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[Perseus Mining Ltd.](#) ("Perseus" or the "Company") (TSX:PRU)(ASX:PRU) reports on its activities for the three month period ended September 30, 2016 (the "Quarter"). An executive summary is provided below. However, full details of activities in the September Quarter, including reconciled production and all-in site cash costs, are included in the Company's September 2016 Quarterly Activity Report released to the market on October 24, 2016. The full report is available for download from www.perseusmining.com, www.asx.com.au and www.sedar.com.

Strong September Quarter performance by Perseus

Operations

Parameter	Units	March 2016 Quarter	June 2016 Quarter	September 2016 Quarter
Gold recovered	Ounces	37,150	40,058	43,776
All in Site Cost ¹	US\$/ounce	1,441	1,542	1,388
Gold Sales	Ounces	36,355	39,642	43,952
Av. Sale Price	US\$/ounce	1,190	1,172	1,223

¹ Includes production costs including waste stripping, royalties, and all other sustaining capital expenditure.

- Significant improvement in productivity achieved at the Edikan Gold Mine ("Edikan") with increases in plant run time, throughput rates, gold recovery and production.
- Gold production of 43,776 ounces, 9% more than the prior quarter and on track to achieve December 2016 Half Year guidance of 80-100,000 ounces.
- Production cost of US\$1,095/ounce and all-in site cost ("AISC") of US\$1,388/ounce, 6% and 10% lower than prior quarter respectively, and both in line with or better than June Half Year cost guidance.
- Capital investment programme at Edikan on track to complete by end of December 2016 quarter leading to forecast reduction in AISC.

Production and AISC guidance for Edikan in the remainder of the current financial year is as follows:

Parameter	Units	Production and Cost Guidance		
		Dec 16 Half Year	Jun 17 Half Year	Full Fiscal 17 Year
Gold Production	'000 ounces	80 - 100	125 - 145	205 - 245
Production costs	\$US/ ounce	1,145 - 1,420	950 - 1,080	1,030 - 1,210
All-In Site Costs	\$US/ ounce	1,285 - 1,595	995 - 1,135	1,110 - 1,325

Project Development

- Full scale development of Sissingué Gold Mine ("Sissingué") continued during the Quarter. Development on track for first gold production in December 2017 quarter.
- Sissingué project expenditure to date, including early works and holding costs of US\$22.3million, with forecast expenditure to complete of US\$87.3million.
- Work on updating the Yaouré Gold Project ("Yaouré") preliminary feasibility study to a definitive feasibility study ("DFS") advanced during the Quarter, and remains on schedule for completion by the June quarter 2017.

Corporate

- Cash and bullion at September 30, 2016 totalled A\$136.9 million, A\$29.1 million less than at June 30, 2016 following investment in Edikan waste stripping, capital expenditure at Edikan, Sissingué and Yaouré and exploration during the Quarter.
- Gold sales of 43,952 ounces at an average price of US\$1,223/ounce. Existing gold price hedging covering 184,848 ounces at US\$1,275/ounce, down from 211,190 ounces at US\$1,271/ounce at June 30, 2016.
- Perseus remains unencumbered. US\$60million project loan for Sissingué has received bank credit committee approval.

- Mr. Chris Woodall appointed to the role of Chief Operating Officer ("COO") bringing significant operating experience from previous senior operating positions at [Goldcorp Inc.](#) and [Barrick Gold Corp.](#).

PROGRAM FOR DECEMBER 2016 QUARTER

Edikan

- Produce gold at a total all-in site cost that is in line with Half Year guidance;
- Continue to implement improved grade control practices and investigate potential opportunities for improvements in grade estimation;
- Effect the tie in of planned plant modifications during the 2 week crusher, and 1 week mill shut downs;
- Continue training of operating and maintenance staff;
- Continue to implement business improvement initiatives across all departments at Edikan;
- Continue construction of houses to relocate former residents of the Eastern Pits mine take area; and
- Complete the current re-assessment of geological datasets with the aim of formulating near mine exploration programmes targeting high grade mineralisation that can be mined using either underground mining or open pit mining methods.

Sissingué

- Complete detailed design and procurement;
- Mobilise key contractors to site;
- Continue construction of Sissingué in line with schedule and budget;
- Finalise the project debt facility required under the project funding plan; and
- Continue drilling of the Bélé deposit to expand the Mineral Resource ahead of optimisation and possible inclusion in the Sissingué mine plan.

Yaouré

- Advance work on preparing a bankable DFS for Yaouré, including the planning and execution of a 42,000 metre drilling programme designed to confirm Mineral Resource estimates as a basis for mine optimisation;
- Obtain an approved ESIA for Yaouré; and
- Finalise negotiation of compensation arrangements with Landowners with holdings within the proposed Yaouré footprint.

Jeff Quartermaine

Managing Director and Chief Executive Officer

Competent Person Statement:

Production targets for the EGM 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 Company confirms that all material assumptions underpinning those production targets, or the forecast financial information derived from those production targets, in its market release dated 19 April 2016 and its 2016 Financial Statements released on 29 August 2016 continue to apply and have not materially changed. Refer "Technical Report - Central Ashanti Gold Project, Ghana" dated 30 May 2011. Steffen Brammer and Paul Thompson, each of whom is a Qualified Person as defined in NI 43-101 and an employee of the Company, have approved the inclusion of technical and scientific information in this report.

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 Sissingué and/or Yaouré, 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.

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