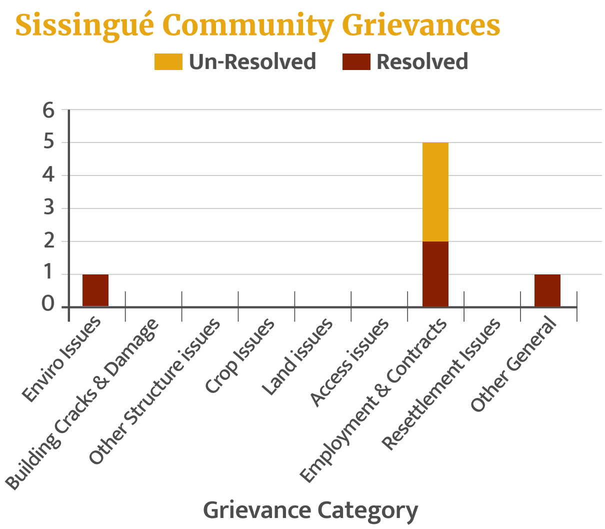
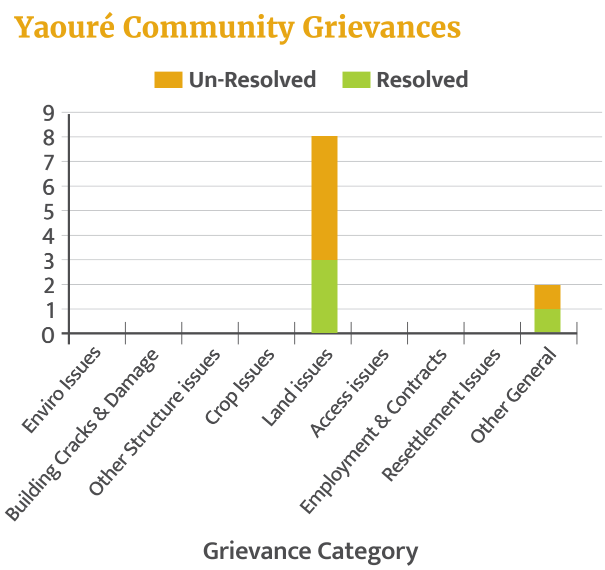


Figure 12: Yaouré Community Grievances by Category



3.4 Resettlement and Compensation

Resettlement activities continued at Edikan during the year. For the eastern pits resettlement program, the focus was on project-affected people in the Fetish, Esuajah North and Chirawewa areas. Structures were built and handed over to the respective owners and/or operators as detailed in Table 2 below:

Table 2: Edikan Resettlement Buildings

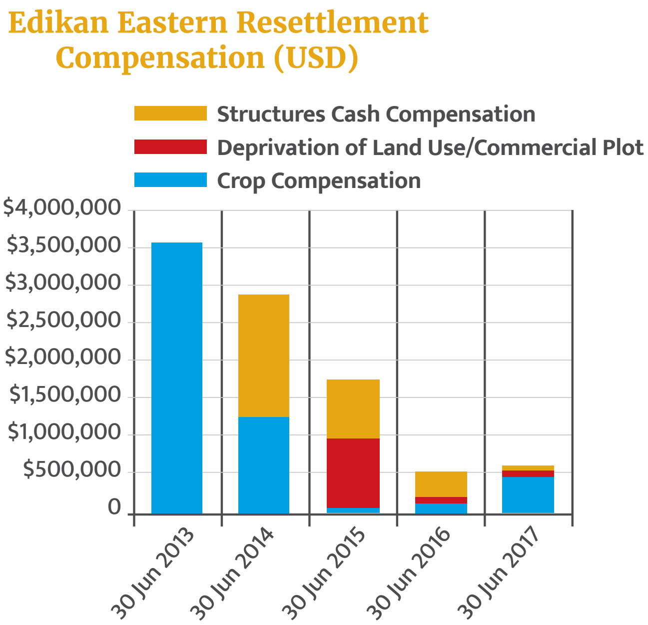
Eastern Side Resettlement Project	No. of Buildings Handed Over
Fetish Houses	45
Fetish Institutions	5 (plus 2 support buildings)
Esuajah North Houses	122
Esuajah North Institutions	6 (plus 4 support buildings)
Chirawewa Houses	19
Commercial Facilities	1 (containing 13 shops)
Community Centre	1
Police Post	1
Water Reservoir & Office	2
Total	**202**

A summary of the resettlement milestones over the last year are:

- The resettlement of impacted households from the Fetish, Esuajah North and Chirawewa areas was completed by December 2016.
- A voluntary contribution of one 2-bedroom Headmaster's bungalow was also handed over to the Methodist (Ghana Education Service) government school in November 2016.
- The Ayanfuri Kurofofrom (resettlement site) was officially commissioned on 24 January 2017 by the designate Minister of Lands and Natural Resources.
- Inauguration of the Resettlement Water and Sanitation Management Team and handover of the Small Town Water System was done on 4 April 2017, per Ghana CWSA (Community Water and Sanitation Agency) guidelines.
- Issues identified relating to completed structures are referred to the responsible building company for repair. Of the 248 defect complaints lodged with the resettlement office, 203 were resolved during the year. These are minor building defects in accordance with the relevant building contractors' defects liability periods.
- 11.4 hectares (88%) of the 13 hectares required to be grassed was completed during the year.
- The Police Post building, a voluntary contribution, was handed over to the Ghana Police Service on 18 May 2017.

Cash compensation payments made in the 2017 financial year are detailed in Figure 13 below. Payment of compensation at Edikan is substantially complete, with only minor grievances and disputes outstanding.

Figure 13: Edikan Eastern Resettlement Compensation Amounts (in USD)



At Perseus' Sissingué project in Côte d'Ivoire, five hamlets were relocated by the construction of seventeen houses at Kanakono Village. Twelve houses were completed last year and the remaining five were completed and handed over to the owners in the 2017 financial year.

The crop and land compensation process at Yaouré commenced using an external consultant to identify and assess the crops and land ownership and to assist with the negotiation of rates with the impacted farmers and land owners.

Consolidated **Financial Report 2017**

For the year ended 30 June 2017

Contents

Directors' **Report**

Your directors present their report on the consolidated entity (referred to hereafter as the 'group') consisting of Perseus Mining Limited ('Perseus' or the 'company') and its controlled entities for the year ended 30 June 2017 (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.

Terence Sean Harvey	Non-executive chairman (effective 1 April 2017)
Reginald Norman Gillard	Non-executive chairman (retired 31 March 2017)
Jeffrey Allan Quartermaine	Managing director and chief executive officer
Colin John Carson	Executive director
Michael Andrew Bohm	Non-executive director
John Francis Gerald McGloin	Non-executive director
Alexander John Davidson	Non-executive director

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 Republic of Ghana ('Ghana') and the Republic of Côte d'Ivoire ('Côte d'Ivoire'), both of which are located in West Africa.

REVIEW OF OPERATIONS

A review of the group's operations during the year ended 30 June 2017 is provided in the section of this report headed 'Review of Operations', which immediately precedes the Directors' Report.

FINANCIAL RESULTS

The group recorded a net loss after tax of $79.3 million for the period, compared to a net loss after tax of $37.5 million in the previous financial year. This loss is 111.2% more than the loss recorded in the prior period, and this increase is predominantly due to factors, including:

- A foreign exchange loss of $11.7 million, compared to a gain of $9.2 million in the prior year ($20.9 million turn around), mainly due to the appreciation of the AUD against the USD and the revaluation of the intercompany loan between Perseus and PMGL;
- A loss of $27.5 million arising following the acquisition in April 2017 of Amara including a one-off expense of $24.5 million to settle outstanding claims made by BCM against Amara in relation to mining services provided by BCM prior to 2015;
- A write-down of capitalised exploration expenses totalling $16.1 million incurred on tenements in Ghana following a write-down of $17.9 million in the prior year;
- A reduction in the carrying value of low grade stockpiles due to a net realisable value adjustment, leading to a negative impact on earnings of $6.3 million, compared with a profit contribution of $13.1 million in 2016;
- A depreciation and amortisation expense of $56.2 million, an increase of 17% during the period due to higher rates of mining and processing, as well as an increase in the capital base following investment in plant, equipment and relocation housing; and
- An income tax benefit of $15.2 million due to the creation of tax losses.

Cash and investments

At 30 June 2017, available cash totalled $24.0 million (30 June 2016: $151.3 million) while additional deposits totalling $12.4 million (30 June 2016: $12.7 million) supported performance guarantees for environmental rehabilitation of the EGM. The decrease in the cash balance of $127.3 million can be attributed in part to the investment of $69.5 million of capital at the EGM, $74.0 million on the development of the SGP, $15.9 million in exploration and evaluation activities and $26.5 million on the settlement of the claim made by BCM against Amara.

As at 30 June 2017, Perseus held available for sale financial instruments comprising security holdings in Manas Resources Limited ('Manas') of $0.5 million (30 June 2016: $0.4 million) and in Amani Gold Limited ('Amani'), formerly Burey Gold Limited, of $2.8 million (30 June 2016: $4.6 million).

Debt finance

During the year, the group formally accepted Committed Letters of Offer from Macquarie to provide members of the group with a total of US$60 million of debt finance to be used to finance its growth strategy. The financing includes a US$40 million project debt facility that will be used to finance the completion of the development of Sissingué. Loan documentation for the US$40 million Sissingué project debt facility was completed towards the end of the year and Board approval was obtained to execute documentation. Execution of the loan agreement was completed in July 2017 and work is progressing on satisfying standard conditions precent ahead of the drawing down of funds before the end of September 2017.

A second US$20 million debt facility was offered and drawn-down in March 2017 for Perseus's Ghanaian subsidiary, PMGL. This facility is for the purpose of providing general working capital until July 2018 while production at Edikan is ramping up and Perseus's corporate cash resources are being applied to fund Sissingué as well as exploration and corporate expenses. US$5 million of this debt facility was repaid to Macquarie in June 2017, leaving an outstanding balance of US$15.0 million at the end of the period.

Financial position

At 30 June 2017, the group had net assets of $715.3 million (30 June 2016: $769.3 million) and an excess of current assets over current liabilities of $12.7 million (30 June 2016: $159.7 million). The group's net assets decreased by 7.0% compared with the prior period predominately due to the legal settlement and movements in foreign exchange reducing asset balances.

Summary of financial information

	30 June 2017 $'000	30 June 2016 $'000
Net (loss) / profit after tax	(79,308)	(37,546)
Net (decrease) / increase in cash held	(128,365)	48,723
Total assets	864,799	943,075
Shareholders' equity	715,299	769,338

CORPORATE

Dividends

No dividends were paid during the period and the directors do not recommend payment of a dividend.

Equity capital raising

During the year, the retail component of an equity placement and an accelerated entitlements offer, announced on 20 June 2016, was closed contributing $7.7 million of a total of $101.9 million of new equity capital raised from new and existing institutional and retail investors to fund Perseus's growth strategy. In total 203.9 million ordinary shares were issued as a part of the equity raising at a price of $0.50 per new share issued.

Revenue protection

56,652 ounces, of the 175,233 ounces of gold that were sold at an average delivered price of US$1,242/oz, were delivered under forward sales contracts at a weighted average price of US$1,244/oz, while the balance of the gold sales were made at prevailing spot prices or short-term spot deferred contracts. As at 30 June 2017, the company held forward gold sale contracts totalling 153,022 ounces of gold at a weighted average price of US$1,272/oz. Included in this total are 67,000 ounces of hedging contracted at a weighted average price of US$1,301/oz specifically to support the proposed Sissingué project finance debt facility.

Metal Markets

From 1 July 2016 to 30 June 2017 the price of gold decreased by 6.0% to US$1,242/oz, (30 June 2016: US$1,321/oz). Subsequent to the end of the financial year, the gold price increased and is higher than what it was on 30 June 2017. The risk posed to Perseus's business by possible downward movements in the gold price has, to a certain extent, been mitigated by partial hedging of its gold production as outlined above. Perseus has no reason to believe that the gold market fundamentals will not remain consistent with the current position over the short to medium term.

Outlook for financial year 2018

Group production and cost guidance

- Gold production for the group for the year ended 30 June 2018 is forecast to be in the range of 250,000 to 285,000 ounces at an all-in site cost of US$950/oz to US$1,100/oz;

Edikan

- Continue to implement practices aimed at improving mine to mill reconciliation;
- Continue training of operating and maintenance staff;
- Continue to implement business improvement initiatives across all departments at Edikan; and
- Assess exploration targets and prepare drill programmes for targets identified by the recent review of geological datasets relating to the Edikan mining leases.

Sissingué

- Complete construction of Sissingué in line with schedule and budget;
- Draw down debt under the project debt facility; and
- Continue drilling at the Papara prospect with the aim of determining the potential for additional Mineral Resources which could be processed at the Sissingué processing facility.

Yaouré

- Complete work on preparing a bankable DFS for Yaouré, including:
  - Complete the drilling program required to generate information needed for DFS purposes;
  - Complete the metallurgical test work program to be used for optimisation of the process flow sheet and project scale; and
  - Prepare final Mineral Resource estimates that can then be used to determine the optimised mining schedule and Ore Reserve estimate.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the group during the period not otherwise disclosed in this report or the consolidated financial statements.

MATTERS SUBSEQUENT TO BALANCE DATE

Subsequent to the end of the period, the following events have occurred:

1) On 3 August 2017, 8,958,334 performance rights were issued to employees at nil consideration as part of

employee remuneration.

2) On 18 July 2017, 5,641,668 performance rights that had previously been issued to employees were determined not to have vested under the terms of the company's Performance Rights Plan and as a result were cancelled.

3) Documentation for the US$40 million Sissingué Project debt facility was executed on 18 July 2017.

LIKELY DEVELOPMENTS

The likely developments in the operations of the group and the expected results of those operations in the coming financial year are as follows:

- The continued production of gold from the EGM per guidance;
- Complete the establishment and draw down of the project finance debt facility to fund the development of Sissingué;
- Complete development of Sissingué;
- Ongoing mineral exploration;
- Completion of the DFS for Yaouré; and
- Complete compensation arrangements with Yaouré landholders.

Further commentary on planned activities over the forthcoming year is provided in the section of this report headed 'Review of Operations'.

ENVIRONMENTAL REGULATIONS

Located in Ghana and Côte d'Ivoire, the group's operations, exploration and development projects are not subject to any significant Australian environmental laws. They are however, subject to environmental laws, regulations and permit conditions that apply in the relevant jurisdictions. There have been no known material breaches of environmental laws or permit conditions by the group while conducting operations in these jurisdictions during the period.

INFORMATION ON DIRECTORS

Terence Sean Harvey – BA MA LL.B MBA – Non-executive chairman

(Appointed 2 September 2009 and Non-executive chairman effective 1 April 2017)

Mr. Sean Harvey has extensive experience in investment banking and the resources sector and brings valuable experience in capital markets to the board to assist the company as it seeks to broaden global market awareness of its growth into a West African gold producer. Mr. Harvey holds an Honours BA degree in Economics and Geography and an MA in Economics, both from Carleton University, an LLB from the University of Western Ontario and an MBA from the University of Toronto and he is a member of the Law Society of Upper Canada.

Mr. Harvey serves as the chairman on the company's audit and risk committee, as well as a member of the remuneration committee. During the past three years he has also served as a director of the following listed companies:

Other current directorships:	
Victoria Gold Corporation	appointed 31 July 2007
Serabi Gold plc	appointed 30 March 2011
Sarama Resources Ltd	appointed 2 November 2011
Abacus Mining & Exploration Corporation	appointed 1 April 2016

Former directorships in the last 3 years:	
Troy Resources Limited	appointed 29 August 2013 and resigned 20 April 2015

Reginald Norman Gillard – BA FCPA FAICD JP – Non-executive chairman

(Appointed 24 October 2003 and retired 31 March 2017)

After practising as an accountant for more than 30 years, during which time he formed and developed a number of service related businesses, Mr. Reg Gillard focused on corporate management, corporate governance and the evaluation and acquisition of resource projects. Mr. Gillard also served on the audit and risk, as well as the remuneration committee of the company. During the past three years he has also served as a director of the following listed companies:

Former directorships in the last 3 years:

Platina Resources Limited	appointed 1 July 2009 and resigned 1 January 2017

Jeffrey Allan Quartermaine – BE (Civil), MBA, FCPA – Managing director and chief executive officer

(Appointed 1 February 2013)

The managing director and chief executive officer, Mr. Jeffrey Quartermaine, was appointed on 1 February 2013 after previously serving as the group's chief financial officer from 2010 to 2013. Jeff Quartermaine has more than 25 years of experience in senior financial and strategic management roles with ASX and TSX-listed resources companies. He is a Fellow of the Society of Certified Practising Accountant (CPA) who holds both business management (MBA) and engineering qualifications (BE). Mr. Quartermaine has extensive experience as chief financial officer and chief operating officer of a number of Australian public companies. During the past three years he has not served as a director of any other listed companies.

Colin John Carson – CPA, MAICD, FGIA – Executive director

(Appointed 24 October 2003)

Mr. Colin Carson has served as a director and company secretary of a number of Australian public companies since the early 1980s. As an executive director of Perseus, Mr. Carson is responsible for the company's compliance, corporate and legal matters. During the past three years he has also served as a director of the following listed companies:

Former directorships in the last 3 years:

Manas Resources Limited	appointed 17 October 2007 and resigned 21 November 2016

Michael Andrew Bohm – B.AppSc (Mining Eng.), MAusIMM – Non executive director

(Appointed 15 October 2009)

Mr. Michael Bohm is a mining engineer with extensive experience in operations management, evaluation and project development in Australia, Northern Europe, SE Asia, North and South America. Mr. Bohm has more than 24 years minerals industry experience predominantly in the gold, nickel and diamond sectors in both open pit and underground mining environments. Mr. Bohm serves on the company's audit and risk, remuneration and technical committees. Mr. Bohm is the chairman of both the remuneration committee and the technical committee. During the past three years he has also s erved as a director of the following listed companies:

Other current directorships:

Ramelius Resources Limited	appointed 29 November 2012
Berkut Minerals Limited	appointed 1 July 2016
Mincor Resources NL	appointed 1 January 2017

Former directorships in the last 3 years:

Tawana Resources NL	appointed 1 August 2015 and resigned 21 October 2016

John Francis Gerald McGloin – BEng. – Non executive director

(Appointed 19 April 2016)

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 lead the mining team prior to that Mr. McGloin 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. Mr. McGloin serves on the company's technical committee. During the past three years he has also served as a director of the following listed companies:

Other current directorships:

Caledonia Mining Corporation plc	appointed 26 July 2016

Former directorships in the last 3 years:

Amara Mining plc	appointed 28 May 2012 and resigned 18 April 2016

Alexander John Davidson – BSc., MSc. – Non executive director

(Appointed 19 April 2016)

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, Alex was vice president, exploration for Metall 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. Mr. Davidson serves on the company's technical committee. During the past three years he has also served as a director of the following listed companies:

Other current directorships:

Americas Silver Corporation	appointed 23 December 2014
Yamana Gold Inc	appointed 31 August 2009
Capital Drilling Ltd	appointed 28 May 2010
NuLegacy Gold Corporation	appointed 15 September 2014
Orca Gold Inc	appointed March 2013

Former directorships in the last 3 years:

MBAC Fertilizer Corp	appointed 24 December 2009 and resigned 30 June 2015
Amara Mining plc	appointed 25 November 2013 and resigned 18 April 2016

Company secretary

Martijn Paul Bosboom – LL.B, LL.M, FGIA, MAICD

(Appointed 18 November 2013)

Mr. Martijn Bosboom is also the company's general counsel and has more than 20 years of international in-house and private practice experience in both common law and civil law jurisdictions. Mr. Bosboom holds a Bachelor of Laws from the University of Western Australia and a Master of Laws from the University of Leiden, the Netherlands. Mr. Bosboom is a fellow of the Governance Institute of Australia ('GIA') and has completed the GIA's Graduate Diploma of Applied Corporate Governance.

DIRECTORS' MEETINGS

The number of meetings of the directors and the number of meetings attended by each director during the year ended 30 June 2017 were:

	Full meetings of directors		Audit committee meetings		Remuneration committee meetings		Technical committee meetings	
	A	B	A	B	A	B	A	B
T. S. Harvey	9	9	2	2	5	5	-	-
R. N. Gillard	7	7	2	2	2	2	-	-
J. A. Quartermaine	9	9	-	-	-	-	-	-
C. J. Carson	9	9	-	-	-	-	-	-
M. A. Bohm	9	9	2	2	5	5	3	3
J. F. McGloin	9	9	-	-	-	-	3	3
A. J. Davidson	8	9	-	-	-	-	3	3

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the relevant committee during the period.

DIRECTORS' INTERESTS

The following relevant interests in shares, options and performance rights of the company were held directly and beneficially by the directors as at the date of this report:

	Name	Fully paid ordinary shares	Options to acquire ordinary shares	Performance rights	Warrants
Non-executive directors	T S Harvey	1,500,000	-	-	-
	R N Gillard	1,210,000	-	-	-
	M A Bohm	562,000	-	-	-
	J F McGloin	1,282,907	-	-	641,453
	A J Davidson	69,136	-	-	34,568
Executive directors	J A Quartermaine	1,000,000	-	1,166,666	-
	C J Carson	1,482,300	-	400,000	-

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 (Rounding Instrument). The company is an entity to which the class order applies.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Perseus's non-executive directors, executive directors and other key management personnel ("KMP") for the financial year ended 30 June 2017 in accordance with the Corporations Act 2001 (Cth) (the "Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report has been set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration (including link to performance)
3. Service agreements
4. Share-based compensation
5. Additional information

1. Principles used to determine the nature and amount of remuneration

Remuneration committee

The remuneration committee (the 'committee') assists the board to fulfill its responsibilities to shareholders and other stakeholders by ensuring the group has remuneration policies for fairly and competitively rewarding executives with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive management team. The committee's decisions on reward structures are based on the state of the market for experienced resources industry executives, remuneration packages for executives and employees performing comparative roles in other companies in the resources industry and the size and complexity of the group. The committee comprises two independent non-executive directors.

The committee is primarily responsible for making recommendations to the board on:

- non-executive director's fees;
- executive remuneration (directors and other executives); and
- the over-arching executive remuneration framework and incentive plan policies.

For further information on the remuneration committee's role, responsibilities and membership the reader is referred to the

REMUNERATION REPORT (continued)

committee's charter which is available on www.perseusmining.com.

Use of remuneration advisors

Independent remuneration consultants are engaged by the committee from time to time to ensure the group's remuneration system and reward practices are consistent with current market practices. Various remuneration arrangements in relation to the company's key management personnel during previous financial years were based on recommendations made by an independent remuneration consultant, PJ Kinder Consulting. Advice was last sought out from PJ Kinder Consulting in 2014. Instructions and scope of terms for the engagement of PJ Kinder Consulting were issued by the committee.

The board is satisfied that the remuneration recommendations made by PJ Kinder Consulting were made free from undue influence by the member or members of the key management personnel to whom the recommendations relate. The board's reasons for stating so are:

(i) that the instructions and terms were issued and set by the committee;

(ii) PJ Kinder Consulting discussed its findings and recommendations with the committee only and not any members of the management;

(iii) PJ Kinder Consulting's fees were based on a time basis at rates commensurate with such professional services; and

(iv) the committee had satisfied itself that PJ Kinder Consulting is a qualified and well-credentialed firm for the purposes of such professional advice and is independent from Perseus.

Policy and structure of non-executive directors' remuneration

Perseus's non-executive director remuneration policy aims to reward the directors fairly and responsibly with regards to the demands which are made on, and the responsibilities of, the directors. It seeks to set aggregate remuneration of non-executive directors at a level which provides Perseus with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

With the assistance of external remuneration consultants from time to time, the committee reviews fees paid to non-executive directors on an annual basis and makes recommendations to the board. The committee considers fees paid to non-executive directors of comparable companies when undertaking the annual salary review process.

Any equity components of non-executive directors' remuneration, including the issue of options or performance rights, are required to be approved by shareholders prior to award.

Directors' fee limits

The aggregate amount of fees payable to non-executive directors is subject to periodic review and approval by shareholders. The maximum amount of directors' fees that is currently approved for payment to non-executive directors is $900,000 per annum (excluding the value of approved share based payments). The current limit of non-executive directors' fees was approved by shareholders at the 2016 Annual General Meeting.

Directors' fees framework

Non-executive directors' remuneration consists of a base fee plus 9.5% statutory superannuation where the director is covered by Australian superannuation guarantee legislation. Board fees are not paid to executive directors as the time spent on board work and the responsibilities of board membership are considered in determining the remuneration package provided to executive directors as part of their normal employment conditions.

REMUNERATION REPORT (continued)

The remuneration of the non-executive directors for the year ended 30 June 2017 is detailed below.

Table 1 - Annual board and committee fees payable to non-executive directors

Position	Annual fees[1] from 1 July 2016 to 30 June 2017 $	Annual fees[1] from 1 July 2017 $
Base fees		
Chair	170,000	170,000
Other non-executive directors	85,000	85,000
Additional fees		
Audit committee – chair	17,000	17,000
Audit committee – member	8,500	8,500
Remuneration committee – chair	12,750	12,750
Remuneration committee - member	6,800	6,800
Technical directors – chair	14,785	14,875
Technical directors – members	7,650	7,650

1 Inclusive of statutory superannuation where applicable

Directors' retirement benefits

No retirement benefits are paid to non-executive directors other than the statutory superannuation contributions (if applicable) of 9.5% for the year ending 30 June 2017, required under Australian superannuation guarantee legislation.

Policy on executive directors' and other senior executives' remuneration

Perseus aims to reward its executive directors and other senior executives with a level of remuneration commensurate with their position and responsibilities within the group. In doing so, it aims to:

- provide competitive rewards that attract, retain and motivate high calibre executives;
- align executive rewards with the achievement of strategic objectives and performance of the group and the creation of value for shareholders;
- ensure total remuneration is competitive and reasonable; and
- comply with applicable legal requirements and appropriate standards of governance.

In consultation with external remuneration consultants, the group has developed an executive remuneration framework that is market competitive and is consistent with the reward strategy of the organisation.

Executive remuneration structure

The executive remuneration framework has two components, namely:

- fixed salary package including base salary and benefits such as superannuation; and
- variable remuneration.

Fixed salary package

The fixed component of an executive's remuneration comprises base salary and superannuation contributions. The size of the executive's salary package is based on the scope of each executive's role, the level of knowledge, skill and experience required to satisfactorily perform the role and the individual executive's performance in the role. The proportion of an executive's total fixed salary package that is paid as superannuation is at the executive's discretion, subject to compliance with relevant superannuation guarantee legislation.

The committee annually reviews each executive's performance and benchmarks the executive's salary package against appropriate market comparisons using information and advice provided by external consultants. There are no guarantees of

REMUNERATION REPORT (continued)

salary increases included in any executive's employment contract.

Variable remuneration

The objective of providing a variable 'at risk' component within executive directors' and senior executives' total remuneration packages is to directly align a proportion of their remuneration to achievement of the group's financial and strategic objectives with the objective of creating shareholder wealth. The group has a remuneration framework which sets out the basis of short term incentives ('STI') and long term incentives ('LTI'), these are discussed further below.

Receipt of variable remuneration in any form is not guaranteed under any executive's employment contract.

The remuneration of executive directors and senior executives including both fixed and variable remuneration components for the year ended 30 June 2017 is detailed in table 2 of this report.

STI

The STI is the annual component of the 'at risk' reward opportunity, which takes the form of a cash bonus. The STI is reliant on the achievement of job related KPIs, both financial and non-financial, over a mix of group, function and individual targets. The objective of a STI is to align the performance of the individual to the short term operational and financial objectives of the group.

After the board evaluates and approves the group's operating budget for the forthcoming financial year, a series of physical, financial and business sustainability targets are set. These are used to determine the KPIs of the CEO and executives, their direct reports and so on down the organisation structure.

These performance measures are chosen to represent the key drivers of short term success for the group with reference to the group's long-term strategy. The CEO and executives have a target STI opportunity of 0% up to 33% of fixed remuneration.

KPIs are determined in three discrete groups: Group KPIs; Functional KPIs and Personal KPIs. These KPIs and the weighting placed on each indicator for each individual will differ depending on the role performed in the group, weightings for the CEO and executives are shown below.

		Allocation Factor		
	Potential STI as a percentage of fixed remuneration	Group KPIs	Function KPIs	Personal KPIs
CEO	30%	75%	0%	25%
Executive	30%	50%	25%	25%

Group KPIs include achievement of defined targets relative to budget relating to gold production and weighted average all in site cost as well as targeted net cash flow per share and share price metrics.

Functional and personal KPIs are tailored to the individual with regard to their role in the group and may include physical, financial and social licence parameters relevant to the performance of their specific function as well as qualitative assessment of effort applied, leadership, communications, risk management etc. on a personal level.

On an annual basis the board will evaluate the group's physical, financial and business sustainability targets to determine whether these were met, give consideration to the group's external environment including the outlook for future years and then determine the STI pool that is available for payment to individuals.

Group performance is measured on the basis of achievement of target, up to 110% of target and greater than 110% of target. Functional and Personal performance is ranked on a scale of 1 to 5, with 1 being unsatisfactory and 5 being outstanding. Each individual has a performance review conducted to measure performance against set Personal KPIs.

The remuneration committee will then, after consideration of performance against KPIs and recommendation from the CEO, determine the amount (if any) of the STI to recommend be paid to each executive. The board has discretion in the approval of STI outcomes.

STI payments are awarded after the conclusion of the assessment period and confirmation of financial results/individual performance for all eligible participants to the extent they reach specific targets that were set at the beginning of the financial year. The cash bonuses are inclusive of superannuation.

REMUNERATION REPORT (continued)

Given the group has a LTI plan the board does not consider it appropriate to defer a portion of the STI.

For the 12 months ended 31 October 2016, STI payments representing 24% of fixed remuneration were made to Mr Horochuk, as determined by reference to the Edikan bonus scheme. This STI payment is detailed in table 2 below, with the STI paid in May 2017.

STI (continued)

For the financial year ended 30 June 2016, STI payments representing 5% of fixed remuneration were made to Mr Quartermaine, Mr Carson, Ms Brown, Mr Bosboom and Mr Thompson as determined by the remuneration committee with due regard to the performance of the group and the respective individuals throughout the year. These STI payments are detailed in table 2 below, with the STIs paid in September 2016.

The STI framework is subject to regular review.

LTI

The LTI is the 'at risk' component that takes the form of an equity based incentive designed to attract, motivate and retain high quality employees at the same time as aligning their interests with those of the group's shareholders. LTI awards are made under the Performance Rights Plan ('PRP') and give eligible employees rights to acquire shares in Perseus subject to vesting conditions.

The company uses both total shareholder return ('TSR') and individual achievement of a KPI rating of 3 or more over the vesting period as the performance measure for the LTI. TSR was selected as the LTI performance measure as it links rewards of the executives to the creation of long term shareholder wealth. Furthermore vesting only occurs if the group performs in the 50th percentile of its peer group or above, the greater the outperformance the greater the reward to the executive. The CEO and executives have a target LTI opportunity of up to 40%.

The peer group chosen for comparison, having considered the following factors: ASX listing; TSX listing; commodity focus; geographic focus; and business development stage, is shown below.

Acacia Mining plc*	Medusa Mining Limited	Resolute Mining Limited	Semafo Inc
Golden Star Resources Ltd	Endeavour Mining Corp	Kingsgate Consolidated	Regis Resources
Teranga Gold Corporation	St Barbara Mines Limited		

* Formerly African Barrick Gold plc

Subject to the performance conditions, the vesting and measurement periods for the rights range from one and a half to three years from the commencement of the period. The vesting schedule is as follows:

Relative TSR over the vesting period	Proportion of performance rights vested
Below the 50th percentile	0%
At the 50th percentile	50%
Between the 50th and the 75th percentile	Pro-rata between 50% and 100%
Above the 75th percentile	100%

TSR performance and individual KPI performance is monitored on an annual basis. If the hurdles are not achieved during the performance period, the rights may lapse and no re-testing of rights is permitted.

Table 7 provides details of rights awarded and vested during the year and table 5 provides details of the value of rights awarded, exercised and lapsed during the year.

Where a participant ceases employment for any reason, any unvested rights will lapse and be forfeited, subject to the discretion of the board in the case of death, disability, retirement or redundancy.

In the event of a change of control of the group all unvested rights automatically vest and are automatically exercised.

The new performance rights that were issued on 1 August 2017 have a 3-year vesting period.

REMUNERATION REPORT (continued)

2. Details of remuneration (including link to performance)

Details of the remuneration of the directors and the KMP of Perseus and the group are set out in table 2 below.

KMP (as defined in AASB 124 Related Party Disclosures) of the group are those persons having authority and responsibility for planning, directing and controlling the major activities of Perseus and the group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

At the date of this report, the KMP of the group are the directors of Perseus (refer to pages 32 to 34 for details) plus the following senior executives.

Ms Elissa Brown	Chief financial officer
Mr Christopher Woodall	Chief operating officer (Appointed 19 September 2016)
Mr Martijn Bosboom	General counsel and company secretary
Mr Paul Thompson	Group general manager – technical services
Mr Matthew Scully	Project director (Appointed 5 December 2016)
Mr Douglas Jones	Group general manager – exploration and geology

Company performance

For the financial year ended 30 June 2016, STI payments were made to Mr Quartermaine, Mr Carson, Ms Brown, Mr Bosboom and Mr Thompson as determined by the remuneration committee with due regard to the performance of the group and the respective individuals throughout the year. These payments were made in September 2016 and are detailed in table 2 below. In addition, for the 12 months ended 31 October 2016 an STI payment was made to Mr Horochuk, as determined by reference to the Edikan bonus scheme.

The board issues performance rights to the executives of the group, as well as other employees with a certain level of influence over the group's performance. The performance measures that drive the vesting of these LTIs include Perseus's TSR relative to its peer group and the individual's performance over the relevant vesting period.

Perseus's performance during the 12 months to 30 June 2017 and the four previous years are set out below:

Year ended 30 June	2017	2016	2015	2014	2013
Net (loss) / profit after income tax ($'000)	(79,308)	(37,546)	92,167	(32,060)	41,435
Basic (loss) / profit per share (cents)	(7.41)	(5.74)	16.67	(6.43)	8.38
Market capitalisation ($'000)	299,633	522,420	226,462	218,562	201,503
Closing share price ($)	0.29	0.52	0.43	0.42	0.44
TSR – 1 year (%)	(42.1)	27.0	2.4	(5.7)	(82.3)
TSR – 3 year rolling (%)	(14.7)	(33.5)	(82.7)	(84.2)	(80.9)
Median peer group TSR – 1 year (%)1	0.2	85.4	(22.0)	20.1	(68.0)
Median peer group TSR – 3 year rolling (%)[1]	43.1	56.4	(65.5)		

Notes:

1 Only relevant for the financial years after and including 2013 as prior years would have had a different peer group.

For all performance rights granted after 1 January 2015, based on the group's performance over the relevant period up to 30 June 2017, Perseus is below the 50th percentile of the peer group. If the ranking remains unchanged at the end of the measurement period of each performance right tranche granted, then, subject to the Board not exercising its discretion otherwise, performance rights would not vest regardless of achievement of minimum individual employee KPI rating requirements.

REMUNERATION REPORT (continued)

Table 2 - Directors' and executives' remuneration for the year ended 30 June 2017

		Short-term			Long-term	Post-employment		Share-based payments		
		Salary / fees $	Cash bonus $	Annual leave movement $	Long service leave movement $	Super-annuation $	Termination / resignation payments $	Performance Rights(i) $	Total $	Performance related %
Non-executive directors										
Sean Harvey (ii)	2017	130,378	-	-	-	-	-	-	130,378	-
	2016	108,800	-	-	-	-	-	-	108,800	-
Reginald Gillard (ii)	2017	126,918	-	-	-	12,057	-	-	138,975	-
	2016	174,205	-	-	-	16,549	-	-	190,754	-
Michael Bohm	2017	110,616	-	-	-	10,509	-	-	121,125	-
	2016	92,051	-	-	-	8,763	-	-	100,814	-
John McGloin	2017	93,013	-	-	-	-	-	-	93,013	-
	2016	17,109	-	-	-	-	-	-	17,109	-
Alexander Davidson	2017	98,167	-	-	-	-	-	-	98,167	-
	2016	20,189	-	-	-	-	-	-	20,189	-
Sub-total non-executive directors										
	2017	559,092	-	-	-	22,566	-	-	581,658	-
	2016	412,354	-	-	-	25,312	-	-	437,666	-
Executive directors										
Jeffrey Quartermaine	2017	705,563	55,542 (ix)	37,159	14,653	35,000	-	299,014	1,146,931	31
	2016	705,563	150,000	(6,282)	31,273	35,000	-	225,886	1,141,440	33
Colin Carson	2017	345,250	28,444 (ix)	(3,733)	10,695	24,000	-	174,149	578,805	35
	2016	355,250	100,000	1,740	10,332	24,000	-	73,264	564,586	31
Sub-total executive directors										
	2017	1,050,813	83,986	33,426	25,348	59,000	-	473,163	1,725,736	32
	2016	1,060,813	250,000	(4,542)	41,605	59,000	-	299,150	1,706,026	32
Directors total										
	2017	1,609,905	83,986	33,426	25,348	81,566	-	473,163	2,307,394	24
	2016	1,473,167	250,000	(4,542)	41,605	84,312	-	299,150	2,143,692	26

REMUNERATION REPORT (continued)

Table 2 - Directors' and executives' remuneration for the year ended 30 June 2017 (continued)

		Short-term			Long-term	Post-employment		Share-based payments		
		Salary / fees $	Cash bonus $	Annual leave movement $	Long service leave movement $	Super-annuation $	Termination / resignation payments $	Performance Rights[i] $	Total $	Performance related %
Senior executives										
Elissa Brown	2017	359,634	28,444 (ix)	(5,298)	7,431	19,616	-	165,012	574,839	34
	2016	359,942	100,000	16,787	15,169	19,308	-	28,343	539,549	24
Christopher Woodall (iii)	2017	326,679	-	21,083	532	27,551	-	158,617	534,462	30
	2016	-	-	-	-	-	-	-	-	-
Martijn Bosboom	2017	304,500	25,369 (ix)	(9,730)	6,019	35,000	-	169,056	530,214	37
	2016	308,250	100,000	(9,632)	5,644	30,000	-	26,856	461,118	28
Paul Thompson	2017	287,875	30,750 (ix)	9,407	2,334	35,000	-	204,838	570,204	41
	2016	272,500	40,000	15,133	581	35,000	-	33,413	396,627	19
Matthew Scully (iv)	2017	146,118	-	13,545	256	13,881	-	100,725	274,525	37
	2016	-	-	-	-	-	-	-	-	-
Adam Smits (v)	2017	103,281	-	8,080	(539)	7,359	26,962	(33,413)	111,730	(30)
	2016	280,692	-	15,963	509	19,308	-	33,413	349,885	10
Douglas Jones (vi)	2017	265,000	-	2,890	470	35,000	-	65,370	368,730	18
	2016	110,201	-	1,972	17	2,917	-	-	115,107	-
Brent Horochuk (vii)	2017	193,160	49,770 (viii)	22,023	-	-	-	(60,404)	204,549	(5)
	2016	561,061	84,378	(27,729)	-	-	-	60,404	678,114	21
Senior executives total										
	2017	1,986,247	134,333	62,000	16,503	173,407	26,962	769,801	3,169,253	29
	2016	1,892,646	324,378	12,494	21,920	106,533	-	182,429	2,540,400	20

Notes:

(i) Vesting expense for the financial year of performance rights issues to directors and employees under the terms of the company's Performance Rights Plan approved by shareholders in November 2014. The fair value of the performance rights is calculated at the date of grant using the Monte-Carlo Simulation pricing model.

(ii) Mr Reginald Gillard retired from the roles of Chairman and Director of Perseus from 31 March 2017. Following Mr Reginald Gillard's retirement, Mr Sean Harvey assumed the role of non-executive Chairman of Perseus's Board.

(iii) Mr Christopher Woodall was appointed Chief Operating Officer on 19 September 2016.

(iv) Mr Matthew Scully was appointed Project Director on 5 December 2016.

(v) Mr Adam Smits resigned as Project Director on 11 November 2016 and forfeited his performance rights. Any share based payment expense previously recognised under AASB 2 in respect of the performance rights that will no longer vest has been reversed.

vi) Between 13 March 2016 and 31 May 2016, fees for exploration management services provided by Mr Douglas Jones were charged to Perseus by Eburnean Geological Management Pty Ltd, a company in which Mr Jones has a beneficial interest. From 19 April 2016, Mr Jones was appointed Group General Manager – Exploration.

(vii) Mr Brent Horochuk resigned as Executive General Manager on 22 October 2016 and forfeited his performance rights. Any share based payment expense previously recognised under AASB 2 in respect of the performance rights that will no longer vest has been reversed.

(viii) STI payment determined by reference to the Edikan bonus scheme for the 12 months ended 31 October 2016 paid in May 2017.

(ix) STI payments for the financial year 30 June 2016 as determined by the remuneration committee with due regard to the performance of the group and the respective individuals paid in September 2016.

REMUNERATION REPORT (continued)

3. Service agreements

Remuneration and other terms of employment for the chief executive officer and managing director, chief financial officer and the other KMP are also formalised in employment agreements. Major provisions of the agreements relating to remuneration of the CEO are set out below.

Remuneration of the chief executive officer, Mr. Jeffrey Quartermaine

Mr. Jeffrey Quartermaine was appointed on 1 February 2013 as managing director and CEO and an employment contract with Perseus was entered outlining the terms of his employment.

Under his employment contract with Perseus, Mr. Quartermaine is currently entitled to receive fixed remuneration including a base salary and superannuation, plus variable remuneration including performance rights, options and cash bonuses determined under the STI/LTI plans and at the discretion of the board. A summary of these and other key terms of Mr. Quartermaine's employment contract are described below and set out in table 3 below.

Fixed remuneration – Mr. Quartermaine's annual salary is set at $740,563 per annum, inclusive of statutory superannuation entitlements.

Variable remuneration – Mr. Quartermaine is eligible to participate in the group's STI and LTI scheme as described above.

Statutory entitlements

Mr. Quartermaine is entitled to 10 days sick leave per annum, 20 days of annual leave and long service leave of 13 weeks after 10 years of service.

Termination of contract

Perseus can terminate Mr. Quartermaine's contract without notice under certain circumstances including but not limited to material breaches of contract, grave misconduct, dishonesty, fraud or bringing the group into disrepute. Mr. Quartermaine may terminate the contract by giving Perseus three months' notice, whilst Perseus may terminate the contract by giving Mr. Quartermaine the greater of six months or a period that is not less than that specified by the Fair Work Act 2009 (Cth) and the National Employment Standards. In the case of Perseus, it may at its sole discretion, terminate the contract sooner than the conclusion of the notice period by choosing to pay Mr. Quartermaine in lieu of the notice period.

If the terms of Mr. Quartermaine's employment contract are materially changed to the detriment of the chief executive officer then he is entitled to receive an amount of money from Perseus that is equivalent to two months of his originally contracted gross base salary ($850,000 per annum prior to a 15% reduction taken by directors on 1 July 2013) for each year of employment by Perseus with a minimum payment equivalent to six months of his originally contracted gross base salary and a maximum of twelve months of his originally contracted gross base salary

REMUNERATION REPORT (continued)

Contracts for KMP

A summary of the key contractual provisions as at the date of this report for each of the current KMP is set out in table 3 below.

Table 3 - Contractual provisions for key management personnel

Name and job title	Employing company	Contract duration	Notice period	Fixed remuneration (including base salary and superannuation as applicable) (v)	Variable remuneration	Termination provision
Jeffrey Quartermaine (i) CEO & managing director	Perseus Mining Limited	No fixed term and review annually	6 months (i)	$740,563	STI / LTI plan	Applicable on early termination by the company (vi)
Colin Carson Executive director	Perseus Mining Limited	No fixed term and review annually	3 months	$379,250	STI / LTI plan	Applicable on early termination by the company (vi)
Elissa Brown Chief financial officer	Perseus Mining Limited	No fixed term and review annually	3 months	$390,000	STI / LTI plan	Applicable on early termination by the company (vi)
Christopher Woodall (ii) Chief Operating Officer	Perseus Mining Limited	No fixed term and review annually	3 months	$450,000	STI / LTI plan	Applicable on early termination by the company (vi)
Martijn Bosboom (iii) General counsel and company secretary	Perseus Mining Limited	No fixed term and review annually	3 months (iii)	$340,000	STI / LTI plan	Applicable on early termination by the company (vi)
Paul Thompson Group general manager – technical services	Perseus Mining Limited	No fixed term and review annually	3 months	$340,000	STI / LTI plan	Applicable on early termination by the company (vi)
Matthew Scully (iv) Project director	Perseus Mining Limited	No fixed term and review annually	3 months	$325,000	STI / LTI plan	Applicable on early termination by the company (vi)
Douglas Jones Group general manager – exploration	Perseus Mining Limited	No fixed term and review annually	3 months	$325,000	STI / LTI plan	Applicable on early termination by the company (vi)

Notes:

(i) Mr Quartermaine is required to provide 3 months' notice on resignation; the company is required to provide 6 months' notice.

(ii) Mr Woodall was appointed Chief Operating Officer on 19 September 2016.

(iii) Mr Bosboom is required to provide 2 months' notice on resignation; the company is required to provide 3 months' notice.

(iv) Mr Scully was appointed Project Director on 5 December 2016.

(v) Represents current fixed remuneration of key management personnel from 1 July 2017.

(vi) Termination benefits are payable on early termination by the company. Other than for gross misconduct, executives receive payment of between 2 to 12 months of originally contracted salary.

REMUNERATION REPORT (continued)

4. Share based compensation

KMP are eligible to participate in Perseus's PRP. The terms and conditions of the performance rights affecting remuneration of directors and KMP in the current or a future reporting period are set out below. Performance rights granted carry no dividend or voting rights. When exercisable, the performance rights are convertible into one ordinary share per right. Further information is set out in note 24 to the financial statements.

Table 4 - Key terms of share based compensation held by KMP and directors as at 30 June 2017

Type	Grant date	Exercise price	Fair value at grant date	End of measurement period	% of grant vested	Expiry date
Performance right(i)	1 January 2015	nil	$0.16	31 December 2017	-	30 June 2018
Performance right(ii)	1 July 2015	nil	$0.34	30 June 2017	-	31 December 2017
Performance right(iii)	20 November 2015	nil	$0.30	30 June 2017	-	31 December 2017
Performance right(iii)	20 November 2015	nil	$0.33	30 June 2018	-	31 December 2018
Performance right (iv)	12 October 2016	nil	$0.26	30 June 2017	-	31 December 2017
Performance right(iv)	12 October 2016	nil	$0.33	30 June 2018	-	31 December 2018
Performance right(iv)	12 October 2016	nil	$0.37	30 June 2019	-	31 December 2019
Performance right(v)	25 November 2016	nil	$0.40	31 December 2017	-	30 June 2018
Performance right(v)	25 November 2016	nil	$0.44	31 December 2018	-	30 June 2019
Performance right(vi)	25 November 2016	nil	$0.39	30 June 2017	-	31 December 2017
Performance right(vi)	25 November 2016	nil	$0.42	30 June 2018	-	31 December 2018
Performance right(vi)	25 November 2016	nil	$0.44	30 June 2019	-	31 December 2019

(i) The assessed fair value at grant date of performance rights granted to the individuals is allocated equally over the performance period (three year period from 1 January 2015 to 31 December 2017 over which the individuals and the company's performance is assessed), and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Monte Carlo Simulation pricing model. Further information is set out in note 24 to the financial statements.

(ii) The assessed fair value at grant date of performance rights granted to the individuals is allocated equally over the performance period (two year period from 1 July 2015 to 30 June 2017 over which the individuals and the company's performance is assessed), and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Monte Carlo Simulation pricing model. Further information is set out in note 24 to the financial statements.

(iii) The assessed fair value at grant date of performance rights granted to the individuals is allocated equally over the performance period (24 month period from 1 July 2015 to 30 June 2017 and 36 month period from 1 July 2015 to 30 June 2018 over which the individuals and the company's performance is assessed), and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Monte Carlo Simulation pricing model. Further information is set out in note 24 to the financial statements.

(iv) The assessed fair value at grant date of performance rights granted to the individuals is allocated equally over the performance period (12 month period from 1 July 2016 to 30 June 2017, 24 month period from 1 July 2016 to 30 June 2018 and 36 month period from 1 July 2016 to 30 June 2019 over which the individuals and the company's performance is assessed), and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Monte Carlo Simulation pricing model. Further information is set out in note 24 to the financial statements.

(v) The assessed fair value at grant date of performance rights granted to the individuals is allocated equally over the performance period (18 month period from 1 July 2016 to 31 December 2017 and 30 month period from 1 July 2016 to 31 December 2018 over which the individuals and the company's performance is assessed), and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Monte Carlo Simulation pricing model. Further information is set out in note 24 to the financial statements.

(vi) The assessed fair value at grant date of performance rights granted to the individuals is allocated equally over the performance period (12 month period from 1 July 2016 to 30 June 2017, 24 month period from 1 July 2016 to 30 June 2018 and 36 month period from 1 July 2016 to 31 December 2019 over which the individuals and the company's performance is assessed), and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Monte Carlo Simulation pricing model. Further information is set out in note 24 to the financial statements.

REMUNERATION REPORT (continued)

Further information relating to the portion of KMP remuneration related to equity compensation for the period are set out below in table 5.

Table 5 - Value of share based compensation

Name	Percentage of remuneration consisting of: Options	Percentage of remuneration consisting of: Performance rights	Value granted, exercised or lapsed in 12 months ended 30 June 2017: Granted $ Performance rights	Exercised $ Performance rights	Lapsed $ Performance rights	Amount paid per share on exercise
Executive directors						
Jeffrey Quartermaine	-	26%	417,067	41,460	41,460	-
Colin Carson	-	30%	250,240	22,874	22,874	-
Senior executives						
Elissa Brown	-	29%	130,740	17,544	61,578	-
Chris Woodall	-	30%	319,033	-	-	-
Martijn Bosboom	-	32%	163,425	10,965	54,999	-
Paul Thompson	-	36%	130,740	-	44,034	-
Matthew Scully	-	37%	201,450	-	-	-
Adam Smits (i)	-	-	-	-	212,177	-
Douglas Jones	-	18%	217,900	-	-	-
Brent Horochuk (ii)	-	-	-	-	224,461	-

No amounts were unpaid on any shares issued on the exercise of options.

Notes:

(i) Mr Adam Smits resigned as Project Director on 11 November 2016 and forfeited his performance rights.

(ii) Mr Brent Horochuk resigned as Executive General Manager on 22 October 2016 and forfeited his performance rights.

The movement in options and performance right holdings for KMP and directors during the period are set out below in table 6.

Table 6 – Movement of options and performance rights granted to KMP and directors during the period

Name		Balance at the start of the year	Granted during the period as remuneration	Exercised during the year	Forfeited / lapsed	Other movements	Balance at the end of the year	Vested during the year	Vested and exercisable at the end of the year
Non-executive directors									
Sean Harvey	Options	-	-	-	-	-	-	-	-
	Performance rights	-	-	-	-	-	-	-	-
Reginald Gillard	Options	-	-	-	-	-	-	-	-
	Performance rights	-	-	-	-	-	-	-	-
Michael Bohm	Options	-	-	-	-	-	-	-	-
	Performance rights	-	-	-	-	-	-	-	-
John McGloin	Options	-	-	-	-	-	-	-	-
	Performance rights	-	-	-	-	-	-	-	-
Alexander Davidson	Options	-	-	-	-	-	-	-	-
	Performance rights	-	-	-	-	-	-	-	-
Executive directors									
Jeffrey Quartermaine	Options	-	-	-	-	-	-	-	-
	Performance rights	1,362,500	1,000,000	(181,250)	(181,250)	-	2,000,000	(181,250)	-
Colin Carson	Options	-	-	-	-	-	-	-	-
	Performance rights	500,000	600,000	(100,000)	(100,000)	-	900,000	(100,000)	-

REMUNERATION REPORT (continued)

The movement in options and performance right holdings for KMP and directors during the period are set out below in table 6.

Table 6 – Movement of options and performance rights granted to KMP and directors during the period (continued)

Name		Balance at the start of the year	Granted during the period as remuneration	Exercised during the year	Forfeited / lapsed	Other movements	Balance at the end of the year	Vested during the year	Vested and exercisable at the end of the year
Senior executives									
Elissa Brown	Options	-	-	-	-	-	-	-	-
	Performance rights	700,000	300,000	(100,000)	(300,000)	-	600,000	(100,000)	-
Chris Woodall	Options	-	-	-	-	-	-	-	-
	Performance rights	-	1,000,000	-	-	-	1,000,000	-	-
Martijn Bosboom	Options	-	-	-	-	-	-	-	-
	Performance rights	625,000	375,000	(62,500)	(262,500)	-	675,000	(62,500)	-
Paul Thompson	Options	-	-	-	-	-	-	-	-
	Performance rights	700,000	300,000	-	(200,000)	-	800,000	-	-
Matthew Scully	Options	-	-	-	-	-	-	-	-
	Performance rights	-	500,000	-	-	-	500,000	-	-
Adam Smits	Options	-	-	-	-	-	-	-	-
	Performance rights	700,000	-	-	(700,000)	-	-	-	-
Douglas Jones	Options	-	-	-	-	-	-	-	-
	Performance rights	-	500,000	-	-	-	500,000	-	-
Brent Horochuk	Options	-	-	-	-	-	-	-	-
	Performance rights	1,250,000	-	-	-		-	-	

Details of remuneration: share-based compensation benefits

The following table details the percentage of the available grant that vested in the financial year and the percentage forfeited because the person did not meet either/or service and performance criteria specified. The maximum value of the options and performance rights yet to vest has been determined as the amount of the grant date fair value of the options or performance rights.

Table 7 – Options and performance rights granted as at 30 June 2017

Name		Number of performance rights No	Financial period granted Yr	Vested in current financial period %	Vested in prior financial period %	Forfeited in current financial period %	Financial period in which performance rights may vest Yr	Minimum total value of grant yet to vest $	Maximum total value of grant yet to vest $
Executive directors									
Jeffrey Quartermaine	Performance rights	362,500	2014		100		2015	-	-
	Performance rights	362,500	2014	50		50	2016	-	-
	Performance rights	500,000	2016				2017	-	149,062
	Performance rights	500,000	2016				2018	-	163,017
	Performance rights	333,334	2017				2017	-	129,900
	Performance rights	333,333	2017				2018	-	139,133
	Performance rights	333,333	2017				2019	-	148,033
Colin Carson	Performance rights	200,000	2014	-	100	-	2015	-	-
	Performance rights	200,000	2014	50		50	2016	-	-
	Performance rights	300,000	2016	-	-	-	2017	-	89,437
	Performance rights	200,000	2017				2017	-	77,940
	Performance rights	200,000	2017				2018	-	83,480
	Performance rights	200,000	2017				2019	-	88,820

REMUNERATION REPORT (continued)

Table 7 – Options and performance rights granted as at 30 June 2017 (continued)

Name		Number of performance rights No	Financial period granted Yr	Vested in current financial period %	Vested in prior financial period %	Forfeited in current financial period %	Financial period in which performance rights may vest Yr	Minimum total value of grant yet to vest $	Maximum total value of grant yet to vest $
Senior executives									
Elissa Brown	Performance rights	200,000	2014	-	100	-	2015	-	-
	Performance rights	200,000	2014	50	-	50	2016	-	-
	Performance rights	200,000	2016	-	-	100	2017	-	-
	Performance rights	300,000	2016	-	-	-	2017	-	100,885
	Performance rights	300,000	2017	-	-	-	2019	-	130,740
Chris Woodall	Performance rights	333,334	2017	-	-	-	2017	-	86,900
	Performance rights	333,333	2017	-	-	-	2018	-	109,467
	Performance rights	333,333	2017	-	-	-	2019	-	122,667
Martijn Bosboom	Performance rights	125,000	2014	-	100	-	2015	-	-
	Performance rights	125,000	2014	50	-	50	2016	-	-
	Performance rights	300,000	2016	-	-	-	2017	-	100,885
	Performance rights	200,000	2016	-	-	100	2017	-	-
	Performance rights	375,000	2017	-	-	-	2019	-	163,425
Paul Thompson	Performance rights	500,000	2016	-	-	-	2017	-	168,142
	Performance rights	200,000	2016	-	-	100	2017	-	-
	Performance rights	300,000	2017	-	-	-	2019	-	130,740
Matthew Scully	Performance rights	500,000	2017	-	-	-	2019	-	201,450
Adam Smits	Performance rights	500,000	2016	-	-	100	2017	-	-
	Performance rights	200,000	2016	-	-	100	2017	-	-
Douglas Jones	Performance rights	500,000	2017	-	-	-	2019	-	217,900
Brent Horochuk	Performance rights	500,000	2015	-	-	100	2016	-	-
	Performance rights	500,000	2015	-	-	100	2018	-	-
	Performance rights	250,000	2016	-	-	100	2017	-	-

5. Additional information

Loans to directors and executives

There were no loans outstanding at the reporting date to directors or executives.

Shares options under employee share option plan

As at the date of this report, there were no unissued ordinary shares in Perseus under the employee share option plan.

Shares issued on exercise of options

During the financial year no ordinary shares were issued by Perseus as a result of the exercise of options under the employee share option plan. None have been issued since the end of the financial year.

Share holdings

The numbers of shares in the company held during the financial year by directors and other key management personnel, including shares held by entities they control, are set out below:

	Balance at 30 June 2016	Received as remuneration	Received during the year on vesting	Shares sold	Other movements (i)	Balance at 30 June 2017
Directors						
Sean Harvey (ii)	1,000,000	-	-	-	500,000	**1,500,000**
Reginald Gillard (ii)	1,100,000	-	-	-	110,000	**1,210,000**
Jeffrey Quartermaine	562,500	-	181,250	-	137,500	**881,250**
Colin Carson	1,053,200	-	100,000	-	329,100	**1,482,300**

REMUNERATION REPORT (continued)

Share holdings (continued)

	Balance at 30 June 2016	Received as remuneration	Received during the year on vesting	Shares sold	Other movements (i)	Balance at 30 June 2017
Directors (continued)						
Michael Bohm	420,000	-	-	-	142,000	562,000
John McGloin	1,282,907	-	-	-	-	1,282,907
Alexander Davidson	69,136	-	-	-	-	69,136
Other key management personnel						
Elissa Brown	131,250	-	100,000	-	-	231,250
Chris Woodall (iii)	-	-	-	-	-	-
Martijn Bosboom	125,000	-	62,500	(37,500)	12,500	162,500
Paul Thompson	-	-	-	-	-	-
Matthew Scully (iv)	-	-	-	-	-	-
Adam Smits (v)	-	-	-	-	-	-
Douglas Jones	10,835	-	-	-	-	10,835
Brent Horochuk (vi)	43,400	-	-	-	-	43,400

Notes:

(i) The remaining other movements represent on-market purchase of shares and/or participation in rights issue.

(ii) Mr Reginald Gillard retired from the roles of Chairman and Director of Perseus with effect from 31 March 2017. Mr Sean Harvey assumed the role of non-executive Chairman from 1 April 2017.

(iii) Mr Chris Woodall was appointed Chief Operating Officer on 19 September 2016.

(iv) Mr Matthew Scully was appointed Project Director on 5 December 2016.

(v) Mr Adam Smits resigned as Project Director on 11 November 2016.

(vi) Mr Brent Horochuk resigned as Executive General Manager on 22 October 2016.

Warrant holdings

The numbers of warrants in the company held during the financial year by directors and other key management personnel, including warrants held by entities they control, are set out below:

	Balance at 30 June 2016	Received during the year	Other movements	Balance at 30 June 2017
Directors				
Sean Harvey (i)	-	-	-	-
Reginald Gillard (i)	-	-	-	-
Jeffrey Quartermaine	-	-	-	-
Colin Carson	-	-	-	-
Michael Bohm	-	-	-	-
John McGloin	641,453	-	-	641,453
Alexander Davidson	34,568	-	-	34,568
Other key management personnel				
Elissa Brown	-	-	-	-
Chris Woodall (ii)	-	-	-	
Martijn Bosboom	-	-	-	-
Paul Thompson	-	-	-	-
Matthew Scully (iii)	-	-	-	-
Adam Smits (iv)	-	-	-	-
Douglas Jones	-	-	-	-
Brent Horochuk (v)	1,700	-	-	1,700

Notes:

(i) Mr Reginald Gillard retired from the roles of Chairman and Director of Perseus with effect from 31 March 2017. Mr Sean Harvey assumed the role of non-executive Chairman from 1 April 2017.

(ii) Mr Chris Woodall was appointed Chief Operating Officer on 19 September 2016.

(iii) Mr Matthew Scully was appointed Project Director on 5 December 2016.

(iv) Mr Adam Smits resigned as Project Director on 11 November 2016.

(v) Mr Brent Horochuk resigned as Executive General Manager on 22 October 2016.

REMUNERATION REPORT (continued)

Performance rights

As at the date of this report, the total number of performance rights under the Performance Rights Plan was 18,266,666 as follows:

Type of security	Number	Exercise price	Issue date	Vesting date	Expiry date
Performance rights	250,000	nil	1 January 2015	31 December 2017	30 June 2018
Performance rights	500,000	nil	20 November 2015	30 June 2018	31 December 2018
Performance rights	333,333	nil	12 October 2016	30 June 2018	31 December 2018
Performance rights	333,333	nil	12 October 2016	30 June 2019	31 December 2019
Performance rights	1,525,000	nil	25 November 2016	31 December 2017	30 June 2018
Performance rights	5,300,000	nil	25 November 2016	31 December 2018	30 June 2019
Performance rights	533,333	nil	25 November 2016	30 June 2018	31 December 2018
Performance rights	533,333	nil	25 November 2016	30 June 2019	31 December 2019
Performance rights	8,958,334	nil	1 August 2017	30 June 2020	30 June 2027

These performance rights do not entitle the holder to participate in any share issue of Perseus or any other body corporate. There are no performance rights to subscribe for shares in any controlled entity.

Shares issued on exercise of performance rights

On 21 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.

Performance rights issued

9,475,000 performance rights were issued to employees of the company under the terms of the company's Performance Rights Plan approved by shareholders in November 2014. These performance rights were issued at nil consideration with an effective issue date of 25 November 2016. Each performance right will convert to an ordinary share upon satisfaction of vesting criteria.

1,000,000 performance rights were issued to employees of the company under the terms of the company's Performance Rights Plan approved by shareholders in November 2014. These performance rights were issued at nil consideration with an effective issue date of 12 October 2016. Each performance right will convert to an ordinary share upon satisfaction of vesting criteria.

8,958,334 performance rights were issued to employees of the company under the terms of the company's Performance Rights Plan approved by shareholders in November 2014. These performance rights were issued at nil consideration with an effective issue date of 1 August 2017. Each performance right will convert to an ordinary share upon satisfaction of vesting criteria.

Performance rights forfeited

On 18 July 2017, 5,641,668 performance rights did not vest under the terms of the company's Performance Rights Plan.

End of remuneration report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

Perseus's Constitution requires it to indemnify directors and officers of any entity within the group against liabilities incurred to third parties and against costs and expenses incurred in defending civil or criminal proceedings, except in certain circumstances. In April 2014, the company entered into Deeds of Indemnity, Access and Insurance with all persons who were an officer of the company at that time. Independent legal advice was received that the content of the deeds conforms with the Act and current market practice. The directors and officers of the group have been insured against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The insurance premiums, paid during the year ended 30 June 2017 amounted to $192,803, and relates to:

1. costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever the outcome; and
2. other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

To the extent permitted by law, the company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year end.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of Perseus or to intervene in any proceedings to which Perseus is a party, for the purposes of taking responsibility on behalf of Perseus for all or part of the proceedings. No proceeding has been brought or intervened in on behalf of Perseus with leave of the Court under section 237 of the Act.

NON-AUDIT SERVICES

During the year Ernst & Young, the group's auditor, performed other non-audit services in addition to statutory duties. The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the group, acting as an advocate for the group or jointly sharing risks and rewards. Further information is set out at note 22 of the financial statements.

CORPORATE GOVERNANCE STATEMENT

The ASX Corporate Governance Council (CGC) has developed corporate governance principles and recommendations for listed entities with the aim of promoting investor confidence and meeting stakeholder expectations. ASX listing rule 4.10.3 requires that listed entities disclose the extent to which they have followed the CGC's recommendations and, where a recommendation has not been followed, the reasons why.

Perseus's corporate governance statement can be found on the company's website at the following link:

http://www.perseusmining.com/aurora/assets/user_content/CorpGovStatementAug2017.pdf

AUDITORS' 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 year ended 30 June 2017.

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, 30 August 2017

Competent Person Statement

The information in the Annual Group Ore Reserves and Mineral Resources Statement (other than the information in relation to the Ore Reserves and Mineral Resources estimates for the YGP in this report) is based on, and fairly represents information and supporting documentation prepared by competent persons in accordance with the requirements of the JORC Code. The Annual Group Mineral Resources Statement as a whole has been approved by Mr Gary Brabham, a Competent Person who is a Resource Geologist with the Australian Institute of Mining and Metallurgy. Mr Brabham is an employee of the Company. Mr Brabham has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves') and to qualify as a 'Qualified Person' under National Instrument 43-101 – Standards of Disclosure for Mineral Projects ('NI 43-101'). Mr Brabham consents to the inclusion in this report of the information in the form and context in which it appears. The Annual Group Ore Reserve Statement as a whole has been approved by Mr Paul Thompson, a Competent Person who is an Engineer with the Australian Institute of Mining and Metallurgy. Mr Thompson is an employee of the Company. Mr Thompson has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and to qualify as a "Qualified Person" under NI 43-101. Mr Thompson consents to the inclusion in this report of the information in the form and context in which it appears.

All production targets for Edikan and Sissingué referred to in this report are underpinned by estimated Ore Reserves which have been prepared by competent persons in accordance with the requirements of the JORC Code.

The information in this report which includes an update for depletion as at 30 June 2017 to the Mineral Resource and Ore Reserve estimates for the EGM deposits was first reported by the Company in compliance with the JORC Code 2012 and NI43-101 in a market announcement released on 21 February 2017. The Company confirms that it is not aware of any new information or data that materially affect the information in that market release and that all material assumptions underpinning those estimates and the production targets, or the forecast financial information derived therefrom, continue to apply and have not materially changed. The Company further confirms that material assumptions underpinning the estimates of Ore Reserves described in 'Technical Report — Central Ashanti Gold Project, Ghana' dated 30 May 2011 continue to apply.

The information in this report that relates to Mineral Resources for Sissingué was first reported by the Company in compliance with the JORC Code 2012 and NI43-101 in a market announcement released on 15 December 2016. The information in this report that relates to Mineral Resources for Bélé was first reported by the Company in compliance with the JORC Code 2012 and NI43-101 in a market announcement released on 20 February 2017. The information in this report that relates to Ore Reserves for Sissingué and Bélé was first reported by the Company in compliance with the JORC Code 2012 and NI43-101 in a market announcement released on 31 March 2017. The Company confirms that it is not aware of any new information or data that materially affect the information in that market release and that all material assumptions underpinning those estimates and the production targets, or the forecast financial information derived therefrom, continue to apply and have not materially changed. The Company further confirms that material assumptions underpinning the estimates of Ore Reserves described in "Technical Report — Sissingué Gold Project, Côte d'Ivoire" dated 29 May 2011 continue to apply.

Yaouré

All information in this report in the Annual Group Ore Reserves and Mineral Resources Statement concerning the YGP are reported as Foreign Estimates as defined in the ASX Listing Rules in accordance with ASX Listing Rules 5.12.1 to 5.12.10 and as Historical Estimates as defined under NI 43-101. The Foreign Estimates and Historical Estimates are together referred to as 'Estimates'. The Estimates for the YGP have been sourced from the following report in accordance with NI 43-101: Technical Report and Prefeasibility Study of the YGP, Côte d'Ivoire. Document No 1494400100-REP-R0001-01 dated 14 May 2015. The Estimates have been classified as Inferred, Indicated and Measured under NI 43-101. The classification categories are considered by Perseus to be equivalent to the JORC categories of the same name (JORC 2012), thus the NI 43-101 compliant estimates are considered 'qualifying foreign estimates' for the purposes of the ASX Listing Rules. Perseus has reviewed the relevant Technical Reports for the YGP and believes the foreign estimates were conducted in a professional and competent manner and are relevant for purposes of the Company's decision regarding these properties. However, neither Perseus nor its qualified persons have completed the work necessary to verify the Estimates and the estimates should not be relied upon. The Estimate for the YGP deposit is material to Perseus. The Mineral Resource Estimate is based on RC and diamond core drill holes, conducted by Amara since 2005. Drill holes were nominally spaced at 50x50m over the entire prospect,. A total of 630 RC holes for 59,096.65m and 405 DD holes for 116,383.35m were drilled. Resource wireframes were generated by combining manually digitized sectional polygons. A standard block model was created with 12.5x12.5x10m parent block size and grade estimation was performed using a combination of Ordinary Kriging and Cubed Inverse Distance algorithms, both with top-cuts applied.The oxides of the YGP deposits have been partly mined in open pit heap leach operations by the Compagnie Minière d'Afrique ('CMA') between 1999 and 2003, and between 2008 and 2011 by Amara. Historic data from drilling prior to 2005, and grade control data from the mining operations were not included in the Mineral Resource Estimate. The depletion due to mining by CMA and Amara, as well as backfilling of the historic CMA open pits have been taken into account.Mineralogical and metallurgical test work was carried out on several ore types at variable grades. Investigations indicated that the ores are free milling and non-refractory at a grind size of approximately P80 = 75 µm. The ore is hard and amenable to direct cyanidation, with an overall gold recovery of approximately 90%. Open pit mining using conventional drill and blast methods was adopted taking into consideration oxide and fresh material. Pits were optimised and then designed in staged cutbacks. Suitably sized mining equipment was adopted with total material movement determined based on the plant throughput rate with an elevated cut-off strategy in the early years of production to maximise grade. Owner mining was adopted. The process plant was designed for a 6.5Mt/a capacity. The flowsheet comprised a gyratory crusher, SAG mill, ball mill, gravity concentration, thickeners, agitated leach tanks, CIP circuit, elution and electrowinning to produce doré gold bars for refining. Infrastructure was designed to match the overall mining and processing rates, including tailings storage facility, power and water supply, camp, offices, workshops and roads. Cost estimates were completed to +/-25%. A $1,250/oz gold price was used in the evaluation.

A statement was made by Amara on 26 February 2016 updating the Mineral Resource and Ore/Mineral Reserve at the YGP. An incomplete draft technical report was available to Perseus, but a fully compliant NI 43-101 document had not been completed. Therefore the May 2015 NI 43-101 technical report is the basis of the Estimate.

Perseus has commenced a feasibility study on the YGP including a NI 43-101 technical report, with completion expected in the middle of 2017. The feasibility will be focussed on increasing geological information by carrying out closer spaced drilling in targeted areas than has been completed historically. Also significant additional metallurgical test work will be carried out, with a specific focus on comminution. The new information will be used to better define controls on mineralisation and thereby determine the tonnes and grade of the deposit with greater reliability and develop a geo-metallurgical model. The mining method for the deposit can then be optimised along with the mining and processing rates. The process plant design and associated infrastructure will then be finalised. Quotes will be sought from suitably experienced mining contractors to fully evaluate the option of contract mining compared to owner mining. The feasibility will be funded from funds from the recent equity raising.

Cautionary statement in respect of Yaouré

The Estimates are historical/foreign estimates and are not reported in accordance with the JORC Code. A qualified person has not completed sufficient work to classify the Estimates as current Mineral Resources or Ore Reserves in accordance with the JORC code and the Company is not treating the Estimates as current. It is uncertain that following evaluation and/or further exploration work the Estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC Code. It should not be assumed that quantities reported as "resources" will be converted to reserves under the JORC Code or any other reporting regime or that the Company will be able to legally and economically extract them.

Competent Persons/Qualified Person Statement in respect of Yaouré

The information in this report that relates to the reporting of Yaouré Mineral Resource Foreign Estimates is provided under ASX listing rules 5.12.2 to 5.12.7 and under NI 43-101 and is an accurate representation of the available data and studies for those projects based upon information compiled and Historical Estimates by Mr Steffen Brammer, who is Member of The Australasian Institute of Mining and Metallurgy. Mr Brammer is an employee of the Company. Mr Brammer has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and as a Qualified Person as defined in NI 43-101. Mr Brammer consents to and has approved inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this presentation that relates to the reporting of Yaouré Mineral Reserve Foreign Estimates and Historical Estimates is provided under ASX listing rules 5.12.2 to 5.12.7 and under NI 43-101 and is an accurate representation of the available data and studies for those projects based upon information compiled by Mr Paul Thompson, who is Fellow of The Australasian Institute of Mining and Metallurgy. Mr Thompson is an employee of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and a Qualified Person as defined in NI 43-101. Mr Thompson consents to and has approved inclusion in the report of the matters based on his information in the form and context in which it appears.

Auditors Independence **Declaration**

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

As lead auditor for the audit of Perseus Mining Limited for the financial year ended 30 June 2017, 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 audit; and

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

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

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
30 August 2017

GB:EH:PRU:071

Financial **Statements**

Contents

These 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 WA 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 10 to 21, which is not part of these financial statements.

These financial statements were authorised for issue by the directors on 30 August 2017. The directors have the power to amend and reissue the 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.au.

Statement of **Comprehensive Income**

For the year ended 30 June 2017

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000
Continuing operations			
Revenue		282,648	244,936
Other income	2	5,346	7,267
Changes in inventories of finished goods and work in progress		(2,066)	10,769
Contractors, consumables, utilities and reagents		(207,283)	(185,179)
Royalties		(20,053)	(20,197)
Employee benefits expense		(33,380)	(32,042)
Depreciation and amortisation expense	2	(56,171)	(48,056)
Foreign exchange (loss) / gain	2	(11,653)	9,214
Finance cost	2	(332)	(306)
Impairment of available-for-sale financial asset	8	-	(709)
Write-off of exploration	11	(16,111)	(17,921)
Legal settlement	2	(24,485)	-
Other expenses		(10,980)	(12,074)
Loss before income tax		(94,520)	(44,298)
Income tax benefit	3	15,212	6,752
Net loss after tax		(79,308)	(37,546)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(4,143)	13,977
Net changes in fair value of cash flow hedges		23,318	(39,723)
Net changes in fair value of financial assets		(1,382)	2,887
Income tax (expense) / benefit relating to cash flow hedges		(7,614)	14,001
Total comprehensive loss for the year		(69,129)	(46,404)
Loss attributable to:			
Owners of the parent		(76,180)	(35,640)
Non-controlling interests		(3,128)	(1,906)
		(79,308)	(37,546)
Total comprehensive loss attributable to:			
Owners of the parent		(67,218)	(42,279)
Non-controlling interests		(1,911)	(4,125)
		(69,129)	(46,404)
Basic loss per share	4	(7.41) cents	(5.74) cents
Diluted loss per share	4	(7.41) cents	(5.74) cents

The accompanying notes form part of these financial statements.

Statement of **Financial Position**

For the year ended 30 June 2017

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000
Current assets			
Cash and cash equivalents	5	24,027	151,257
Receivables	6	30,436	43,648
Inventories	7	45,819	58,849
Prepayments		4,290	4,256
Derivative financial instruments	15	490	-
Assets of disposal group held for sale	25	-	12,289
Total current assets		105,062	270,299
Non-current assets			
Receivables	6	12,375	12,724
Inventories	7	6,311	2,517
Available for sale financial assets	8	3,324	5,044
Derivative financial instruments	15	1,265	-
Property, plant and equipment	9	299,622	240,803
Mine properties	10	252,884	227,245
Mineral interest acquisition and exploration expenditure	11	183,956	184,443
Total non-current assets		759,737	672,776
Total assets		864,799	943,075
Current liabilities			
Payables and provisions	12	74,040	81,449
Derivative financial instruments	15	157	15,361
Interest bearing Liabilities	14	18,158	-
Liabilities of disposal group held for sale	25	-	13,776
Total current liabilities		92,355	110,586
Non-current liabilities			
Provision	12	19,201	15,935
Deferred tax liability	13	37,944	47,216
Total non-current liabilities		57,145	63,151
Total liabilities		149,500	173,737
Net assets		715,299	769,338
Equity			
Issued capital	17	720,739	708,692
Reserves	17	27,467	15,555
(Accumulated losses) / retained earnings	18	(39,281)	36,899
Parent entity interest		708,925	761,146
Non-controlling interest		6,374	8,192
Total equity		715,299	769,338

The accompanying notes form part of these financial statements.

Statement of **Changes in Equity**

For the year ended 30 June 2017

	Issued capital $'000	Retained earnings / (accum-ulated losses) $'000	Share based payments reserve $'000	Foreign currency translation reserve $'000	Asset revaluation reserve $'000	Hedge reserve $'000	Non-controlling interests reserve $'000	Non-controlling interest $'000	Total equity $'000
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	-	(76,180)	-	-	-	-	-	(3,128)	**(79,308)**
Currency translation differences	-	-	-	(3,947)	-	-	-	(196)	**(4,143)**
Net change in the available-for-sale financial assets	-	-	-	-	(1,382)	-	-	-	**(1,382)**
Net change in the fair value of cash flow hedges	-	-	-	-	-	21,142	-	2,176	**23,318**
Income tax relating to components of other comprehensive income	-	-	-	-	-	(6,852)	-	(762)	**(7,614)**
Total comprehensive loss	-	(76,180)	-	(3,947)	(1,382)	14,290	-	(1,910)	**(69,129)**
Shares issued during the period	7,651	-	-	-	-	-	-	-	**7,651**
Share issue expenses	(797)	-	-	-	-	-	-	-	**(797)**
Exercise of warrants	5,193	-	-	-	-	-	-	-	**5,193**
Share based payments	-	-	2,951	-	-	-	-	92	**3,043**
Non-controlling interest arising from change in ownership interest	-	-	-	-	-	-	-	-	-
Balance at 30 June 2017	**720,739**	**(39,281)**	**22,855**	**1,553**	**1,412**	**1,902**	**(255)**	**6,374**	**715,299**
Balance at 1 July 2015	**476,427**	**72,539**	**19,212**	**(8,124)**	**(93)**	**10,762**	**250**	**12,249**	**583,222**
Loss for the period	-	(35,640)	-	-	-	-	-	(1,906)	**(37,546)**
Currency translation differences	-	-	-	13,624	-	-	-	353	**13,977**
Net change in the available-for-sale financial assets	-	-	-	-	2,887	-	-	-	**2,887**
Net change in the fair value of cash flow hedges	-	-	-	-	-	(35,615)	-	(4,108)	**(39,723)**
Income tax relating to components of other comprehensive income	-	-	-	-	-	12,465	-	1,536	**14,001**
Total comprehensive loss	**-**	**(35,640)**	**-**	**13,624**	**2,887**	**(23,150)**	**-**	**(4,125)**	**(46,404)**
Shares issued during the period	94,281	-	-	-	-	-	-	-	**94,281**
Share issue expenses	(3,879)	-	-	-	-	-	-	-	**(3,879)**
Exercise of warrants	295	-	-	-	-	-	-	-	**295**
Share based payments	-	-	692	-	-	-	-	37	**729**
Acquisition of a subsidiary	141,568	-	-	-	-	-	-	-	**141,568**
Non-controlling interest arising from change in ownership interest	-	-	-	-	-	-	(505)	31	**(474)**
Balance at 30 June 2016	**708,692**	**36,899**	**19,904**	**5,500**	**2,794**	**(12,388)**	**(255)**	**8,192**	**769,338**

The accompanying notes form part of these financial statements.

Statement of **Cash Flows**

For the year ended 30 June 2017

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000
Operating activities			
Receipts in the course of operations		287,082	263,165
Payments to suppliers and employees		(286,877)	(233,734)
Interest received		655	964
Net cash from operating activities	23	860	30,395
Investing activities			
Payments for exploration and evaluation expenditure		(15,945)	(7,895)
Payments for acquisition of property, plant and equipment		(123)	(797)
Payments for mine properties		(31,566)	(15,473)
Payments for acquisition of assets under construction		(111,959)	(50,003)
Proceeds on disposal of property, plant and equipment		235	5
Proceeds on disposal / (acquisition) of investment in listed entity		316	(46)
Cash acquired on the acquisition of a subsidiary	25	-	2,315
Net cash used in investing activities		(159,042)	(71,894)
Financing activities			
Proceeds from share issues		7,651	94,281
Proceeds from exercise of warrants		5,193	295
Repayment of borrowings		(6,631)	-
Proceeds from borrowings		26,161	-
Borrowing costs		(1,761)	-
Share issue expenses		(796)	(3,879)
Acquisition of minority interest		-	(475)
Net cash provided by financing activities		29,817	90,222
Net (decrease) / increase in cash held		(128,365)	48,723
Cash and cash equivalents at the beginning of the financial year		151,257	103,741
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		1,135	(1,207)
Cash and cash equivalents at the end of the financial year	5	24,027	151,257

The accompanying notes form part of these financial statements.

Notes to the **Financial Statements**

For the year ended 30 June 2017

ABOUT THIS REPORT

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated in note 26. The 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 year ended 30 June 2017, the consolidated entity conducted operations in Australia, Ghana and Côte d'Ivoire.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Compliance with IFRS

The consolidated financial statements of the group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These 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.

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.

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.

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
Inventory	7
Reserves and resources	10
Exploration and evaluation expenditure	11
Restoration and Rehabilitation provision	12
Derivative financial instruments	15
Measurement of fair value	16
Share based payments	17, 24

Notes to the **Financial Statements**

For the year ended 30 June 2017

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 in 2017 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 one 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.

Notes to the **Financial Statements**

For the year ended 30 June 2017

1. SEGMENT INFORMATION

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

	Australia 2017 $'000	Australia 2016 $'000	Ghana 2017 $'000	Ghana 2016 $'000	Côte d'Ivoire 2017 $'000	Côte d'Ivoire 2016 $'000	Consolidated 2017 $'000	Consolidated 2016 $'000
Revenue and other income								
Revenue	-	-	282,648	244,936	-	-	282,648	244,936
Other income	346	667	2,885	4,341	2,115	2,259	5,346	7,267
Total revenue and other income	346	667	285,533	249,277	2,115	2,259	287,994	252,203
Results								
Operating loss before income tax	(49,644)	(11,371)	(44,310)	(25,708)	(566)	(7,219)	(94,520)	(44,298)
Income tax benefit							15,212	6,752
Net loss							(79,308)	(37,546)
Included within segment results:								
Impairment of available-for-sale financial asset	-	(709)	-	-	-	-	-	(709)
Depreciation and amortisation	(1,155)	(843)	(54,866)	(47,030)	(150)	(183)	(56,171)	(48,056)
Share based payments to employees, directors and consultants	(1,863)	(490)	(808)	(220)	(115)	(22)	(2,786)	(732)
Foreign exchange (loss)/gain	(8,856)	10,159	(2,795)	1,324	(2)	(2,269)	(11,653)	9,214

	As at 30 June 2017 $'000	As at 30 June 2016 $'000	As at 30 June 2017 $'000	As at 30 June 2016 $'000	As at 30 June 2017 $'000	As at 30 June 2016 $'000	As at 30 June 2017 $'000	As at 30 June 2016 $'000
Assets								
Segment assets	30,786	163,614	490,802	530,091	343,211	237,081	864,799	930,786
Unallocated assets of disposal group held for sale							-	12,289
Total segment assets							864,799	943,075
Total assets includes:								
Additions to non-current assets (other than financial assets)	38	159	62,485	66,343	106,440	131,118	168,963	197,620
Liabilities								
Segment liabilities	810	3,763	123,423	150,943	25,267	5,255	149,500	159,961
Unallocated liabilities of disposal group held for sale							-	13,776
Total segment liabilities							149,500	173,737

Notes to the **Financial Statements**

For the year ended 30 June 2017

2. OTHER INCOME / EXPENSES

	Consolidated 2017 $'000	Consolidated 2016 $'000
Loss before income tax has been determined after:		
Other income:		
Unrealised gain on fair value of gold forward contracts	**4,730**	6,215
Interest revenue	**616**	1,052
	5,346	7,267
Foreign exchange (loss) / gain:		
Foreign exchange (loss) / gain on translation of inter-company loans	**(9,000)**	10,893
Foreign exchange (loss) / gain on translation of VAT receivable	**(4,623)**	886
Foreign exchange gain / (loss) on other translations	**1,970**	(2,565)
	(11,653)	9,214
Changes in inventories of finished goods and work in progress:		
(Write down) / Write back of inventories due to (decrease) / increase in net realisable value	**(6,330)**	13,064
(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.		
Finance costs:		
Interest and finance charges	**(332)**	(306)
Other costs:		
Write-down of receivable	**(532)**	(708)
Legal settlement	**(24,485)**	-
	(25,017)	(708)
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.		
Depreciation and amortisation:		
Amortisation of stripping asset	**(1,880)**	(8,754)
Other depreciation and amortisation	**(54,291)**	(39,302)
	(56,171)	(48,056)

RECOGNITION & MEASUREMENT

(i) Revenue recognition
Revenue is recognised and measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The group recognises revenue when the amount can be reliably measured and it is probable that future economic benefits will flow to the entity. The following criteria are also applicable to specific revenue transactions:

Gold bullion sales
Revenue from gold bullion sales is recognised when there has been a transfer of risks and rewards from the group to an external party, no further processing is required by the group, quality and quantity of the goods has been determined with reasonable accuracy, the selling price is fixed or determinable, and collectability is probable. The point at which risk and rewards pass for the group's commodity sales is upon dispatch of the gold bullion from the mine site. Adjustments are made for variations in commodity price, assay and weight between the time of dispatch and the time of final settlement.

Interest income
Interest income is recognised in the income statement as it accrues, using the effective interest method.

(ii) Borrowing costs
Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

2. OTHER INCOME / EXPENSES (continued)

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;

(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. The group has two cash generating units that were tested for impairment, Edikan Gold Mine and the Sissingué Gold Mine.

(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.

Notes to the **Financial Statements**

For the year ended 30 June 2017

3. INCOME TAX EXPENSE

	Consolidated 2017 $'000	Consolidated 2016 $'000
(a) Income tax expense		
Current tax expense	233	124
Deferred tax benefit	(15,445)	(6,876)
Income tax benefit	(15,212)	(6,752)
Income tax expense is attributable to:		
Loss from continuing operations	(15,212)	(6,752)
Loss from discontinued operations	-	-
Aggregate income tax benefit	(15,212)	(6,752)
Deferred income tax expense included in tax comprises:		
Increase in deferred tax assets	(21,132)	(19,506)
Increase in deferred tax liabilities	5,687	12,630
Aggregate deferred tax benefit	(15,445)	(6,876)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(94,520)	(44,298)
Loss from discontinuing operations before income tax expense	-	-
	(94,520)	(44,298)
Tax at the Australian tax rate of 30%	(28,356)	(13,289)
Effect of tax rates in foreign jurisdictions	(2,238)	(1,105)
Non-deductible expenses	664	811
Share based payments	829	162
Foreign exchange on investment in foreign subsidiaries	2,227	(1,971)
Recognition of previously unrecognised deferred tax assets	-	-
Deferred tax asset not brought to account	11,662	8,640
	(15,212)	(6,752)
(Over) / under provision in prior years	-	-
Income tax benefit	(15,212)	(6,752)
(c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity	(7,614)	14,001
Net deferred tax credited directly to equity	(7,614)	14,001
(d) Tax losses		
Estimated Australian revenue tax losses	36,484	22,014
Estimated Australian capital tax losses	4,103	932
	40,587	22,946
Potential tax benefit at 30%	12,176	6,884
Unused foreign tax losses for which no deferred tax has been recognised	-	-
	12,176	6,884

RECOGNITION & MEASUREMENT

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associated operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3. INCOME TAX EXPENSE (continued)

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. LOSS PER SHARE

	Consolidated	
	2017 $'000	2016 $'000
(a) Earnings used in calculating earnings per share		
Loss attributable to ordinary shareholders of the parent	**(76,180)**	(35,640)
(b) Weighted average number of shares		
	No, of shares	No. of shares
Weighted average number of ordinary shares used in calculating basic loss per share	**1,027,960,331**	621,364,425
Effect of dilution from performance rights	-	-
Effect of dilution from warrants	-	-
Weighted average number of ordinary shares used in calculating diluted loss per share	**1,027,960,331**	621,364,425

Performance rights, first issued in November 2012 (see note 24) and granted to employees under the terms of the company's Performance Rights Plan approved by shareholders in November 2012 and amended in October 2014, are considered to be potential ordinary shares but, as they are anti-dilutive for the year ended 30 June 2017, they have been excluded from the calculation of diluted earnings per share. Warrants issued in April 2016 to the shareholders of Amara, are also considered to be potential ordinary shares but, as they are anti-dilutive for the year ended 30 June 2017, they have been excluded from the calculation of diluted earnings per share.

RECOGNITION & MEASUREMENT

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the net result attributable to owners of the parent, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus element.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of ordinary shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Notes to the **Financial Statements**

For the year ended 30 June 2017

5. CASH AND CASH EQUIVALENTS

		Consolidated	
		2017 $'000	2016 $'000
Cash assets	(i)	11,228	101,613
Short term deposits	(ii)	12,799	49,644
		24,027	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.

RECOGNITION & MEASUREMENT

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions with an original maturity not exceeding three months, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. If greater than three months principal amounts can be redeemed in full with interest payable at the same cash rate from inception as per the agreement with each bank. Bank overdrafts, if utilised, are shown within borrowings in current liabilities on the statement of financial position.

6. RECEIVABLES

		Consolidated	
		2017 $'000	2016 $'000
Current			
Trade debtors	(i)	20,476	15,258
Sundry debtors	(i)	4,365	9,271
Other receivable	(ii)	9,227	22,870
Allowance for doubtful debts	(iii)	(3,632)	(3,751)
		30,436	43,648
Non-current			
Security deposits	(iv)	12,375	12,724
		12,375	12,724
Movement in the allowance for doubtful debts:			
Balance at beginning of the year		3,751	3,645
Foreign exchange translation (loss) / gain		(119)	106
Balance at the end of the year		3,632	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 30 June 2017 $9.2 million (30 June 2016: $22.9 million) related to a VAT refund receivable from the Ghana Revenue Authority ("GRA"). During the year, the group received a total of GHS 144.1 million (US$34.0 million) 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 30 June 2017, the group has US$9.5 million (approximately A$12.4 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 $3.6 million disclosed above which is fully provided for, all of the remaining trade and other receivables are not past due.

For the year ended 30 June 2017

6. 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 receivable mentioned above.

The other receivable relating to a VAT refund from the GRA is immediately repayable on demand in Ghanaian Cedis, 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.

Further information about the group's exposure to these risks is provided in note 16.

RECOGNITION & MEASUREMENT

(i) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Trade receivables are generally due for settlement within 30 to 90 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

An allowance for doubtful debts is made when collection of the full amount is no longer probable. Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses.

(ii) Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

7. INVENTORIES

	Consolidated	
	2017 $'000	2016 $'000
Current		
Ore stockpiles – at cost	6,865	5,407
Ore stockpiles – at net realisable value	3,580	9,919
Gold in circuit – at cost	4,840	-
Gold in circuit – at net realisable value	-	6,557
Materials and supplies	30,534	36,966
	45,819	58,849

Inventory expense

The inventory expense during the year ended 30 June 2017 was $287.8 million (30 June 2016: $244.3 million). The write down | of inventories due to a decrease in net realisable value recognised during the year ended 30 June 2017 amounted to $6.3 million (30 June 2016 write up: $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	6,311	2,517
	6,311	2,517

For the year ended 30 June 2017

7. INVENTORIES (continued)

RECOGNITION & MEASUREMENT

Gold bullion, gold in circuit and ore stockpiles are physically measured or estimated and stated at the lower of cost and net realisable value.

Cost comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs in getting such inventories to their existing location and condition, based on weighted average costs incurred during the period in which such inventories were produced. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling the final product.

Inventories of consumable supplies and spare parts expected to be used in production are valued at weighted average cost. Obsolete or damaged inventories of such item are valued at net realisable value.

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.

8. AVAILABLE FOR SALE FINANCIAL ASSETS

		Consolidated	
		2017 $'000	2016 $'000
Non-current			
Available for sale financial assets	(i)	3,324	5,044
		3,324	5,044
Reconciliation of movements in available for sale financial assets:			
Balance at beginning of the year		5,044	2,820
Additions		-	46
Disposals		(338)	-
Impairment of available for sale financial asset	(ii)	-	(709)
(Loss) / gain on fair value remeasurements		(1,382)	2,887
Balance at end of the year		3,324	5,044

(i) The group's investment in Manas Resources Limited ('Manas') of $0.5 million and Amani Gold Limited ('Amani'), formerly Burey Gold Limited, of $2.8 million is recognised as an available for sale financial asset.

(ii) During the year ended 30 June 2017, 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 30 June 2017.

Risk exposure and fair value measurements

Information about the group's exposure to price risk and about the methods and assumptions used in determining fair value is provided in note 16.

8. AVAILABLE FOR SALE FINANCIAL ASSETS (continued)

RECOGNITION & MEASUREMENT

(i) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term

Purchase and sale of investments are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses on sale of available-for-sale financial assets.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss in the period in which they arise. Changes in value of non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 16.

(ii) Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered an indicator in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in the profit or loss.

9. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2017 $'000	2016 $'000
Plant and equipment - at cost	213,664	193,218
Accumulated depreciation	(91,605)	(74,487)
	122,059	118,731
Reconciliation of plant and equipment:		
Balance at the beginning of the year	118,731	125,730
Acquisition of a subsidiary	-	152
Additions	123	797
Transferred from assets under construction	28,004	7,263
Transferred from exploration	29	-
Depreciation	(20,946)	(19,088)
Disposals	(6)	(24)
Translation difference movement	(3,876)	3,901
Carrying amount at the end of the year	122,059	118,731
Assets under construction – at cost	177,563	122,072
Reconciliation of assets under construction:		
Balance at the beginning of the year	122,072	84,942
Acquisition of a subsidiary	-	461
Additions	109,409	58,084
Transferred to property, plant and equipment	(28,004)	(7,263)
Transferred to mine properties	(35,309)	(15,678)
Transferred from exploration	7,303	-
Disposals	(577)	-
Translation difference movement	2,669	1,526
Carrying amount at the end of the year	177,563	122,072
Total property, plant and equipment net book value	299,622	240,803

For the year ended 30 June 2017

9. PROPERTY, PLANT AND EQUIPMENT (continued)

RECOGNITION & MEASUREMENT

(i) Assets under construction

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified as 'assets under construction', and disclosed as a component of property, plant and equipment.

All subsequent expenditure incurred in the construction of a mine by or on behalf of, the group is accumulated separately for each area of interest in which economically recoverable reserves have been identified. This expenditure includes net direct costs of construction and borrowing costs capitalised during construction. On completion of development, all assets included in 'assets under construction' are reclassified as either 'plant and equipment' or 'mine properties'.

(ii) Property, plant and equipment

Land and buildings and all other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated.

Property, plant and equipment directly engaged in the crushing and milling operations are depreciated over the shorter of expected economic life or over the remaining life of the mine on a units-of-production basis. Assets which are depreciated on a basis other than units-of-production method are typically depreciated on a straight-line basis over their estimated useful lives as follows:

Item	Estimated useful life (years)
Plant and equipment	3-10
Buildings	20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

(iii) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating value in use, a pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generated units). The group has two cash generating units, Edikan Gold Mine and the Sissingué Gold Project. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

10. MINE PROPERTIES

	Consolidated	
	2017 $'000	2016 $'000
Mine properties - at cost	430,025	374,203
Accumulated depreciation	(177,141)	(146,958)
	252,884	227,245
Reconciliation of mine properties:		
Balance at the beginning of the year	227,245	214,699
Additions	33,304	19,940
Transferred from assets under construction	35,309	15,678
Amortisation	(35,410)	(28,968)
Translation difference movement	(7,564)	5,896
Carrying amount at the end of the year	252,884	227,245

RECOGNITION & MEASUREMENT

(i) Mine Properties

Accumulated mine development costs (classified as either 'plant and equipment' or 'mine properties') are depreciated/amortised on a unit of production basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of mine, in which case the straight line method is applied. The units of measure for amortisation of mine properties is tonnes of ore mined and the amortisation of mine properties takes into account expenditures incurred to date. The EGM mine properties work in progress is assessed at the end of every month and when the work is completed it is transferred to mine properties and then amortised.

The units of measure for depreciating mine related plant and equipment is tonnes of ore processed.

(ii) Deferred stripping costs

The group incurs waste removal costs (stripping costs) during the development and production phases of its surface mining operations. During the production phase, stripping costs (production stripping costs) can be incurred both in relation to the production of inventory in that period and the creation of improved access and mining flexibility in relation to ore to be mined in the future. The former are included as part of the costs of inventory, while the latter are capitalised as a stripping activity asset, where certain criteria are met. Once the group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset. The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of 'Mine properties' in the statement of financial position. This forms part of the total investment in the relevant cash generating unit, which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

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 its 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.

11. MINERAL INTEREST ACQUISITION AND EXPLORATION EXPENDITURE

	Consolidated	
	2017 $'000	2016 $'000
Mineral interest acquisition and exploration – at cost	183,956	184,443
Reconciliation:		
Balance at the beginning of the year	184,443	41,568
Acquired on acquisition of a subsidiary	-	147,107
Additions	26,127	8,972
Transferred to plant and equipment	(29)	-
Transferred to assets under construction	(7,303)	-
Write-off of exploration	(16,111)	(17,921)
Translation difference movement	(3,171)	4,717
Carrying amount at the end of the year	183,956	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. The write-off of $16.1 million (30 June 2016: $17.9 million) is a result of writing-off both the Nsuaem and Nkotumso areas of interest, and part of historical near mine exploration expenditure in Ghana, as no commercially viable deposits have been discovered.

RECOGNITION & MEASUREMENT

Exploration and evaluation expenditures in relation to each separate area of interest with current tenure are carried forward to the extent that:

(i) such expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(ii) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

In the event that an area of interest if abandoned or, if facts and circumstances suggest that the carrying amount of an exploration and evaluation asset is impaired then the accumulated costs carried forward are written off in the year in which the assessment is made.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified as 'assets under construction'.

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.

12. PAYABLES AND PROVISIONS

		Consolidated	
		2017 $'000	2016 $'000
Current			
Trade creditors and accruals	(i)	72,204	79,868
Employee benefits		1,836	1,581
		74,040	81,449

Terms and conditions relating to the above financial instruments:

(i) Trade and other creditors are non-interest bearing and are normally settled on 30 day terms.

Risk exposure

Information about the group's exposure to risk is provided in note 16

	Consolidated 2017 $'000	Consolidated 2016 $'000
Non-current		
Provision for rehabilitation work	18,574	15,648
Balance at the beginning of the year	15,648	10,283
Acquired on acquisition of a subsidiary	-	3,117
Arising during the year	3,407	2,198
Amounts used during the year	(169)	(111)
Unwinding of discount	29	32
Translation difference movement	(341)	129
Balance at the end of the year	18,574	15,648
Employee benefits	627	287
Total non-current provisions	19,201	15,935

The provision for rehabilitation work relates to the EGM in Ghana, SGM in Cote d'Ivoire and the historical heap leach operations at Yaouré in Cote d'Ivoire. The timing of settlement of these obligations cannot be established with any certainty. The group has commenced mining the EGM project area and many of the old pits identified for rehabilitation work will be subject to new mining. The provision related to the EGM and SGM has been reviewed and updated in line with the additional development that has occurred since June 2016.

RECOGNITION & MEASUREMENT

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(ii) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured as the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

12. PAYABLES AND PROVISIONS (continued)

RECOGNITION & MEASUREMENT (continued)

(iii) Employee benefits

(a) Short term obligations

Liabilities for short-term employee benefits expected to be wholly settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(b) Other long-term employee benefit obligations

The liability for long service leave which is not expected to be wholly settled within 12 months of the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments. Consideration is given to expected future wage and salary level, experience of employees' departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(c) Retirement benefit obligations

Contributions are made by the group to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

(iv) Rehabilitation provision

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Restoration and Rehabilitation provision

The value of the current restoration and rehabilitation provision is based on a number of assumptions including the nature of restoration activities required and the valuation at the present value of a future obligation that necessitates estimates of the cost of performing the work required, the timing of future cash flows and the appropriate risk free discount rate. Additionally current provisions are based on the assumption that no significant changes will occur in relevant legislation covering restoration of mineral properties. A change in any, or a combination, of these assumptions used to determine current provisions could have a material impact to the carrying value of the provision.

13. DEFERRED TAX

	Consolidated	
	2017 $'000	2016 $'000
Deferred tax asset	45,484	29,794
Set off of deferred tax liabilities of entity pursuant to set off provisions	(45,484)	(29,794)
Net deferred tax asset	-	-
Deferred tax liability	83,428	77,010
Set off of deferred tax assets of entity pursuant to set off provisions	(45,484)	(29,794)
Net deferred tax liability	37,944	47,216
(a) The deferred tax asset balance comprising of temporary differences attributable to:		
Employee benefits	93	83
Derivatives held for trading	55	91
Cash flow hedges	-	4,494
Other	2,230	860
Tax losses	43,106	24,266
Net deferred tax asset	45,484	29,794
(b) Movement in the deferred tax asset:		
Opening balance at 1 July	29,794	5,631
Credited to the income statement	21,132	19,506
Credited to the equity – hedging reserve	(4,494)	4,494
Foreign exchange	(948)	163
Closing balance at 30 June	45,484	29,794
(c) The deferred tax liability comprises temporary differences attributable to:		
Property, plant and equipment	31,299	32,457
Mine properties in use	52,012	44,553
Derivatives held for trading	-	-
Cash flow hedges	117	-
Net deferred tax liability	83,428	77,010
(d) Movement in the deferred tax liability:		
Opening balance at 1 July	77,010	71,704
Charged to the income statement	5,687	12,630
Charged to the equity – hedging reserve	3,120	(9,506)
Foreign exchange	(2,389)	2,182
Closing balance at 30 June	83,428	77,010

RECOGNITION & MEASUREMENT

Deferred income tax is provided in full, using the balance sheet full liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affect neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

13. DEFERRED TAX (contined)

RECOGNITION & MEASUREMENT (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

14. INTEREST BEARING LIABILITIES

		Consolidated	
		2017 $'000	2016 $'000
Current			
Interest-bearing loan facility	(i)	18,158	-
		18,158	-

(i) The group successfully negotiated the terms of a US$20 million project loan facility with Macquarie Bank Limited and this facility was fully drawn in March 2017. The first principal repayment of U$5 million was made on 30 June 2017. The remaining balance will be paid off in US$5 million instalments at the end of September 2017, December 2017 and March 2018. The margin above LIBOR on the drawn amount is 4.0% per annum.

Secured liabilities and assets pledged as security

The debt and hedge facilities provided by Macquarie Bank Limited are secured by a guarantee and indemnity from the company covering all money due under the facilities as well as mortgages over certain of the company's assets including its shares in Kojina Resources Ltd ("Kojina") and receivables under intercompany loan arrangements with subsidiaries. In addition, the security package includes fixed and floating charges over all of the assets and undertakings of both Kojina and PMGL including a first ranking mortgage over the EGM tenements.

Risk exposures and fair value measurements

Information about the group's exposure to interest rate and foreign currency changes is provided in note 16.

RECOGNITION & MEASUREMENT

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

15. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated	
	2017 $'000	2016 $'000
Current assets		
Cash flow hedge asset	490	-
	490	-
Non-current assets		
Cash flow hedge asset	1,265	-
	1,265	-
Current liabilities		
Cash flow hedge liabilities	-	12,841
Financial liabilities at fair value – gold forward contracts	157	2,520
	157	15,361

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 hedge movements in USD precious metal prices on its anticipated sales of gold. At 30 June 2017 there were cash flow designated hedge contracts in place for 77,000 ounces of gold with settlements scheduled between June 2018 and September 2020 with a weighted average price of US$1,299/oz. These include 67,000 ounces of cash flow designated hedge contracts at an average price of U$1,301/oz specifically to support the proposed Sissingue project finance debt facility. The portion of the gain or loss on these hedging instruments that are determined to be an effective hedge are recognised and retained directly in equity. The ineffective portion will be recognised in the statement of comprehensive income.

The amount reclassified during the year to revenue in the income statement was a loss of $10.5 million (30 June 2016 gain: $17.8 million)

Financial liabilities at fair value – gold forward contracts:

Financial liabilities at fair value through profit or loss include the change in value of gold forward contracts put in place during the year ending 30 June 2017. 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 16. Movements in fair value between inception and close-out of the contract are taken to the statement of comprehensive income. When necessary, these contracts may be rolled over into new contracts at maturity, subject to counterparty credit approval.

At 30 June 2017, the group held forward metal contracts for 76,022 ounces of gold on forward metal contract and spot deferred contracts with a weighted average price of US$1,246/oz.

Risk exposures and fair value measurements

Information about the group's exposure to credit risk, price risk and liquidity risk related to the undiscounted cash flow exposure from derivative contracts is provided at note 16.

15. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

RECOGNITION & MEASUREMENT

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial assets held for trading. A financial liability is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Liabilities in this category are classified as current liabilities if they are expected to be settled within 12 months; otherwise they are classified as non-current.

(ii) Fair value measurement

The group measures derivatives at fair value at each balance-sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

(iii) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At the inception of a hedge transaction, the group formally designates and documents the hedge relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedge items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed as above. Movements in the hedging reserve in shareholders' equity are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

15. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Where forward contracts are entered into and continue to be held for the purpose of receipt or delivery of a physical commodity in accordance with expected purchase, sale or usage requirements, the contracts are outside of the scope of AASB 139 Financial Instruments: Recognition and Measurement and are therefore off balance sheet.

(i) Fair value hedges

Changes in fair value of derivatives that are designated and qualify as fair value hedges are recorded in the comprehensive income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of derivative contracts are recognised in the statement of comprehensive income within "sale of goods" with a corresponding offsetting amount to the carrying amount of the asset or liability being the fair value movement of the hedged asset or liability. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income as other income or expense.

(ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss related to the ineffective portion is recognised immediately in profit or loss within other income or expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of derivative contracts is recognised in the statement of comprehensive income within "revenue". However when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the statement of comprehensive income.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

The group makes judgements on the effectiveness of all derivative financial instrument entered into, including forward metal contracts, metal options and foreign currency option contracts in accordance with the above accounting policy. 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.

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For the year ended 30 June 2017

16. 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 30 June 2017:

	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	30,436	-	-	-
Derivative financial instruments	-	-	-	490
Total current	30,436	-	-	490
Receivables	12,375	-	-	-
Available for sale investments	-	3,324	-	-
Derivative financial instruments	-	-	-	1,265
Total non-current	12,375	3,324	-	1,265
Total	42,811	3,324	-	1,755
Financial liabilities:				
Payables	72,204	-	-	-
Interest-bearing liabilities	18,158			
Gold forward contracts	-	-	157	-
Total current	90,362	-	157	-
Total	90,362	-	157	-

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 forwards contract	-	-	2,520	-
Derivative financial instruments	-	-	-	12,841
Total current	79,868	-	2,520	12,841
Total	79,868	-	2,520	12,841

16. FINANCIAL RISK MANAGEMENT (continued)

The group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk); credit risk; liquidity risk and equity price risk. The group therefore has an overall risk management program that focuses on the unpredictability of financial and precious metal commodity markets and seeks to minimise potential adverse effects on the financial performance of the group.

The group uses different methods to measure different types of risk to which it is exposed including sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk. The group then uses derivative financial instruments such as forward metal and forward metal option contracts to hedge certain risk exposures.

Financial risk management is carried out by the finance area of the group under policies approved by the board of directors with identification, evaluation and hedging of financial and commodity risks being undertaken in close co-operation with the group's operating units. The board provides written principles for overall risk management as well as written policies covering specific areas such as use of derivative financial instruments and investment of excess liquidity.

Market Risk

(i) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Ghanaian cedi. Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The group is also exposed to foreign exchange risk arising from the translation of its foreign operations, the group's investments in its subsidiaries are not hedged as those currency positions are considered to be long term in nature. In addition, the parent entity has an intercompany receivable from its subsidiary denominated in US Dollars which is eliminated on consolidation. The gains or losses on re-measurement of this intercompany receivable from US Dollars to Australian Dollars are not eliminated on consolidation as the loan is not considered to be part of the net investment in the subsidiary.

The group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

Market Risk Table:

	2017				
	USD $'000	CFA $'000	EUR $'000	GHS $'000	GBP $'000
Financial Assets					
Cash and cash equivalents	13,643	622	614	7,830	450
Receivables	10,638	-	-	9,217	-
Derivative financial instruments	1,755	-	-	-	-
Total Assets	26,036	622	614	17,047	450
Financial Liabilities					
Payables	45	-	124	5,489	10
Financial liabilities at fair value	157	-	-	-	-
Interest-bearing liabilities	18,158	-	-	-	-
Total Liabilities	18,360	-	124	5,489	10

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16. FINANCIAL RISK MANAGEMENT (continued)

Market Risk (continued):

	2016				
	USD $'000	CFA $'000	EUR $'000	GHS $'000	GBP $'000
Financial Assets					
Cash and cash equivalents	32,150	236	62	-	257
Receivables	10,977	22,860	-	-	-
Total assets	43,127	23,096	62	-	257
Financial Liabilities					
Payables	124	5,319	352	449	439
Gold forwards contract	2,520	-	-	-	-
Derivative financial instruments	12,841	-	-	-	-
Total liabilities	15,485	5,319	352	449	439

Sensitivity

The following table summarises the sensitivity of financial instruments held at balance date to movement in the exchange rate of the AUD to the USD with all other variables held constant and the AUD to the GHS with all other variables held constant, including the impact of the foreign exchange movement on the inter-company loan of $261.2 million (2016: $248.1 million). The sensitivity is based on management's estimate of reasonably possible changes over a financial year.

	Change in USD rate	Impact on profit or loss before tax and equity $'000
2017	**+10%**	**(24,645)**
	-10%	**30,322**
2016	+10%	(25,865)
	-10%	32,937

	Change in USD rate	Impact on profit or loss before tax and equity $'000
2017	**+10%**	**(1,051)**
	-10%	**1,284**
2016	+10%	(1,616)
	-10%	1,975

The group's exposure to other foreign exchange movements is not material.

(ii) Price risk

The group is exposed to commodity price risk for its future gold production. These risks are measured using sensitivity analysis and cash flow forecasting and to manage exposures the group enters into forward commodity price derivatives. The group's policy is to hedge no more than 40% of anticipated gold sales in the subsequent 12 months and no more than 30% of anticipated gold sales in the 12 months subsequent to that first 12 months.

At the end of the reporting period the group had a total of 89,022 ounces of forward metal contracts in place over approximately 31% of anticipated monthly gold production from 1 July 2017 through to 30 June 2018, 34,000 ounces of forward metal contracts in place over approximately 9% of anticipated monthly gold production from 1 July 2018 through to 30 June 2019 and 30,000 ounces of forward metal contracts in place over approximately 31% of anticipated monthly gold production from 1 July 2019 through to 30 September 2020.

Notes to the **Financial Statements**

For the year ended 30 June 2017

16. FINANCIAL RISK MANAGEMENT (continued)

Market Risk (continued):

When necessary these contracts may be rolled over into new contracts at maturity, subject to counterparty credit approval. Of this total, the group held forward metal contracts for 32,000 ounces of gold on a spot deferred basis, as well as 67,000 ounces of forward metal contracts designated as hedging contracted specifically to support the proposed Sissingué project finance debt facility.

Balance date exposures and further details of current commodity price derivatives are provided at note 15.

Sensitivity

The following table summarises the sensitivity of the fair value of instruments held at balance date to movements in the forward gold price, with all other variables held constant.

	Increase / decrease in gold prices	Impact on profit or loss before tax $'000	Impact on equity before tax $'000
2017	+10%	(5,462)	(22,266)
	-10%	5,462	24,792
2016	+10%	(5,536)	(53,116)
	-10%	5,536	22,091

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's debt obligations which have floating interest rates.

At the end of the reporting period the group's interest rate risk exposure and the weighted average interest rate for each class of financial assets and liabilities was:

30 June 2017	Weighted average effective interest rate	Fixed interest rate $'000	Floating interest rate $'000	Non-interest bearing $'000	Total $'000
Financial assets:					
Cash and cash equivalents	3.93%	-	21,601	2,426	24,027
Security deposit	0.63%	2,620	8,017	1,738	12,375
Net exposure to cash flow interest rate risk		2,620	29,618	4,164	36,402
Financial liabilities:					
Interest-bearing liabilities	4.3%	-	18,158	-	18,158
Net exposure to cash flow interest rate risk		-	18,158	-	18,158
30 June 2016					
Financial assets:					
Cash and cash equivalents	1.25%	32,686	116,747	1,824	151,257
Security deposit	0.49%	8,235	2,695	1,794	12,724
Net exposure to cash flow interest rate risk		40,921	119,442	3,618	163,981
Financial liabilities:					
Interest-bearing liabilities	-	-	-	-	-
Net exposure to cash flow interest rate risk		-	-	-	-

16. FINANCIAL RISK MANAGEMENT (continued)

Sensitivity

If interest rates were to move up by 1% with all other variables held constant, then the pre-tax impact on the group's profit as well as total equity would be a movement of $0.1 million (30 June 2016: $1.6 million), a 1% decrease would be a movement of $0.01 million (30 June 2016: $1.3 million).

Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted under a financial instrument resulting in a financial loss to the group and arises from deposits with banks and financial institutions, favourable derivative financial instruments as well as credit exposures to customers including outstanding receivables and committed transactions. For banks and financial institutions, only independent parties with a minimum credit rating of 'A' are accepted.

The carrying amount the group's financial assets, represents the maximum credit exposure.

The group restricts the exposure to credit losses on derivative instruments it holds by entering into master netting arrangements with major counterparties with whom a significant volume of transactions are undertaken.

Such an arrangement provides for a single net settlement of all financial instruments covered by the agreement in the event of default on any one contract. Master-netting arrangements do not result in an offset of balance-sheet assets and liabilities unless certain conditions for offsetting under AASB 132 apply.

Although master-netting arrangements may significantly reduce credit risk, it should be noted that:

(i) Credit risk is eliminated only to the extent that amounts due to the same counterparty will be settled after the assets are realised; and

(ii) The extent to which overall credit risk is reduced may change substantially within a short period because the exposure is affected by each transaction subject to the arrangement.

At 30 June 2017, master netting arrangements reduced the credit risk on favourable contracts that have a fair value of $1.8 million (2016: nil).

Liquidity Risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, that as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows, matching maturity profiles of financial assets and financial liabilities, and by ensuring that surplus funds are generally only invested in instruments that are tradable in highly liquid markets or that can be relinquished with minimal risk of loss.

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16. FINANCIAL RISK MANAGEMENT (continued)

Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Consolidated	Less than 6 months $'000	6 months – 1 year $'000	1 – 2 years $'000	2 – 5 years $'000	Greater than 5 years $'000	Total contractual cash flows $'000
30 June 2017						
Non-derivatives						
Payables	72,204	-	-	-	-	72,204
Interest-bearing liabilities	11,738	6,420	-	-	-	18,158
	83,942	6,420	-	-	-	90,362
Derivatives						
Gold forward contracts	(1,674)	1,831	-	-	-	157
	(1,674)	1,831	-	-	-	157
30 June 2016						
Non-derivatives						
Payables	79,868	-	-	-	-	79,868
	79,868	-	-	-	-	79,868
Derivatives						
Gold forward contracts	-	-	-	-	-	-
	-	-	-	-	-	-

Fair values

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 30 June 2017:

	Consolidated			
	2017		2016	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial assets:				
Cash	24,027	24,027	151,257	151,257
Receivables	30,436	30,436	43,648	43,648
Derivative financial instruments	490	490	-	-
Total current	54,953	54,953	194,905	194,905
Receivables	12,375	12,375	12,724	12,724
Available for sale instruments	3,324	3,324	5,044	5,044
Derivative financial instruments	1,265	1,265	-	-
Total non-current	16,964	16,964	17,768	17,768
Total	71,917	71,917	212,673	212,673
Financial liabilities:				
Payables	72,204	72,204	79,868	79,868
Gold forward contracts	157	157	2,520	2,520
Derivative financial instruments	-	-	12,841	12,841
Total current	72,361	72,361	95,229	95,229
Total	72,361	72,361	95,229	95,229

Notes to the **Financial Statements**

For the year ended 30 June 2017

16. FINANCIAL RISK MANAGEMENT (continued)

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.

The following table presents the group's financial instruments measured and recognised at fair value at 30 June 2017 and 30 June 2016.

30 June 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets:				
Available for sale instruments	3,324	-	-	3,324
Derivative financial instruments	-	1,755	-	1,755
Total	3,324	1,755	-	5,079
Financial liabilities:				
Gold forward contracts	-	157	-	157
Total	-	157	-	157
30 June 2016				
Financial assets:				
Available for sale instruments	5,044	-	-	5,044
Assets of disposal group held for sale	-	-	12,289	12,289
Total	5,044	-	12,289	17,333
Financial liabilities:				
Gold forward contracts	-	2,520	-	2,520
Derivative financial instruments	-	12,841	-	12,841
Liabilities of disposal group held for sale	-	-	13,776	13,776
Total	-	15,361	13,776	29,137

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.

16. FINANCIAL RISK MANAGEMENT (continued)

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 are assumed to approximate their fair values due to their short-term nature.

RECOGNITION & MEASUREMENT

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Fair value measurement

The group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is either:

- Expected to be realised within 12 months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as non-current.

A liability is current when either:

- It is due to be settled within 12 months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The group classifies all other liabilities as non-current.

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.

Equity price risk

The group's investments in Manas and Amani, which are classified as available for sale financial assets, is susceptible to market price risk arising from uncertainties about future values of the investment securities. At the reporting date, the exposure to listed equity securities at fair value was $3.3 million (30 June 2016: $5.0 million). A decrease of 10% on the share price of Manas could have an impact of approximately ($0.05 million) on the income or equity attributable to the group and a decrease of 10% on the share price of Amani could have an impact of approximately ($0.31 million), depending on whether the decline is prolonged. An increase of 10% in the value of the listed securities would only impact equity by $0.05 million for Manas and $0.31 million for Amani and would not have an effect on the profit or loss.

16. FINANCIAL RISK MANAGEMENT (continued)

Capital management

Management controls the capital of the group in order to ensure that the group can fund its operations in an efficient and timely basis and continue as a going concern. There are no externally imposed capital requirements. Management effectively manages the group's capital by assessing the group's cash projections up to twenty-four months in the future and any associated financial risks. Management will adjust the group's capital structure in response to changes in these risks and in the market. There have been no changes in the strategy adopted by management to control the capital of the group since the prior year.

During the year, the group formally accepted Committed Letters of Offer from Macquarie to provide members of the group with a total of US$60 million of debt finance to be used to finance its growth strategy. The financing includes a US$40 million project debt facility that will be used to finance the completion of the development of Sissingué. Loan documentation for the US$40 million Sissingué project debt facility was completed towards the end of the year and Board approval was obtained to execute documentation. Execution of the loan agreement was completed in July 2017 and work is progressing on satisfying standard conditions precent ahead of the drawing down of funds before the end of September 2017.

A second US$20 million debt facility was offered and drawn-down in March 2017 for Perseus's Ghanaian subsidiary, PMGL. This facility is for the purpose of providing general working capital until July 2018 while production at Edikan is ramping up and Perseus's corporate cash resources are being applied to fund Sissingué as well as exploration and corporate expenses. US$5 million of this debt facility was repaid to Macquarie in June 2017.

17. ISSUED CAPITAL AND RESERVES

	Consolidated	
	2017 $'000	2016 $'000
(a) Issued and paid-up share capital		
1,033,217,813 (2016: 1,004,653,217) ordinary shares, fully paid	720,739	708,692

	Consolidated			
	2017		2016	
	$'000	Number	$'000	Number
Balance at the beginning of the year	708,692	1,004,653,217	476,427	526,656,401
Transaction costs arising from issue of securities	(797)	-	(3,879)	-
Vesting of performance rights on 29 July 2015	-	-	-	2,687,500
Vesting of performance rights on 28 July 2016	-	375,000	-	-
Vesting of performance rights on 21 February 2017	-	1,062,500	-	-
Shares issued on 19 April 2016 for acquisition of subsidiary	-	-	125,885	286,101,744
Share placement at issue price of $0.44 pursuant to the exercise of warrants	5,193	11,824,727	295	646,439
Share placement at issue price of $0.50 on 30 June 2016	-	-	94,281	188,561,133
Share placement at issue price of $0.50 on 22 July 2016	7,651	15,302,369	-	-
Issued and paid-up share capital	720,739	1,033,217,813	693,009	1,004,653,217
Warrants issued on 19 April 2016 for acquisition of subsidiary	-	-	15,683	-
Balance at the end of the year	720,739	1,033,217,813	708,692	1,004,653,217

RECOGNITION & MEASUREMENT

Ordinary shares are classified as equity and incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. If the company reacquires its own equity instruments for the purpose of reducing its issued capital, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of tax) is recognised directly in equity.

17. ISSUED CAPITAL AND RESERVES (continued)

(b) Performance rights

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. Refer to Note 24 for further details.

(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 and Amani to market value as the investment is designated as an available for sale financial asset.

18. (ACCUMULATED LOSSES) / RETAINED EARNINGS

Movements in retained earnings were as follows:

	Consolidated	
	2017 $'000	2016 $'000
Balance at beginning of financial year	**36,899**	72,539
Loss attributable to the owners of the parent	**(76,180)**	(35,640)
Balance at end of financial year	**(39,281)**	36,899

Notes to the **Financial Statements**

For the year ended 30 June 2017

19. SUBSIDIARIES

Name of subsidiary	Notes	Place of incorporation	Consolidated entity interest 2017 (%)	Consolidated entity interest 2016 (%)
Parent entity				
Perseus Mining Limited	(a)	Australia		
Subsidiaries				
Occidental Gold Pty Ltd (i)	(a)	Australia	100	100
Centash Holdings Pty Limited (ii)	(a)	Australia	100	100
Sun Gold Resources Ltd	(b)	Ghana	100	100
Kojina Resources Ltd (iii)	(b)	Ghana	100	100
Perseus Mining Services Ltd	(a)	Canada	-	100
Perseus Burkina Holdings Pty Ltd	(a)	Australia	100	100
Amara Mining Limited	(g)	UK	100	100
(i) Subsidiaries of Occidental Gold Pty Ltd				
Occidental Gold SARL	(c)	Côte d'Ivoire	100	100
Perseus Mining Côte d'Ivoire SA	(c) (e)	Côte d'Ivoire	86	86
(ii) Subsidiaries of Centash Holdings Pty Ltd				
Perex SARL	(c)	Côte d'Ivoire	100	100
Perseus Services SARL	(c)	Côte d'Ivoire	100	100
(iii) Subsidiary of Kojina Resources Ltd				
Perseus Mining (Ghana) Limited	(b) (d)	Ghana	90	90
(iv) Subsidiaries of Amara Mining Limited				
Amara Mining (Burkina) Limited	(g)	UK	100	100
Winston Mining Limited	(g)	BVI	100	100
Amara Mining (Sierra Leone) Limited	(g)	UK	100	100
Amara Mining (Côte d'Ivoire) Limited	(g)	UK	100	100
(v) Subsidiaries of Amara Mining (Burkina) Limited				
Cluff Gold Sega SARL	(g)(f)	Burkina Faso	-	100
Amara Mining Burkina SARL	(g)(f)	Burkina Faso	-	100
Kalsaka Mining SA	(g)(h)	Burkina Faso	-	78
(vii) Subsidiaries of Winston Mining Limited				
Baomahun Gold Limited	(g)(i)	Sierra Leone	-	100
(vi) Subsidiaries of Amara Mining (Sierra Leone) Limited				
Baomahun Gold Limited	(g)(i)	Sierra Leone	-	100
Cluff Gold (SL) Limited	(g)(i)	Sierra Leone	-	99
(viii) Subsidiaries of Amara Mining (Côte d'Ivoire) Limited				
Perseus Yaouré sarl	(g)	Côte d'Ivoire	100	100
Yaouré Mining SA	(g)	Côte d'Ivoire	90	90

Notes:

(a) Audited by Ernst & Young Australia.

(b) Audited by Ernst & Young Ghana.

(c) Audited by Ernst & Young Côte d'Ivoire.

(d) For key financial information of Perseus Mining (Ghana) Limited which has a non-controlling interest. The entity accounts for the majority of the Ghana reporting segment.

(e) The 86% interest in the Perseus Mining Côte d'Ivoire SA reflects a 10% free carried interest which is required to be allocated to the Government of Côte d'Ivoire in consideration of the issue of an Exploitation Permit pursuant to the Ivorian Mining Code, and 4% owned by local interests. For key financial information of PMCI which has a non-controlling interest, refer to note 1. Perseus Mining Côte d'Ivoire SA accounts for the majority of the Côte d'Ivoire reporting segment.

(f) Liquidated on 23 March 2017.

(g) Audited by BDO United Kingdom.

(h) Liquidated on 14 February 2017.

(i) Liquidated on 14 June 2017.

Notes to the **Financial Statements**

For the year ended 30 June 2017

20. PARENT ENTITY DISCLOSURES

Statement of financial position	Parent	
	2017 $'000	2016 $'000
Assets		
Current assets	3,805	139,192
Non-current assets	709,903	616,200
Total assets	713,708	755,392
Liabilities		
Current liabilities	1,238	3,815
Non-current liabilities	354	288
Total liabilities	1,592	4,103
Equity		
Issued capital	720,739	708,691
(Accumulated losses) / retained earnings	(35,017)	19,430
Asset revaluation reserve	1,412	2,794
Share-based payments reserve	23,418	20,373
Hedge reserve	1,564	-
Total equity	712,116	751,288
(Loss) / profit for the year	(54,447)	3,854
Other comprehensive (loss) / income	-	-
Total comprehensive (loss) / income	(54,447)	3,854

Contingent liabilities of the parent entity:

There were no contingent liabilities of the parent entity at 30 June 2017.

Commitments for the acquisition of property, plant and equipment by the parent entity:

Plant and equipment		
Within one year	-	-
One year or later and not later than five years	-	-
Later than five years	-	-

Commitments for operating lease by the parent entity:

Operating lease	262	303
Within one year	1,339	-
One year or later and not later than five years	-	-

RECOGNITION & MEASUREMENT (continued)

The financial information for the parent entity, Perseus Mining Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Perseus Mining Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share-based payments

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

For the year ended 30 June 2017

21. RELATED PARTY DISCLOSURES

(a) Identity of related parties

The consolidated entity has a related party relationship with its subsidiaries (see note 19) and with its key management personnel (refer below).

(b) Transactions with other related parties

The consolidated entity had no transactions with any other related party during the period ended 30 June 2017.

(c) Key management personnel compensation

The key management personnel compensation included in 'Employee benefits expenses' and 'Share based payments' is as follows:

	Consolidated	
	2017 $'000	2016 $'000
Short-term employee benefits	3,910	3,948
Long-term employee benefits	42	64
Post-employment benefits	255	191
Termination / resignation payments	27	-
Share-based payments	1,243	482
	5,477	4,685

Details of remuneration disclosures are provided in the remuneration report on pages 35 to 50.

22. REMUNERATION OF AUDITORS

Details of remuneration disclosures are provided in the remuneration report on pages 35 to 50.

	Consolidated	
	2017 $	2016 $
Amounts received or due and receivable by Ernst & Young Australia for:		
Audit or review of the financial report of the entity and any other entity in the group	134,000	147,000
Non-statutory audit services in relation to the entity and any other entity in the group	28,000	26,000
Amounts received or due and receivable by overseas Ernst & Young firm for:		
Audit or review of the financial report of the entity and any other entity in the group	107,000	118,000
Non-statutory audit services in relation to the entity and any other entity in the group	-	-
Amounts received or due and receivable by Deloitte Touche Tohmatsu for:		
Non-statutory audit services in relation to the entity and any other entity in the group	-	15,000
	269,000	306,000

Notes to the **Financial Statements**

For the year ended 30 June 2017

23. CASH FLOWS FROM OPERATING ACTIVITIES RECONCILIATON

	Consolidated	
	2017 $'000	2016 $'000
Reconciliation of the loss from ordinary activities to net cash provided in operating activities		
Loss from ordinary activities after income tax	(79,308)	(37,546)
Add back non-cash items:		
Depreciation and amortisation	56,171	48,056
Foreign currency loss / (gain)	11,653	(9,214)
(Gain) / loss on derivative financial instruments	(2,363)	5,399
Loss / (gain) on disposal of property, plant and equipment	13	(4)
Share based payments	2,786	732
Impairment of exploration	16,111	17,921
Impairment of investment in financial asset	-	709
Dissolution of entities	3,419	-
Write down of receivable	532	708
Borrowing costs	308	274
Unrealised derivative gains	7,885	12,847
Change in operating assets and liabilities:		
Increase in net tax balances	(15,445)	(6,876)
Decrease / (increase) in inventories	9,235	(17,400)
Decrease / (increase) in receivables	4,775	(15,144)
(Decrease) / (increase) in other assets	437	(915)
(Decrease) / increase in payables	(15,966)	30,759
Increase in provision	617	89
Net cash (used in) / from operating activities	860	30,395

Notes to the **Financial Statements**

For the year ended 30 June 2017

24. SHARE BASED PAYMENTS

Performance Rights Plan

Performance rights were issued to directors and employees of the company under the terms of the company's Performance Rights Plan approved by shareholders in November 2014 as disclosed in the remuneration report under the heading "LTI". These performance rights were issued at nil consideration and each performance right will convert to an ordinary share upon satisfaction of vesting criteria.

The following table illustrates the number and movements in performance rights during the year under the Plan:

Grant date	End of measurement period	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at the end of the year	Vested and exercisable at end of the year
				Number	Number	Number	Number	Number	Number
2017									
1-Jan-14	31-Dec-16	30-Jun-17	nil	1,925,000	-	(781,250)	(1,143,750)	-	-
4-Jun-14	31-Dec-16	30-Jun-17	nil	562,500	-	(281,250)	(281,250)	-	-
1-Jan-15	30-Jun-16	31-Dec-16	nil	750,000	-	(375,000)	(375,000)	-	-
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	-	-	(1,000,000)	3,725,000	-
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	-	-	(1,325,000)	-	-
12-Oct-16	30-Jun-17	31-Dec-17	nil	-	1,241,668	-	(125,000)	1,116,668	-
12-Oct-16	30-Jun-18	31-Dec-18	nil	-	991,666	-	(125,000)	866,666	-
12-Oct-16	30-Jun-19	31-Dec-19	nil	-	866,666	-	-	866,666	-
25-Nov-16	31-Dec-17	30-Jun-18	nil	-	1,925,000	-	(400,000)	1,525,000	-
25-Nov-16	31-Dec-18	30-Jun-19	nil	-	5,700,000	-	(400,000)	5,300,000	-
Total				11,337,500	10,725,000	(1,437,500)	(5,675,000)	14,950,000	-

Grant date	End of measurement period	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at the end of the year	Vested and exercisable at end of the year
				Number	Number	Number	Number	Number	Number
2016									
25-Nov-12	30-Jun-15	31-Dec-15	nil	300,000	-	-	(300,000)	-	-
1-Jan-13	30-Jun-15	31-Dec-15	nil	1,202,418	-	-	(1,202,418)	-	-
1-Jan-14	30-Jun-15	31-Dec-15	nil	2,125,000	-	(2,125,000)	-	-	-
1-Jan-14	31-Dec-16	30-Jun-17	nil	2,125,000	-	-	(200,000)	1,925,000	-
4-Jun-14	30-Jun-15	31-Dec-15	nil	562,500	-	(562,500)	-	-	-
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	-	-	-	750,000	-
1-Jul-15	30-Jun-17	31-Dec-17	nil	-	4,975,000	-	(250,000)	4,725,000	-
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	-	-	1,325,000	-
Total				8,377,418	7,600,000	(2,687,500)	(1,952,418)	11,337,500	-

24. SHARE BASED PAYMENTS

The weighted average exercise price of all performance rights granted was nil.

The fair value of the equity-settled performance rights granted under the Performance Rights Plan is estimated as at the date of grant using a Monte Carlo model taking into account the terms and conditions upon which the performance rights were granted.

The following table lists the inputs to the model used for the performance rights in existence during the year ended 30 June 2016 and 30 June 2017.

Grant date	Exercise price	Expected life of performance rights (years)	Price of underlying shares at grant date	Volatility (%) – Perseus share price	Volatility (%) – per group range	Dividends expected on shares	Risk-free interest rate (%) - range	Performance period
25-Nov-12	nil	2.6	$2.45	43.2%	32.3% - 133.1%	nil	2.74%	01/07/2012 - 30/06/2015
1-Jan-13	nil	2.5	$2.10	43.4%	35.7% - 133.1%	nil	2.67%	01/07/2012 - 30/06/2015
1-Jan-14	nil	1.5	$0.25	137.5%	47.5% - 137.5%	nil	2.68%	01/01/2014 - 30/06/2015
1-Jan-14	nil	3.0	$0.25	84.7%	45.1% - 91.7%	nil	2.91%	01/01/2014 - 31/12/2016
4-Jun-14	nil	1.1	$0.31	103.1%	57.8% - 118%	nil	2.69%	01/01/2014 - 30/06/2015
4-Jun-14	nil	2.6	$0.31	83.2%	50.7% - 85.1%	nil	2.87%	01/01/2014 - 31/12/2016
1-Jan-15	nil	1.5	$0.26	94.0%	55.0% - 110.7%	nil	2.15%	01/01/2015 – 30/06/2016
1-Jan-15	nil	3.0	$0.26	217.2%	52.0% - 113.3%	nil	2.11%	01/01/2015 – 31/12/2017
1-Jul-15	nil	2.0	$0.42	86.8%	42.2% - 98.2%	nil	1.92%	01/07/2015 – 30/06/2017
20-Nov-15	nil	2.0	$0.42	71.9%	42.5% - 83.4%	nil	1.92%	01/07/2015 – 30/06/2017
20-Nov-15	nil	3.0	$0.42	74.0%	50.6% - 82.7%	nil	1.95%	01/07/2015 – 30/06/2018
13-Jan-16	nil	1.0	$0.33	75.7%	48.1% - 82.9%	nil	1.95%	01/01/2016 – 31/12/2016
17-Aug-16	nil	0.9	$0.53	77.9%	0.7%-86.5%	nil	1.57%	01/07/2016 – 30/06/2017
17-Aug-16	nil	1.9	$0.53	78.8%	48.7%-170.0%	nil	1.57%	01/07/2016 – 30/06/2018
12-Oct-16	nil	0.7	$0.48	78.8%	3.9%-85.1%	nil	1.57%	01/07/2016 – 30/06/2017
12-Oct-16	nil	1.7	$0.48	78.2%	48.9%-169.4%	nil	1.57%	01/07/2016 – 30/06/2018
12-Oct-16	nil	2.7	$0.48	79.8%	49.5%-143.2%	nil	1.52%	01/07/2016 – 30/06/2019
25-Nov-16	nil	0.6	$0.54	80.8%	3.6%-89.9%	nil	1.57%	01/07/2016 – 30/06/2017
25-Nov-16	nil	1.1	$0.54	75.1%	3.7%-79.4%	nil	1.57%	01/07/2016 – 31/12/2017
25-Nov-16	nil	1.6	$0.54	78.6%	49.9%-168.4%	nil	1.57%	01/07/2016 – 30/06/2018
25-Nov-16	nil	2.1	$0.54	78.9%	47.4%-167.0%	nil	1.52%	01/07/2016 – 31/12/2018
25-Nov-16	nil	2.6	$0.54	78.3%	49.0%-132.7%	nil	1.52%	01/07/2016 – 30/06/2019

The expected life of the performance rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumptions that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. Refer to table 4 of the remuneration report for the fair value of the performance rights at the grant date.

24. SHARE BASED PAYMENTS (continued)

RECOGNITION & MEASUREMENT

Share based compensation benefits are provided to employees, consultants and contractors via the Perseus Mining Limited Employee Option Plan and the Performance Rights Plan.

The fair value of options or performance rights granted under the Perseus Mining Limited's Employee Option Plan or the Performance Rights Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options or performance rights granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specific vesting conditions are to be satisfied. At the end of each reporting period, the group revises its estimate of the number of options or performance rights that are expected to become vested. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to equity.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

25. DISPOSAL GROUP HELD FOR SALE

The Burkinabe subsidiaries that that were acquired by Perseus through the Amara acquisition were previously presented as a disposal group held for sale as the decision to sell the assets was made by the Amara Board on 4 December 2014 and negotiations were ongoing by Perseus to sell the Burkinabe assets. The subsidiaries held for sale were Kalsaka Mining SA, Cluff Gold Sega Sarl and Cluff Mining Burkina Sarl. The disposal group was treated as a discontinued operation until Perseus lost control of the entities after the entities were placed into liquidation during the year. Kalsaka Mining SA was placed into liquidation on 14 February 2017 whilst both Cluff Gold Sega Sarl and Cluff Mining Burkina Sarl were placed into liquidation on 23 March 2017. These entities have been deconsolidated from the group as at the dates of liquidation.

At 30 June 2017, the disposal group comprised the following assets and liabilities following the liquidation:

	2017 $'000	2016 $'000
Assets of disposal group held for sale		
Property, plant and equipment	-	6,447
Inventory	-	53
Other receivables and recoverable taxes	-	2,022
Cash and cash equivalents	-	3,767
Total assets of disposal group held for sale	-	12,289
Liabilities of disposal group held for sale		
Trade and other payables	-	8,822
Provisions	-	4,954
Total liabilities of disposal group held for sale	-	13,776

There is $3.4 million classified as other expenses included in other comprehensive income relating to the liquidation of the disposal group.

25. DISPOSAL GROUP HELD FOR SALE (continued)

RECOGNITION & MEASUREMENT

The group classifies assets (or disposal group) as held for sale if it is highly probable that the carrying amount of those assets will be recovered principally through a sale transaction within 12 months, rather than through continuing use. The group measures assets (or disposal group) classified as held for sale at the lower of the carrying amount and fair value less costs to sell.

26. SUMMARY OF OTHER SIGNIFICANT ACCOUNTING POLICIES

Other significant accounting policies adopted in the preparation of these consolidated financial statements are set out in relevant sections of the notes and below. These policies have been consistently applied to all the years presented, unless otherwise stated. Where necessary, comparative information has been restated to conform with changes in presentation in the current year.

(a) Basis of preparation

New and amended Standards and Interpretations adopted by the group

In the year ended 30 June 2017, the group reviewed and has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective from 1 July 2016, including:

(i) AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*

Part A makes consequential amendments arising from the issuance of AASB CF 2013-1 *Amendments to the Australian Conceptual Framework*.

Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 *Materiality* and also makes minor editorial amendments to various other standards.

AASB 2013-9 is applicable to annual reporting periods beginning on or after 1 January 2016 and has been adopted in this financial report. The group has applied the new standard and its application has had no impact on the composition of the group as they are largely of the nature of clarification of existing requirements and additional disclosures introduced.

(i) AASB 2015-3 *Amendments to Australian Accounting Standards* arising from the Withdrawal of AASB 1031 *Materiality*

The Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn.

AASB 2013-9 is applicable to annual reporting periods beginning on or after 1 July 2016 and has no material impact on the composition of the group.

Accounting standards and interpretations issued but not yet effective

At the date of the authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the group. Management anticipates that all of the relevant pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement.

(i) AASB 9 *Financial Instruments* (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.

Classification and measurement

AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described over.

26. SUMMARY OF OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

- Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

Financial liabilities

Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
- The remaining change is presented in profit or loss

AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.

Impairment

The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Hedge accounting

Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.

The application date of this standard is 1 January 2018 and management has assessed its impact on the group. The following highlights the anticipated impact of the adoption of this standard to the group:

- The classification of financial assets and financial liabilities are anticipated not to change under AASB 9 as current accounting treatment is consistent with this new standard;
- The changes to hedge accounting under this new standard are anticipated to not have an impact on the group as current accounting treatment is consistent with this new standard; and
- The new model for determining impairment based on expected credit losses is also not anticipated to have an impact on the group as sales are to a large international institution with a strong credit rating, there has been no history of default and receivables are short-term in nature. However, this expected credit loss model for impairment determination has been identified as potentially affecting the inter-company loans between group companies, but this has been identified as not having an effect on a consolidated basis although it may have an impact on parent entity disclosures.

26. SUMMARY OF OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) AASB 15 *Revenue from contracts with customers* replaces the existing revenue recognition standards AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related interpretations (Interpretation 13 C*ustomer Loyalty Programmes*, Interpretation 15 *Agreements for the Construction of Real Estate*, Interpretation 18 *Transfers of Assets from Customers*, Interpretation 131 *Revenue—Barter Transactions Involving Advertising Services* and Interpretation 1042 *Subscriber Acquisition Costs in the Telecommunications Industry*). AASB 15 incorporates the requirements of IFRS 15 *Revenue from contracts with customers* issued by the IASB and developed jointly with the US Financial Accounting Standards Board ("FASB")

The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under AASB 15, an assessment of contractual arrangements is currently in progress and management has assessed its impact on the group. Management has focused on the identification of which areas of the standard will impact the group the most and through analysing the bullion sales process in place as well as related agreements. The timing of revenue recognition is anticipated to be the only change as the timing of control to customers is anticipated to be deferred compared to the current standard's point of revenue recognition, but only by a matter of days.

This will not have a material quantitative impact on the group as this quantitative impact only relates to bullion sales at the start and end of any financial year. Management anticipates that bullion sales that move to the next financial year at the end of a reporting period will be offset by bullion sales that move to that financial year from a previous financial year, thereby making the quantitative impact of this change in timing caused by this standard immaterial.
AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted.

(iii) AASB 16 Leases replaces AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases – Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Standard will provide a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The new Standard introduces three main changes:

- Enhanced guidance on identifying whether a contract contains a lease;
- A completely new leases accounting model for lessees that require lessees to recognise all leases on balance sheet, except for short-term leases and leases of low value assets; and
- Enhanced disclosures.

Lessor accounting will not significantly change.

The application date of this standard is 1 January 2019 and management has commenced assessment of its impact on the group. Management has focused on the identification of which areas of the standard which will impact the group the most. The focus of current analysis is a review of contracts currently in place with an aim to ascertain if there will be any change to how these are accounted under this new standard and how this will impact the financial reporting of the group.

It is anticipated that there potentially will be a recognition of lease assets and lease liabilities that have a term greater than 12 months that are currently classified as operating leases. As a result of the recognition of these lease assets and liabilities, it is anticipated that there will be additional depreciation expense and interest charges on lease liabilities compared to what is recognised under the current standard. Furthermore, a decrease in the general and administrative costs and/or production costs is also anticipated to correspond to this. The group has not quantified these impacts at this time.

Notes to the **Financial Statements**

For the year ended 30 June 2017

26. SUMMARY OF OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Perseus Mining Limited (the 'company' or 'parent entity') as at 30 June 2017 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including special purpose entities) controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity.

Subsidiaries are fully consolidated from the date in which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognised within equity attributable to owners of the parent entity.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Foreign currency transactions and balances

(i) Functional and presentation currency

Items included in the financial statements of each entity within the group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis.

26. SUMMARY OF OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position are translated at the closing rate at the balance date;
- income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the translation reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The functional currencies of the Perseus Mining Limited's overseas subsidiaries are as follows:

Jurisdiction	Entity	Functional currency
Ghana	Kojina Resources Limited	United States dollars (USD)
	Sun Gold Resources Limited	United States dollars (USD)
	Perseus Mining (Ghana) Limited	United States dollars (USD)
Côte d'Ivoire	Occidental Gold Sarl	CFA[1] francs (XOF)
	Perex Sarl	CFA[1] francs (XOF)
	Perseus Mining Côte d'Ivoire SA	CFA[1] francs (XOF)
	Perseus Services Sarl	CFA[1] francs (XOF)
	Perseus Yaouré sarl	CFA[1] francs (XOF)
	Yaouré Mining SA	CFA[1] francs (XOF)
United Kingdom	Amara Mining Limited	United States dollars (USD)
	Amara Mining (Burkina) Limited	United States dollars (USD)
	Amara Mining (Sierra Leone) Limited	United States dollars (USD)
	Amara Mining (Côte d'Ivoire) Limited	United States dollars (USD)

1. Communauté Financière d'Afrique (Financial Community of Africa)

26. SUMMARY OF OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or other payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

27. CONTINGENCIES

(a) Tax

Consistent with industry practice in Ghana, PMGL is currently undergoing a tax audit in connection with its 30 June 2010, 2011 and 2012 income tax returns. Various matters are currently being discussed as part of the audit process and to date the GRA has not issued PMGL with a formal report on its findings. Based on management's understanding of the matters currently under discussion they do not believe that the group will ultimately have any material exposure as a result of the current tax audit.

There were no other known contingent liabilities identified at 30 June 2017.

28. 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	
	2017 $'000	2016 $'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

(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$2.2 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.

Notes to the **Financial Statements**

For the year ended 30 June 2017

28. COMMITMENTS (continued)

(c) Operating lease commitments

The company leases office premises under normal commercial arrangements. The lease is for a period of 6.5 years beginning 1 October 2016. The company is under no legal obligation to renew the lease once the lease term has expired.

Future minimum lease payments payable under non-cancellable operating leases at 30 June 2017 are as follows:

Within one year	**262**	303
One year or later and not later than five years	**1,339**	-
	1,601	303

Total operating lease expenditure was $0.3 million for the year ended 30 June 2017 (30 June 2016: $0.4 million).

29. EVENTS OCCURING AFTER THE END OF THE REPORTING PERIOD

Since the end of the financial year 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 years other than:

1) On 3 August 2017, 8,958,334 performance rights were issued to employees at nil consideration as part of employee remuneration.
2) On 18 July 2017, 5,641,668 performance rights that had previously been issued to employees were determined not to have vested under the terms of the company's Performance Rights Plan and as a result were cancelled.
3) Documentation for the US$40 million Sissingué Project debt facility was executed on 18 July 2017.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Perseus Mining Limited (the 'company'):

(a) The financial statement and notes for the financial year ended 30 June 2017 are in accordance with the Corporations Act 2001, including:

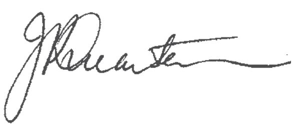
(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year then on that date; and

(i) complying with Australian Accounting Standards, 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.

(c) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 26.

2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.



J A Quartermaine
Managing director

Dated at Perth, 30 August 2017

Auditor’s Independence **Report**

to the Directors of Perseus Mining Limited Statements

Ernst & Young
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Independent auditor’s report to the Members of Perseus Mining Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Perseus Mining Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

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1. Impairment assessment of non-current assets

Why significant	How our audit addressed the key audit matter
The Group's non-current assets comprising property, plant and equipment of \$299,622,000 and mine properties of \$252,884,000 are required to be assessed for indicators of impairment in accordance with the Group's accounting policies at each reporting date and, where impairment indicators are identified, the applicable Cash Generating Unit (CGU) is required to be tested for impairment. As at 30 June 2017, the Edikan and Sissingue CGU's were tested for impairment and the CGU recoverable amounts were determined based on the present value of the future cash-flows expected to be derived from each CGU. As disclosed in note 2 to the financial report, the CGU recoverable amounts are highly sensitivity to changes in key assumptions including discount rates, estimated gold prices, the size and grades of ore bodies and operating and capital costs. No impairment was recognised for the Edikan and Sissingue CGU's during the year ended 30 June 2017. In addition, the Group has capitalised mineral interest acquisition and exploration expenditure of \$183,956,000 at 30 June 2017. Significant judgment is involved in determining whether there are indicators of impairment to require capitalised mineral interest acquisition and exploration expenditure to be tested for impairment. As disclosed in note 11 to the financial report, determining whether impairment indicators are present includes assessing whether the Group will be able to maintain tenure of the applicable areas of interest, whether ongoing expenditure will be incurred and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. During the year the Group recognised an impairment write-down of capitalised mineral interest acquisition and exploration expenditure of \$16,100,000 relating to the Nsuaem and Nkotumso projects.	With respect to both the Edikan and Sissingue CGU's, as there were indicators of impairment, we assessed the appropriateness of the recoverable amounts determined by the Group. In performing our procedures we: ▶ Considered the Group's assessment of impairment indicators and considered whether all indicators of impairment had been identified. ▶ Assessed whether forecasted production, operating and capital expenditure used for the impairment testing were aligned to the latest life of mine plans and reserve and resource statements. ▶ Assessed prior year budgets against actuals to identify areas where actual results were materially different to budgeted results to understand how these difference were considered and factored into the current year impairment assessment. ▶ Considered whether all appropriate assets and liabilities were included in the CGU carrying values. ▶ Evaluated the competency and objectivity of the Group's internal experts who produced the reserve statements utilised within the impairment assessments by considering their professional qualifications and expertise. ▶ Involved our valuation specialists to assess the discount rates and gold prices with reference to market prices (where available), market research, market practice, market indices, broker consensus and historical performance. ▶ Performed sensitivity analysis on key assumptions to assess the impact that they have on the recoverable amount. ▶ Considered whether the financial report appropriately discloses the key estimates in determining the recoverable values. For mineral interest acquisition and exploration expenditure assets we considered the Group's assessment as to whether there were indicators to require an area of interest to be tested for impairment. Where indicators were identified we assessed the appropriateness of the resulting impairment write-down. In doing so, we: ▶ Assessed the Group's right to tenure by obtaining and assessing supporting documentation such as license agreements or renewals and any correspondence with relevant government agencies in connection with the renewal process. ▶ Understood the Group's intention to carry out significant exploration and evaluation activities through reviewing approved exploration budgets and discussions with the Group. ▶ Considered the status of feasibility studies, where applicable, to assess whether this provided any indication that the area of interest may not be commercially viable. We involved our valuation specialists in this process. ▶ Assessed whether the appropriate asset carrying values were included for determining the impairment write-down of \$16,100,000.

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Auditor's Independence **Report**

to the Directors of Perseus Mining Limited Statements (continued)

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Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Perseus Mining Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Auditor's Independence **Report**

to the Directors of Perseus Mining Limited Statements (continued)

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Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
30 August 2017

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Mineral Concession Interests at 12 September 2017

Concession name and type	Registered Holder	File/Permit Number	Perseus's current equity interest	Maximum equity interest capable of being earned	Notes 1
Location - Ghana					
Edikan Gold Mine (EGM) Leases	Perseus Mining (Ghana) Ltd		90%	90%	2,3
- Ayanfuri mining lease	('PMGL')	ML6/15			
- Nanankaw mining lease		ML3/2			
Dadieso Prospecting Licence	Perseus Mining (Ghana) Ltd	PL6/15	90%	90%	2,3
Nsuaem Licence	Perseus Mining (Ghana) Ltd	PL3/26	90%	90%	2
Dunkwa Prospecting Licence	Perseus Mining (Ghana) Ltd	PL3/27	90%	90%	2, 10
Grumesa-Awisam Prospecting Licence	Sun Gold Resources Limited	PL2/30	90%	90%	4
Kwatechi Prospecting Licence	Tropical Exploration and Mining Company Limited	PL3/64		76%	5, 6
Nkotumso Prospecting Licence	W.D. Mining Limited	PL 3/29	16%	90%	7
Location – Côte d'Ivoire					
Sissingué Exploitation Permit	Perseus Mining Côte d'Ivoire S.A.	PE39	86%	86%	4,8,9
Yaouré ExplorationPermit	Perseus Yaouré s.a.r.l.	PR168	90%	90%	
Yaouré ExplorationPermit	Perseus Yaouré s.a.r.l.	PR397	90%	90%	
Yaouré West Exploration Permit	Perseus Yaouré s.a.r.l.	PR 615	100%	90%	
Yaouré East Exploration Permit	Perseus Yaouré s.a.r.l.	PR 577	100%	90%	
Mahalé Exploration Permit	Occidental Gold s.a.r.l.	PR 259	90%	90%	13
M'Bengué East Exploration Permit	Occidental Gold s.a.r.l.	PR 272	90%	90%	
Napié Exploration Permit	Occidental Gold s.a.r.l.	PR 281	80%	80%	12
Zouhan-Hounien Exploration Permit	Generale des Mines et Carrieres (GEMICA) s.a.r.l.	PR 610	93%	86.5%	11
Kounahiri Exploration Permit	Generale des Mines et Carrieres (GEMICA) s.a.r.l.	PR455	93%	86.5%	11

Mineral Concession Interests at 12 September 2017

Notes

1. The Governments of Ghana, Côte d'Ivoire and Burkina Faso are entitled to a 10% equity interest in mining companies owning projects. Perseus's quoted equity is after allowance for that national interest, which occurs when a new project company is established prior to commencement of mining.

   Production royalties are payable to the Governments of Ghana (5%), Côte d'Ivoire (3-6% depending on the gold price) and Burkina Faso (3-5% depending on the gold price).

2. A royalty of 0.25% of gold produced from the Edikan Gold Mine ("EGM") Licences and the Dadieso, Nsuaem and Dunkwa Licences is payable pursuant to the contract to purchase PMGL.

3. Under the terms of the contract to purchase the EGM Licences and the Dadieso Licence, PMGL is required to pay a 1.5% royalty on gold production.

4. A royalty of 0.5% of the value of minerals recovered from the licence is payable to the vendors of the exploration licence.

5. The Company has the right to earn a 76% interest in the property by funding the development of the project to profitable production. Joint venture partners, Tropical and Leo Shield, each retain a 7% interest which is convertible to a 1.25% net smelter royalty at the option of those parties within 30 days of completion of a feasibility study. The Company can withdraw from the joint venture at any time and is required to pay US$3,600 to Tropical annually whilst it remains in the joint venture.

6. The Company has been advised by Ghana Minerals Commission that this property has been forfeited on the grounds that a renewal had not been applied for; however the Company believes that the correct renewal procedures were followed and the decision is under appeal.

7. The Company has an option exercisable on or before 26 July 2021 to purchase the Nkotumso prospecting licence for US$10 plus US$3 per ounce royalty of gold produced.

8. The joint venture partner is free carried to production with costs subsequently recoverable by Perseus from production.

9. A royalty of US$0.80 per ounce of gold produced from the licence is payable. The exploitation permit is valid for 6 years from August 2012 and may be extended.

10. The Dunkwa licence is in the process of being split into three separate licences, to be named Dunkwa, Ahinforoso and Betenase. Perseus intends to surrender Dunkwa and Ahinforoso. An option agreement has been entered into with a Ghanaian subsidiary of Canadian explorer Asante Gold Limited in respect of the Betenase licence. Under the option agreement, Asante has the option to purchase the Betenase licence for a consideration of US$1 million and a 0.75% net smelter royalty. In addition, Asante will assume the obligation to pay the royalty referred to in note 2 above in respect of the area of the former Dunkwa licence now covered by the Betenase licence.

11. The Company has a 93% interest in the GEMICA permits and has the option to acquire half (i.e. 3.5%) of GEMICA's interest at any time for US$ 1,000,000. The 10% statutory Government interest will be issued from Perseus's interest, thereby reducing Perseus's interest to a maximum of 86.5%.

12. The Company has entered into a farm-in agreement with Australian explorer Mako Gold Limited pursuant to which Mako has the right to earn up to a 75% interest in the permit by sole funding until completion of a feasibility study.

13. The Company has applied for an Exploitation Permit covering 40 km2 surrounding the Bélé East and West deposits. This application remains pending.

Mineral permits and licences in which Perseus has an interest are subject to renewal from time to time in accordance with the relevant legislation of the governing jurisdiction and Perseus's compliance therewith.

Additional Shareholder Information

The shareholder information set out below was applicable as at 11 September 2017.

SUBSTANTIAL SHAREHOLDERS

Holdings of substantial shareholders as advised to the Company are set out below.

Name of Holder	Number of Ordinary Shares
Franklin Resources, Inc and associates	79,661,412
Van Eck Associates Corporation and associates	52,555,999

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

Size of Holding	Number of Holders
1 to 1,000	1,104
1,001 to 5,000	1,628
5,001 to 10,000	929
10,001 to 100,000	2,004
100,001 and over	440
	6,105

The number of shareholdings comprising less than a marketable parcel was 1,270.

VOTING RIGHTS

The voting rights attaching to ordinary shares are governed by the Constitution. On a show of hands every person present who is a member or representative of a member shall have one vote and on a poll, every member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. None of the options has any voting rights.

Size of Holding	Number of Holders	% Held
HSBC Custody Nominees (Australia) Limited	332,882,838	32.22
JP Morgan Nominees Australia Limited	190,698,779	18.46
CDS & Co	64,972,935	6.29
Citicorp Nominees Pty Limited	62,372,914	6.04
Nortrust Nominees Limited	43,389,355	4.20
BNP Paribas Noms Pty Ltd - DRP	14,722,390	1.42
National Nominees Limited	14,510,128	1.40
BNP Paribas Nominees Pty Ltd - IB AU Noms Retail Client DRP	14,070,362	1.36
BNP Paribas Nominees Pty Ltd – Peel Hunt Clts Asset DRP	13,076,854	1.27
Vidacos Nominees Limited	10,967,820	1.06
Mr Meng Luo & Mrs Lan Su	8,898,000	0.86
Geared Investments Pty Ltd	7,356,000	0.71
Tsou Enterprise Pty Ltd	6,902,842	0.67
John Berenberg Gossler & Co KG	3,591,868	0.35
BNP Paribas Nominees Pty Ltd – Agency Lending DRP	3,469,503	0.34
Denman Income Limited	3,350,000	0.32
TD Direct Investing Nominees (Europe) Limited	3,234,262	0.31
State Street Nominees Limited	2,567,315	0.25
PS Consulting Pty Ltd	2,500,000	0.24
Hargeaves Lansdown (Nominees) Limited	2,265,503	0.22
	805,867,272	78.00


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