

7 March 2006

## EXPLORATION UPDATE

### HIGHLIGHTS

#### Tengrela – Ivory Coast

- Wide spaced RAB traverse drilling on the first two of nine soil anomalies to be tested on the Tengrela gold project in Ivory Coast has returned additional significant intercepts including **25m\* at 3.2g/t, 4m at 42.6g/t, 31m\* at 1.4g/t, 8m at 3.4g/t, 29m at 1.1g/t, 28m at 1.0g/t, 4m at 5.0g/t and 12m at 1.7g/t Au**. Previously announced results included 33m\* at 11.1g/t, 26m\* at 0.9g/t, 32m\* at 0.8g/t and 29m\* at 0.7g/t Au.
- Significant gold mineralisation encountered on all 10 wide spaced RAB drilling traverses completed to date highlight the potential not only of the Sissingue and Kanakono anomalies, but of the whole Tengrela project. These two anomalies cover 11km of the northernmost 20km of the 55km strike of the Syama gold belt within the Tengrela project. Tengrela lies immediately south of the Syama and Tabakoroni deposits in Mali.
- 9km of the northernmost 20km of the Syama belt within Tengrela has not been soil sampled since it is largely covered by transported material, so it now represents a priority target for additional reconnaissance drilling after soil anomalies along the remaining 35km portion of the Syama gold belt are drilled.

#### Tolubay – Kyrgyz Republic

- Results from diamond drilling on Section 251,800E, 80m west of the original drill section at Obdilla, confirm the continuation of gold mineralisation associated with the east-west faulting at Obdilla. Drill hole ZDDH012 intercepted **79m at 1.7g/t Au** from 32m, including **20m at 3.2g/t Au** from 85m. This intercept is interpreted as extending from 30 m to 80m from the fault zone controlling mineralisation at Obdilla, with gold grades increasing closer to the fault. This is consistent with the previous results from Section 251,800 E, where a 70-80m wide mineralised zone was delineated. A drill pad will be prepared to test higher grade gold mineralisation identified in trenches closer to the fault.
- Early drill results from a section 1.1km further west have also confirmed the existence of the auriferous Tolubai suite. The structure is more complicated in this western zone, with a number of east-west trending faults identified to date.

#### Other

- Positive results from column tests and other scoping work on the Grumesa heap leach option indicate that a feasibility study for an on site 1.5Mtpa, 50,000 oz pa operation with an expected high IRR is justified.
- Further trenching on the Kobo North prospect at Kwatechi in Ghana has extended high grade mineralization with an open ended intercept of **20m @ 6.8g/t Au**.

*\* denotes holes that ended in mineralisation*

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## **Tengrela**

Perseus has completed 219 RAB drill holes totaling 9,333 metres on wide spaced traverses on the Sissingue and Kanakono soil anomalies at Tengrela, its 80% owned project in northern Ivory Coast.

The latest RAB drilling results have confirmed a continuation of significant gold mineralization reported from the first batch. Intercepts of note, set out in the table below, included 25m\* at 3.2g/t, 4m\* at 42.6g/t, 31m\* at 1.4g/t, 8m at 3.4g/t, 29m at 1.1g/t, 28m at 1.0g/t, 4m at 5.0g/t and 12m at 1.7g/t Au. Previously announced results included 33m\* at 11.1g/t, 26m\* at 0.9g/t, 32m\* at 0.8g/t and 29m\* at 0.7g/t Au.

The Sissingue and Kanakono soil anomalies have a combined strike length of 11km within the northern 20km of the 55km strike of the Syama gold belt running through Tengrela and extending south from Syama and Tabakoroni in Mali. Significantly, much of 20km strike of the prospective corridor was not soil sampled due to the transported cover. Satellite imagery and drilling has confirmed that transported cover is more extensive than previously interpreted.

The abundance of significant drill intercepts from multiple trends encountered on the wide RAB traverses and the extensive nature and depth of ancient gold workings encountered while drilling highlight the potential of this poorly explored portion of the Syama gold belt.

Drilling is currently suspended due to compressor problems. When drilling recommences, the series of soil anomalies over the southern 35km strike of the Syama gold belt within the Tengrela East and South permits will be tested.

Perseus has sourced a second, larger, multi purpose drill rig to undertake follow up drilling at Tengrela. Subject to completion of contractual arrangements, the larger rig is expected to be on site within about two months.

## **Tolubay**

Drilling is continuing on the Obdilla prospect on the 100% owned Tolubay licence in the Kyrgyz Republic.

Drill holes ZDDH011, 12 and 13 were drilled on section 251,800E, approximately 80m west of ZDDH006-009. ZDDH012 intercepted 79m at 1.7g/t Au from 32m, including 20m at 3.2g/t Au from 85m, ZDDH011 intercepted 78m at 0.5g/t Au from 39m including 1m at 4.0g/t from 42m, 11m at 1.2g/t from 65m and 12m at 0.9g/t Au from 95m. Results from the relatively deep ZDDH013 included 92m at 0.5 g/t from 132m, including 15m at 1.1g/t from 135m, ZDDH013 has confirmed mineralisation extends to at least 270m depth.

Trenches 7 and 41, located at surface about 100m above ZDDH011 and 65m above ZDDH012, intercepted 70m at 2.0g/t and 78m at 1.7g/t Au respectively. Additional drilling from a pad closer to the fault is required on this section to test the likely higher grade zone between the trenches and ZDDH012 (refer to attached figure).

Drill results to date from sections 251,800E and 251,880E indicate that gold grades in the Tolubai suite are strongest in proximity to a thrust fault and gradually decrease to the south, with values above 2g/t Au being limited to 60 - 90m from the fault. Drill holes ZDDH011 and 013 are located on average 90 to 150m south of the interpreted main thrust. The depth of higher grade mineralization on these sections is limited by the lower limit of the Tolubai suite, which occurs at average of 80m below surface on section 251,880E and at average 95m below surface on section 251,800E.

On section 251,970E, ZDDH015 and ZDDH016 have been completed. ZDDH015 intercepted 68m of mineralised Tolubai siltstone from 15.9m, drill logs for ZDDH016 are not yet available

Drilling in the west has been slow, with the two drill holes attempted to date both abandoned in the mineralized Tolubai suite due to difficult ground conditions in the overlying limestone. ZDDH010 intercepted 11.4m at 0.9g/t Au from 132.6m and 12m at 0.5g/t from 152 to 164m (end of hole). ZDDH014 intercepted 20m at 0.6g/t Au from 42m and 8m at 0.4g/t Au from 96m. ZDDH014b is currently being drilled over the top of ZDDH014 to extend drilling to depth. The geology in the west is more complex, with multiple thrust faults and repeated exposures of mineralised Tolubai suite.

Drill pad preparation is well advanced at Obdilla, with 15 pads completed on the main zone and access roads to the two remaining pads underway. Drilling has taken place from five of the pads. A third rig has been commissioned to commence drilling as soon as possible on the recently completed central pads. Channel sampling along the newly constructed drill access roads has intercepted significant gold mineralization, including 35m at 1.9g/t Au adjacent to a previously open ended trench intercept of 16m at 2.5g/t Au.

A mineralisation zone of over 2,000m long and up to 200m wide has been defined so far at Obdilla through trenching. In the current program, 40 diamond drill holes for approximately 7,500 metres are planned to enable an initial resource estimate to be made.

## **Grumesa**

Results from scoping and feasibility work on the Kayeya gold deposit on the 90% owned Grumesa indicate that a feasibility study for an on site 1.5Mtpa, 50,000 oz pa operation with an expected high IRR is justified.

Engineering studies undertaken in December have highlighted potential for a relatively low capital requirement and subsequent optimization work indicates that the project could have a high IRR at a >\$500 gold price. Previously reported column test work which returned an average 72% recovery from non-oxide material, significantly enhanced the depth potential of the typically low grade mineralisation.

Further engineering studies, additional metallurgy, reserve drilling and modifications to the draft environmental impact study will be required to complete the feasibility study.

Low grade inferred resources are 15.1 Mt at 0.9g/t for 450,000 ounces of contained gold but there is potential to substantially increase these resources as the average drill hole depth to date at Grumesa is about 25m vertical over the mineralized area, which covers more than 2 sq km.

## **Kwatechi**

On the Kwatechi project, where Perseus is earning a 76% equity, further trenching on the Kobo North prospect was undertaken to determine the orientation of high grade veining. North - south trenches were completed at right angles to previously reported east west trench KWAT01, which intercepted 10m at 14.3g/t Au. The 20m long northern trench averaged 6.8g/t Au, including an open ended 8m at 13.2g/t and 9m at 3.3g/t Au. The 15m long southern trench average 1.1g/t Au. Gold mineralization at Kobo North appears to be contained within a 20m wide NE striking corridor and is related to veining, which apparently dips to the NE. The large blow outs in veining are high grade, highlighting the exploration potential at Kobo North.

To discuss any aspect of this announcement, please contact Mark Calderwood on calderwoodm@perseusmining.com.



Mark Calderwood  
Managing Director

*Perseus is a gold exploration company exploring for large gold deposits within regions that: have numerous "World Class" gold deposits; have significant existing gold production and growing reserve inventories; remain amongst the least explored by modern techniques; and include countries in which the Directors and Perseus staff have substantial experience.*

*Current Activities: Resource drilling underway at Obdilla (Tolubay Project) in the Kyrgyz Republic; Large (20,000m) exploration drill program underway on the Tengrela Project in Ivory Coast to test regionally significant soil anomalies; Feasibility study in progress at the Grumesa Project in Ghana .*

The information in this report that relates to exploration results is based on information compiled by Mr Mark Calderwood, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Calderwood is a Director and full-time employee of the Company. Mr Calderwood has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Calderwood consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

## Drill Intercepts – Sissingue and Kanakono Prospects – Tengrela Gold Project – Ivory Coast.

Hole	East (m)	North (m)	Depth (m)	Azm (°)	Incl. (°)	From (m)	To (m)	Width (m)	Au g/t
SRB080	1154600	806582	48	90	-60	8	48*	40	0.2
SRB081	1154602	806616	47	90	-60 incl.	20 24	40 36	29 12	1.1 1.5
SRB082	1154600	806645	51	90	-60 incl.	0 20 24 44	4 51* 28 51*	4 31 4 7	1.0 1.4 3.3 2.4
SRB083	1155300	806060	53	90	-60 incl.	0 28	36 36	36 12	0.6 1.7
SRB085	1155300	806140	56	90	-60 incl.	16 16	44 28	28 12	1.0 1.5
SRB086	1155300	806183	56	90	-60	48	56*	8	0.5
SRB088	1155275	806269	50	90	-60	8 44	20 50*	12 6	0.6 0.8
SRB093	1155300	805938	59	90	-60	44	59*	15	0.5
SRB094	1155300	805982	53	90	-60	0	12	12	0.6
SRB095	1155300	806022	50	90	-60	0	8	8	0.4
SRB096	1155600	806060	48	90	-60	32	36	4	0.4
SRB099	1155600	806018	41	90	-60	8	12	4	1.0
SRB100	1155600	806049	39	90	-60	4 24	8 36	4 12	0.5 0.7
SRB114	1154400	806550	47	90	-60	28	32	4	0.5
SRB116	1154400	806654	29	270	-60 incl.	12 24	29* 29*	17 5	0.5 1.1
SRB117	1154400	806656	49	90	-60	44	49*	5	2.9
SRB118	1154400	806692	49	90	-60 incl.	16 16 40	24 20 49*	8 4 9	1.1 1.7 0.5
SRB122	1154404	806265	51	90	-60	48	51*	3	0.7
SRB123	1154400	806310	18	90	-60	12	18*	6	0.4
SRB124	1154400	806322	59	90	-60	12	24	12	0.3
SRB133	1156400	805462	59	90	-60	32	36	4	1.7
SRB136	1156401	805589	51	90	-60	40	51*	11	0.5
SRB137	1156410	805625	51	90	-60	24	32	8	3.4
SRB138	1156404	805660	51	90	-60	8	16	8	0.3
KKB007	1145383	805796	51	90	-60	4	24	20	0.3
KKB023	1145413	806241	11	90	-60	0	11#	11	0.2
KKB032	1144000	805789	53	90	-60 incl.	28 44	53* 53*	25 9	3.2 5.1
KKB043	1143995	805860	12	90	-60	0	12#	12	0.3
KKB044	1143997	805875	44	90	-60	0 24	4 28	4 4	42.6 1.5
KKB048	1144000	806002	46	90	-60	8	12	4	0.4
KKB061	1142620	806558	22	90	-60	8	12	4	5.0

\* ended in mineralisation.

# entire drill hole mineralized and abandoned due to ancient workings.

Samples were typically 4m composites.

Mineralised intersections were reported where at least one 4m composite sample exceeded 0.4g/t Au.

## Sissingue and Kanakono Prospects - Tengrela Gold Project





