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[Perseus Mining Ltd.](#) (ASX:PRU)(TSX:PRU) pleased to announce details of its updated Life of Mine Plan ("LOMP") for its Edikan Gold Mine in Ghana, West Africa ("Edikan").

HIGHLIGHTS

- Net present value ("NPV") of Edikan's forecast cash flows has increased to US\$287 million (or A\$0.46 per share¹) at a gold price of US\$1,200 per ounce after applying a 10% real discount rate
- Gold production averages 222,000 ounces/annum over Edikan's entire remaining 7.5 years mine life including production of approximately 258,000 ounces/annum for the next 5 years
- A decrease of 10% in the forecast average all-in site cost ("AISC")² in the next 5 years from 1 July 2016 to 30 June 2022 to US\$920 per ounce and an 8% decrease in the average AISC to US\$865 per ounce over the LOMP
- Operating efficiencies achieved over past 3 years will be maintained and further works are planned to deliver incremental efficiency improvements, enhancing Perseus's ability to execute the updated LOMP. These include:
 - Progressive removal of "bottle necks" in the processing plant to improve operability and plant run time, reduce operating costs and frequency of maintenance shutdowns
 - Completion of the installation of a diesel fired power station to provide flexibility of generating power internally or drawing power from the national power grid to mill run time
- Development of the Esuajah South open pit has been deferred with limited impact to the forecast production schedule but provides positive commercial impacts including:
 - A US\$31M (42%) decrease in sustaining capital with US\$44 million now required compared to US\$75 million in the corresponding period in the previous LOMP
 - FY2018 now represents a highly cash generative year with an additional US\$43 million net after tax cash flow generated compared to the previous LOMP
 - Optionality remains to reintroduce the development of the Esuajah South deposit using underground mining techniques later in the mine life
 - Additional cash will be available for allocation to the more productive investments in Perseus's growth pipeline including the Yaouré Gold Project in Cote d'Ivoire
- Independently estimated Proved and Probable Ore Reserves for Edikan total 58.4 Mt of ore grading 1.2 g/t of gold and containing approximately 2.275 million ounces of gold as at 1 March 2016

Notes

¹ Based on expanded post-merger capital base of 815.206 million shares.

² All-In Site Costs include direct production costs, royalties, investment in waste stripping and sustaining capital expenditure. It does not include exploration expenditure, income taxes or corporate costs.

Perseus's Managing Director and CEO, Jeff Quartermaine, commented:

"Our updated Life of Mine Plan for Edikan forecasts an improved operating cost profile for the remaining years of Edikan's mine life and a reduction in required capital expenditure, representing a major strengthening in the outlook of the Perseus group."

"The reshaped forecast cash flow profile from Edikan materially enhances our capacity to finance our project pipeline which will be developed as part of the Company's corporate strategy of transforming from a single-mine, single-country company to a multi-mine, geo-politically diverse mid-tier gold producer."

"Having just completed the acquisition of [Amara Mining plc](#) and with that, the YaouréGold Project and the Baomahun Gold Project, we have upgraded the quality of our asset portfolio and are positioned for material growth in production, cash flow and earnings in the short to medium term."

"The updated LOMP for Edikan underpins this compelling growth story which now relies on our ability to successfully execute all phases of our plan. This is the key focus of Perseus's management team and we are looking forward to delivering strong returns for our shareholders."

UPDATED LIFE OF MINE PLAN FOR EDIKAN GOLD MINE

1. Overview

The updated LOMP for Edikan involves mining and processing of ore from six open pits (Refer to *Figure 1* below) based on optimisation, design and scheduling using a gold price of US\$1,200 per ounce and input parameters based on Perseus's operating experience including costs from recently contracted supply.

To view *Figure 1: Edikan Gold Mine layout*, please visit the following link: <http://media3.marketwire.com/docs/PRU-Figure1.pdf>.

Based on the LOMP, the key forecast operating statistics for Edikan are summarised below in *Tables 1 and 2*.

Table 1: Overview Key Parameters of the updated LOMP

Parameter	Units	Amount
Mining		
Waste mined	Mt	151.4
Ore mined	Mt	47.7
Strip ratio	t:t	3.2
Total contained gold	'000 ounces	1,887
Open pit mine life	years	7.5
Processing		
Total recovered gold	'000 ounces	1,663
Average annual production over life of mine ("LOM")	'000 ounces	222
Average head grade processed over life of mine	g/t	1.1g/t
Average gold recovery rate	%	88.1
Operating and Capital Costs		
Average mining costs	US\$/tonne mined	3.37
Average processing costs	US\$/tonne processed	8.72
Average general & administration ("G&A") costs	US\$/tonne processed	2.26
Royalty	US\$/ounce	81
Sustaining capital	US\$M	43.9
All-in site costs	US\$/ounce	865

Table 2: Annualised Key Parameters of the updated LOMP

Parameter		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Total
PRODUCTION										
Ore mined	Mt	7.5	11.3	11.2	7.6	6.0	4.0	0.1	-	47.7
Waste mined	Mt	42.0	40.7	35.8	19.7	11.5	1.7	-	-	151.4
Total Material Mined	Mt	49.5	52.0	47.0	27.3	17.5	5.7	0.1	-	199.1
Strip ratio	t:t	5.6	3.6	3.2	2.6	1.9	0.4	-	-	3.2
Unit mining costs	US\$/t mined	3.06	3.27	3.34	3.59	3.48	4.34	34.88	-	3.37
Ore processed	Mt	7.2	7.6	7.4	7.0	7.3	7.7	6.1	3.4	53.8
Head grade	g/t gold	1.1	1.3	1.4	1.3	1.1	0.9	0.7	0.6	1.1

Recovery	%	86.0	88.4	89.1	89.1	87.4	87.6	89.4	88.3	88.1
Gold production	'000ozs	226	282	303	253	223	203	118	55	1,663
COSTS										
Unit mining costs	US\$/t mined	3.06	3.27	3.34	3.59	3.48	4.34	34.88	-	3.37
Unit processing costs**	US\$/t milled	8.71	8.38	8.62	9.05	8.66	8.26	9.74	8.41	8.72
Unit G&A costs	US\$/t milled	2.67	2.53	2.59	2.75	1.98	1.88	1.76	1.38	2.26
Production cash costs ¹	US\$/oz	1,033	896	793	713	619	506	644	655	758
Royalties	US\$/oz	82	81	81	81	81	81	81	81	81
Sustaining capital costs ²	US\$/oz	92	19	7	15	11	23	9	68	26
Total all-in site cash cost	US\$/oz	1,207	996	881	809	711	610	734	804	865

¹Includes mining (incl. all waste stripping), processing, general and administration cash costs

²Sustaining capital includes:

Access* to all mining areas	US\$M	10.482	0.000	0.000	0.000	0.000	0.000	0.000	0.000	10.482
Mining infrastructure	US\$M	0.000	0.000	0.000	1.225	0.500	0.000	0.000	0.000	1.725
Processing infrastructure	US\$M	7.400	2.000	1.500	1.500	1.000	1.000	0.500	0.000	14.900
G&A sustaining	US\$M	0.500	0.500	0.500	0.500	0.500	0.500	0.500	0.000	3.500
Tailings storage facility	US\$M	2.500	2.943	0.000	0.000	0.000	0.000	0.000	0.000	5.443
Reclamation & Closure	US\$M	0.000	0.000	0.000	0.466	0.476	3.156	0.000	3.741	7.839
Total sustaining capital	US\$M	20.882	5.443	2.000	3.691	2.476	4.656	1.000	3.741	43.889

Additional Notes to Table 2:

*Access costs include the cost of all forms of compensation to be paid to landholders, acquisition, and development costs for relocation housing including civil works, house construction and project management

**Excludes cost of transporting and refining bullion at US\$0.04 per ounce

1. Comparison of Key Parameters relative to the April 2015 EDIKAN LOMP

Prior to this News Release, the most recent version of the Edikan LOMP was published in April 2015. The updated April 2016 LOMP results in the following changes to the plan relative to the prior version. Note that the data tabulated below in *Table 3* for the April 2015 LOMP has been adjusted for the period prior to 1 July 2016 to provide a valid basis for comparison with the current LOMP.

Table 3: Overview Key Parameters of the updated LOMP

Parameter	Units	2016 LOMP ¹	2015 LOMP ²	% Change
Mining				
Waste mined	Mt	151.4	193.3	(22)
Ore mined	Mt	47.7	48.4	(1)
Strip ratio	t:t	3.2	4.0	(20)
Total contained gold	'000 ounces	1,887	1,923	(2)
Open pit mine life	years	7.5	7.0	7
Processing				
Total gold recovered	'000 ounces	1,663	1,735	(4)
Average LOM production	'000 ounces/annum	222	246	(10)
Average LOM head grade	g/t	1.1	1.2	(8)
Average gold recovery rate	%	88.1	89.7	(2)
Operating and Capital Costs				
Average mining costs	US\$/tonne mined	3.37	3.31	2
Average processing costs	US\$/tonne processed	8.72	9.06	(4)
Average G & A costs	US\$/tonne processed	2.26	2.43	(7)
Royalty	US\$/ounce	81	82	(1)
Sustaining capital	US\$M	43.9	75.4	(42)
All-in site costs	US\$/ounce	865	911	(5)

Notes:

1. LOMP commences 1 July 2016 and ends 31 December 2023
2. FY2016 omitted from 2015 LOMP for comparison purposes

It is intended that the Edikan LOMP will be reassessed annually, taking into account any incremental Mineral Resources delineated during the preceding period and any revisions to design parameters (including, but not limited to, gold price and operating costs) in the design of the pit.

1. Mineral Resources and Ore Reserves

The Mineral Resource estimate for Edikan was prepared by independent consultant, RungePincocKMinarco in accordance with the JORC Code - 2012 Edition on 1 May 2014, and updated in March 2015 and December 2015 to allow for additions to the Chirawewa and Mampong deposits respectively. The estimate below in *Table 5* which includes Measured and Indicated Mineral Resources totalling 144.8Mt grading 1.1 g/t with contained gold of 5.085 million ounces, plus a further 61.4Mt grading 1.0g/t containing 2.00 million ounces of Inferred Mineral Resources, has been amended by Perseus for depletion up to 29 February 2016 to allow for mining in the Fobinso, Fetish and Chirawewa pits.

The updated Ore Reserves summarised below in *Table 4* are based on the re-estimated Edikan Mineral Resource, pit optimisation, design and scheduling, and are also reported in accordance with the JORC code.

Table 4: Edikan's Proved and Probable Ore Reserves as at 1 March 2016

Deposit	Proved Reserves			Probable Reserve			Proved + Probable Reserves		
	Quantity	Grade	Gold	Quantity	Grade	Gold	Quantity	Grade	Gold
	Mt	g/t gold	Koz	Mt	g/t gold	Koz	Mt	g/t gold	Kozs
AF Gap - Fobinso	13.3	1.2	510	2.0	1.0	63	15.3	1.2	573
Fetish	7.4	1.0	236	6.9	1.4	323	14.3	1.2	559
Chirawewa	1.7	1.0	54	2.6	1.3	111	4.3	1.2	165
Bokitsi	0.6	3.5	69	0.2	1.9	9	0.8	3.2	79
Esujah North	11.5	1.0	360	3.8	0.9	114	15.3	1.0	475
Esujah South	5.8	1.8	334	0.9	1.9	57	6.7	1.8	391
Stockpile	1.8	0.6	33	-	-	-	1.8	0.6	33
Total	42.1	1.2	1,597	16.4	1.3	678	58.4	1.2	2,275

Notes:

1. Estimate has been rounded to reflect accuracy
2. All the estimates are on a dry tonne basis
3. Based on March 2016 Mineral Resource estimation
4. Variable gold cut-off grade based on material type
5. Inferred Mineral Resource is treated as mineralised waste
6. Calculated in March 2016 and allows for mining depletion up to and including 29 February 2016

1. Strengthened gold production profile over the next 5 years

With the aim of maximising the return on funds employed at Edikan, the mining sequence of the pits has been optimised and re-scheduled, excluding the Esujah South Ore Reserve. (Refer to *Figure 2* below.) The result of this rescheduling is that the gold production profile from Edikan remains strong and the net present value of cash flows has not been materially altered by the omission of Esujah South from the mining schedule. (In fact, the NPV of the mine has been improved due to a combination of optimised pit designs, sequence and schedule as well as omission of the Esujah South pit). This rescheduling also ensures that mining and processing will be maintained at a 7Mtpa throughput rate and that the exclusion of the Esujah South deposit does not affect Edikan's production profile in the next 5 years.

Although this change to the LOMP reduces the production forecast for the final 2 years of the mine life, Perseus will endeavour to improve these forecasts through further exploration on the Edikan mining leases and adjoining prospecting licences, as well as by the potential re-inclusion of Esujah South, possibly as an underground mine into the LOMP.

The updated LOMP results in a total of 1.887 million ounces of gold being contained in the ore delivered to the mill during the remainder of its life (including a partial eighth year of production), which is within 2% of the previous version of the LOMP. Assuming a life of mine recovery factor of 88.1%, 1.663 million ounces of gold will be recovered during the remaining years of the mine. This compares favourably to the prior forecast of 1.735 million ounces notwithstanding the omission of the Esujah South deposit from the LOMP.

Table 5: Edikan Mineral Resources as at 1 March 2016

Deposit	Measured Resources			Indicated Resources			Measured + Indicated Resources			Inferred Resources		
	Quantity	Grade	Gold	Quantity	Grade	Gold	Quantity	Grade	Gold	Quantity	Grade	Gold
	Mt	g/t	gold Kozs	Mt	g/t	gold Kozs	Mt	g/t	gold Kozs	Mt	g/t	gold Kozs
AF Gap-Fobinso	28.0	1.1	951	23.7	0.9	677	51.7	1.0	1,628	28.4	0.8	729
Bokitsi	0.7	3.7	86	0.9	2.4	67	1.6	3.0	153	0.8	1.9	49
Fetish	11.9	0.9	360	17.4	1.2	684	29.3	1.1	1,044	11.3	1.2	453
Chirawewa	2.0	1.0	61	4.2	1.3	170	6.2	1.2	231	4.2	1.0	139
Dadieso	-	-	-	-	-	-	-	-	-	5.3	1.5	253
Esujah North	16.9	0.9	494	18.4	0.8	493	35.3	0.9	986	3.6	0.9	105
Esujah South	9.5	1.8	546	7.3	1.6	370	16.8	1.7	916	5.7	1.1	211
Mampong	0.2	0.9	6	3.7	1.0	122	3.9	1.0	128	2.1	1.0	65
Total	69.2	1.1	2,503	75.5	1.1	2,583	144.8	1.1	5,085	61.4	1.0	2,004

Notes:

1. Based on the December 2015 (Mampong), March 2015 (Chirawewa) and May 2014 (other deposits) Mineral Resource estimation.
2. Last updated in March 2016 allowing for mining depletion to 29 February 2016.
3. 0.4g/t gold cut-off applied.
4. Estimate has been rounded to reflect accuracy.
5. The boundary between Mineral Resources included in the Fetish and Bokitsi pits has been modified since calculation of the March 2015 Mineral Resource. The northern portion of the mineralised material that was previously included in the Bokitsi estimate is now included as part of the Fetish estimate.

To view *Figure 2: Edikan Gold Mine scheduled monthly total material movement (tonnes)*, please visit the following link: <http://media3.marketwire.com/docs/PRU-Figure2.pdf>.

1. Improved operating efficiencies

Over the past three years, Perseus has undertaken a series of upgrade works to improve operating efficiencies at Edikan and during calendar year 2016 ("CY2016") this process has continued. These works are being progressively undertaken and are expected to be completed in the December 2016 quarter and will enhance the Company's ability to deliver the updated LOMP.

During CY2016 Perseus expects to invest approximately US\$7.6 million on improvement works in and around the processing plant. This includes upgrades to the conveyor belts, crushing circuit and screens.

It was estimated that a large proportion of Edikan's maintenance team's time has been spent on maintaining parts of the processing plant that are due for modification and that following these works the maintenance team will be able to focus on the smooth-running of the overall operation, therefore improving efficiency and reducing operating costs.

The other major aspect of Perseus's work towards delivering improved operating efficiencies involves addressing the issue of the reliability of power supply and its impact on the run time of the processing plant. At present, Edikan draws its power from the Ghanaian national electricity grid which has had significant issues with inconsistency of supply. In order to ensure that Edikan experiences fewer interruptions to its power supply going forwards, Perseus is intending to maintain a full back-up power supply, independent from the grid, by running its own 20MW power station. This upgrade from 6MW to 20 MW back-up power is expected to cost US\$7.8 million, including import duties but excluding withholding tax, and the new power plant is expected to come on-stream in the September quarter 2016.

Once these works are complete, the mill run time is expected to increase from the historical average of approximately 84% to 91%.

1. Substantial decrease in sustaining capital

The updated LOMP delivers a 42% decrease in sustaining capital over the remaining 7 full years of Edikan's mine life. This significant reduction is primarily driven by the exclusion of the Esujah South deposit from the mine plan. Esujah South was forecast to deliver 6.6 Mt of ore at a grade of 1.7g/t for 372,000 ounces of gold into the mine plan and mining of the deposit was originally due to begin in late 2017.

However, Esujah South is a heavily populated area and under Ghanaian law, Perseus is required to compensate landowners for loss of crops, structures and livelihood as well as provide alternative housing built to rigorous building standards in the relevant legislation. In addition, where infrastructure such as roads is located within a specified blast radius from a planned open pit, that infrastructure needs to be relocated. In the case of the Esujah South pit, access to the pit for mining purposes involves the relocation of several roads as well as a number of dwellings.

In the previous LOMP, Perseus budgeted US\$47 million of sustaining capital to meet these costs and at the current gold price,

management has decided that the potential risk of including Esuajah South in the mine plan outweighs the rewards. However, the option of developing the Esuajah South deposit at a future date, either using open pit or underground mining techniques remains available and as the Ore Reserves of this deposit remain economic at the current gold price they continue to be included in Edikan's total Ore Reserve estimate. The decision on whether and when to develop the deposit will be a function of several factors including gold price, alternative uses of capital and the risk-reward equation.

By eliminating the US\$47 million capital required to access Esuajah South, US\$45 million of which would have been incurred in FY2018, the LOMP delivers an additional US\$43 million net after tax cash flow into Perseus's balance sheet compared to the previous version of the LOMP. FY2018 now represents a highly cash generative year for Perseus, which will materially enhance the Company's capacity to fund alternative developments including the commercially attractive development projects in Côte d'Ivoire, the Yaouré and Sissingué gold projects.

1. Valuation of cash flows and sensitivity analysis

Based on the LOM production and cost parameters, the NPV of the cash flows forecast to be generated by Edikan at a US\$1,200 per ounce gold price is estimated at US\$287 million or A\$0.46 per share based on our expanded issued capital following the recent acquisition of [Amara Mining plc](#)

The sensitivity analysis shown below in *Table 6* summarises the sensitivity of this valuation to movements in both the gold price and real discount rates. Within an expected short term trading range of US\$1,100 per ounce to US\$1,300 per ounce, the economics of the project remain robust.

Table 6: Edikan Valuation

NET PRESENT VALUE (US\$M) OF EDIKAN'S FORECAST CASHFLOWS

Discount Rate (%)	Gold Price		
	US\$1,100/ounce	US\$1,200/ounce	US\$1,300/ounce
6.50	245	324	402
8.25	230	305	379
10.00	215	287	357

Caution Regarding Forward Looking Information:

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

Competent Person Statement

All production targets for Edikan 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 includes an immaterial update for depletion as at 29 February 2016 to the Mineral Resource for the Edikan's deposits which was first reported by the Company in compliance with the JORC Code 2012 in market announcements released on 27 August 2014, 4 September 2014, 20 April 2015 and updated in its 2015 Financial Statements released on 31 August 2015. The information in this report includes an immaterial update including for depletion as at 29 February 2016 to Edikan's Ore Reserves which were first reported by the Company in compliance with the JORC Code 2012 in a market announcement released on 20 April 2015 and updated in its 2015 Financial Statements released on 31 August 2015. The

Company confirms that it is not aware of any new information or data that materially affects the information in those market announcements and that all material assumptions and technical parameters underpinning the estimates in those market announcements continue to apply and have not materially changed.

The information in this report that relates to Edikan's Mineral Resources (to the extent updated compared to the Mineral Resources first reported by the Company in compliance with the JORC Code 2012 in market announcements released on 27 August 2014, 4 September 2014, 20 April 2015 and its 2015 Financial Statements released on 31 August 2015) is based on information compiled and reviewed by Steffen Brammer who is a Resource Geologist with the Australian Institute of Mining and Metallurgy. Mr Brammer has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code 2012. Mr Brammer is a full time employee of the Company and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Edikan's Ore Reserves (to the extent updated compared to the Ore Reserves first reported by the Company in compliance with the JORC Code 2012 in a market announcement released on 20 April 2015 and its 2015 Financial Statements released on 31 August 2015) is based on information compiled and reviewed by Paul Thompson who is an Engineer with the Australian Institute of Mining and Metallurgy. Mr Thompson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code 2012. Mr Thompson is a full time employee of the Company and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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