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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 December 31, 2016 (the "Quarter"). An executive summary is provided below. However, full details of activities in the December Quarter, including reconciled production and all-in site cash costs, are included in the Company's December 2016 Quarterly Activity Report released to the market on January 27, 2017. The full report is available for download from [www.perseusmining.com](http://www.perseusmining.com), [www.asx.com.au](http://www.asx.com.au) and [www.sedar.com](http://www.sedar.com).

Strong September Quarter performance by Perseus

#### Operations

- Mill upgrade and relocation housing at Edikan successfully completed by Quarter-end leading to significant improvement in expected mill performance and material reduction in capital expenditure in future periods.
- A 22% quarter-on-quarter reduction in ore processed due to extended plant upgrade works and a 3% decrease in head grade, materially impacted gold production, gold sales and unit cost of production for the Quarter.
- Edikan gold production of 32,223 ounces for the Quarter and 75,999 ounces for the Half Year in line with revised December 2016 Half Year guidance of 70-80,000 ounces.
- Edikan production cost of US\$1,278/ounce and all-in site cost ("AISC") for the Half Year of US\$1,583/ounce, in line with revised December Half Year AISC guidance of US\$1,550 to US\$1,650/ounce.

#### Key Performance Indicators

Parameter	Units	September 2016 Quarter	December 2016 Quarter	Financial Year to Date
Gold recovered	Ounces	43,776	32,223	75,999
Production Cost	US\$/ounce	1,095	1,526	1,278
All in Site Cost <sup>(1)</sup>	US\$/ounce	1,388	1,847	1,583
Gold Sales	Ounces	43,952	22,431	66,383
Av. Sale Price	US\$/ounce	1,223	1,115	1,187

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

- Production guidance for the June 2017 Half Year has been revised from 125-145,000 ounces to 90-110,001 ounces. Production cost and AISC guidance has also been revised to US\$885-1,080 per ounce and US\$1,000-1,220 per ounce from US\$950-1,080 per ounce and US\$995-1,135 respectively.

#### FY2017 Production and Cost Guidance

Parameter	Units	Production and Cost Guidance		
		Dec 16 Half Year	Jun 17 Half Year	Full Fiscal 17 Year
Gold Production	'000 ounces	75,999	90-110,001	166-186,000
Production costs	\$US/ ounce	1,278	885-1,080	1,050-1,170
All-In Site Costs	\$US/ ounce	1,583	1,000-1,220	1,240-1,390

- Mineral Resource and Ore Reserve estimates currently being reviewed and an updated Life of Mine Plan ("LOMP") reflecting recent operating parameters expected to be published in February 2017.

#### Sissingué Gold Project ("Sissingué")

- Development of Sissingué advanced during the Quarter and at Quarter-end, expenditure, including US\$10.4 million of early works and holding costs, totalled US\$42.9 million, with forecast expenditure to complete (including contingency) of US\$72.5 million. First gold production now scheduled for March 2018 quarter.

- A review of the quality of Sissingué's drill data base during the Quarter led to a revision of its Measured and Indicated ("M&I") Mineral Resource estimate to 700,000 ounces. An updated Ore Reserve estimate reflecting the revised Mineral Resource estimate is expected to be published in February 2017.
- In-fill drilling at the nearby Bélé East and West prospects aimed at delineating Mineral Resources that might be trucked to and processed at the Sissingué plant was completed during the Quarter.
- Subsequent to Quarter-end, independent consultants Snowden Mining Industry Consultants Pty Ltd ("Snowden"), have been tasked with estimating a M&I Mineral Resource for the Bélé East and West deposits. It is expected that this additional Mineral Resource will largely compensate for the reduction in the Sissingué Mineral Resource estimate.
- A maiden Ore Reserve estimate for the Bélé East and West deposits is being prepared along with a revised estimate of Ore Reserves at Sissingué. A revised LOMP for Sissingué will also be prepared taking into account the combined Ore Reserves of Sissingué, Bélé East and Bélé West deposits, and will be published in the March 2017 Quarter.

#### Yaouré Gold Project ("Yaouré")

- A 42,000 metre confirmatory drill programme commenced toward the end of the Quarter in anticipation of updating the Yaouré resource model as part of the planned feasibility study revision for the project. Four drill rigs are currently deployed at Yaouré and two additional rigs are being sourced to ensure that this drill programme plus a further 40,000 metre of sterilisation drilling is completed on schedule.
- The Yaouré definitive feasibility study ("DFS") remains on schedule for completion by mid-2017.
- The terms of Exploration Permits 168 and 397, the two tenements on which Yaouré is located, have been extended for a period of two years from December 1, 2016.

#### Exploration

- A detailed geological framework, prospectivity and targeting study of the Edikan mining leases was completed by Consultants during the Quarter. The study has generated a high-quality 3D structural interpretation of the tenements that was used to identify the most prospective ground and provide a priority-ranked list of targets to be explored in future periods.
- A 5,250 metre combined reverse circulation ("RC") and diamond drilling ("DD") programme was commenced late in December 2016 at the Papara prospect, 20 kilometres north of the planned Sissingué mine site.

#### Corporate

- Settled a US\$20 million legal dispute between Amara Mining Ltd ("Amara") and their mining contractor, BCM International Ltd ("BCM"). Responsibility for dispute resolution assumed by Perseus following the acquisition of Amara in April 2016.
- Cash and bullion at December 31, 2016 totalling A\$67.5 million, A\$69.4 million less than at September 30, 2016 following high levels of capital expenditure at Edikan, Sissingué and Yaouré, heavy investment in Edikan waste stripping, increased exploration and part settlement of the Amara /BCM legal dispute.
- At Quarter-end, gold forward sales of 165,973 ounces at US\$1,287/ounce were contracted including 100,000 ounces of hedging at an average price of US\$1,307/ounce that is currently earmarked to support the proposed debt financing of the Sissingué development.

#### PROGRAM FOR MARCH 2017 QUARTER

##### Edikan

- Produce gold at a total all-in site cost that is in line with June Half Year guidance;
- Continue to implement improved grade control practices and investigate potential opportunities for improvements in grade estimation;
- 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 detailed design and procurement;
- Continue construction of Sissingué in line with schedule and budget;
- Finalise the project debt facility required under the project funding plan; and

- Complete drilling of Papara and Katara prospects with the aim of determining the potential for additional Mineral Resources which could be processed at the Sissingué processing facility.

#### Yaouré

- Advance work on preparing a bankable DFS for Yaouré, including the 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.*

## Contact

### [Perseus Mining Ltd.](#)

Jeff Quartermaine  
Managing Director  
+61 8 6144 1700  
[jeff.quartermaine@perseusmining.com](mailto:jeff.quartermaine@perseusmining.com)

### [Perseus Mining Ltd.](#)

Cathy Moises (Perth/Melbourne)  
Investor Relations  
+ 61 412196350  
[cathy.moises@perseusmining.com](mailto:cathy.moises@perseusmining.com)

### [Perseus Mining Ltd.](#)

Nathan Ryan (Melbourne)  
Media Relations  
+61 4 20 582 887  
[nathan.ryan@nwrcommunications.com.au](mailto:nathan.ryan@nwrcommunications.com.au)  
[www.perseusmining.com](http://www.perseusmining.com)