



15 February 2013

NEWS RELEASE

PERSEUS MINING CONTINUES UNDERLYING EARNINGS GROWTH

Perseus Mining Limited (ASX & TSX: PRU) today announced a net profit after tax of \$32.497 million or 6.16 cents per share for the six-month period ended 31 December 2012, representing a return on funds employed of 7.6%. Highlights of the result include:

RESULT HIGHLIGHTS ¹	31 December 2012 Half Year A\$'000	31 December 2011 Half Year A\$'000	Change +/- A\$'000
Revenue from gold sales	147,065	-	+ 147,065
Net Profit after tax	32,497	13,686	+ 18,811
Earnings per Share (A\$ cents per share)	6.16	3.14	+ 3.02
Return on Funds Employed ² (%)	7.6	3.4	+124
Net cash flows from operating activities	31,805	(3,737)	+ 35,542
Net cash flows used in investing activities	(33,403)	(53,435)	+ 20,032
Net cash flows from financing activities	(60,729)	87,353	- 148,082
Available Cash Balance ³	39,674	131,455	- 91,781
Total assets	519,653	507,721	+ 11,932
Shareholders' equity	390,957	311,601	+ 79,356

1. Assumes 31 December 2012 half year average AUD:USD exchange rate of 1.0388 and exchange rate as at 31 December 2012 of 1.0374

2. Defined as assets less current liabilities

3. Excludes value of 5,007 ounces of bullion on hand and 6,778 ounces of bullion at the refinery.

Comments from Perseus's Managing Director, Jeff Quartermaine

"The results that we have reported today reflect a challenging six-month period at our Edikan Gold Mine in Ghana during which we dealt with a number of unexpected operational issues as well as a significant drop in the AUD:USD exchange rate that gave rise to an unbudgeted foreign exchange loss. On the other side of the ledger we have continued to enjoy historically strong gold prices which have helped to boost our earnings."

"The production challenges that reduced first half gold production below expectations will be put behind us shortly with the remediation of the crusher at Edikan and we are looking forward to an improvement in both our production and earnings in the second half of this financial year."

"Taking into account the recent challenges, we are now forecasting that gold production for the second half of the fiscal year ending 30 June 2013 will be in the range of 105,000 ounces to 125,000 ounces resulting in full financial year gold production in the range of 208,700 to 228,700 ounces at a forecast "all up" site cash cost, including production and capital costs and royalties, of approximately US\$1,100/oz."

Financial Commentary

Profit Overview

The group's net profit after tax for the half-year ended 31 December 2012 was \$32.497 million (31 December 2011: profit of \$13.686 million). The increase is attributable to the Edikan Gold Mine (EGM) being in commercial production in the current period whereas it was in commissioning during the previous period.

Revenue

Revenue of \$147.065 million was earned from the sale of 98,865 ounces of gold at an average sale price during the period of US\$1,520 per ounce. This average sale price excludes the effect of ounces produced in the prior year, and recorded as revenue in the prior year, which were used to settle hedges in the current period. A total of 44,000 ounces of gold that were delivered into forward sales contracts at an average of US\$1,231 per ounce while the balance of gold sales were made at prevailing spot prices for gold.

Cost of Sales

Costs of sales included mining, processing and site G&A costs (excluding salaries) totalling \$76.757 million and employee salaries and share based payments of \$10.539 million before adjusting for movements in inventories including ore stockpiles, gold-in-circuit and gold bullion on hand of \$19.697 million and for deferral of excess waste removal costs totalling \$10.777 million. Costs associated with financing during the period totalled \$1.567 million and depreciation and amortisation totalling \$10.127 million were also charged to the Income Statement during the period.

Royalties

Royalties totalling \$10.051 million were paid to external parties during the financial year. The largest royalty of 5% of revenue earned from the EGM was paid to the Ghanaian government. Lesser royalties of 1.5% of revenue and 0.25% of gold produced were also payable to unrelated private parties in accordance with the terms of purchase of the Edikan mining lease.

Income Tax Expense

The income tax expense that has been recognised in the Income Statement comprises \$23.648 million, primarily relating to the EGM profit for the period. The corporate tax rate in Ghana is 35% for mining companies.

Cash Flow

Cash receipts from the sale of gold totalled \$141.072 million during the period resulting in total cash flow from operations during the period of \$31.805 million. In addition, the Group held 5,007 ounces of gold at its Edikan Gold Mine and a further 6,778 ounces of gold were in the process of being refined or in the company's metal account on this date.

The total net cash outflow for the period of \$62.327 million (13.61 cents per share) included cash inflow from operating activities referred to above plus net cash outflows from financing activities of \$60.729 million, a result of repayment of borrowings, and an outflow of \$33.403 million for investing activities, most notably exploration, capital works at the EGM in Ghana and preliminary works associated with the development of the Sissingué Gold Mine in Côte d'Ivoire.

Financial Position

At 31 December 2012 the Company had net assets of \$390.957 million (85.37 cents per share) and working capital defined as the excess of current assets over current liabilities of \$27.650 million.

Cash and Investments

At 31 December 2012 available cash totalled \$39.674 million (8.66 cents per share) while additional deposits totalling \$9.097 million (1.99 cents per share) supported performance guarantees for environmental rehabilitation of the EGM.

As at 31 December 2012, Perseus held \$10.061 million of equity accounted investments comprising security holdings in ASX listed companies Manas Resources Limited (23.7% interest) and Burey Gold Limited (23.0% interest).

Receivables

At 31 December 2012 the Company's current receivables were \$11.406 million, non-current receivables amounted to \$40.860 million. The increase in non-current receivables in this period is due to an increase in a VAT refund from the Ghana Revenue Authority ("GRA"). The GRA has acknowledged the validity of the debt and has been working with the Company to agree a mutually acceptable mechanism for repaying the outstanding amount.

Debt Finance

At 31 December 2012 the group's borrowings made under a project debt facility provided by Macquarie Bank Limited and Credit Suisse AG to fund the construction of the EGM were nil. During the period, the project debt facility was restructured into a revolving line of credit with a facility limit of US\$100 million.

Derivative financial instruments

As at 31 December 2012 the Company held forward sales contracts for 216,000 ounces of gold and recorded a liability of \$66.371 million on its balance sheet. These contracts are designated as effective hedge contracts, and the movement in mark-to-market value has been recorded as equity. A total of \$37.993 million of the liability has been classified as a current liability as these forward sales contracts will settle within twelve months while the balance of \$28.378 million has been classified as a non-current liability.

The liability in each case reflects the difference in value of the hedge contracts on the respective balance dates relative to the value of the contracts on the date of inception of hedge accounting.

The amount of gold sold forward under hedging agreements represents less than 5% of the gold contained in the Group's currently defined total Ore Reserves and approximately 20% of the Group's total forecast gold production to the end of 2015.

Dividends

The Company has established a dividend policy that provides for the payment of dividends to shareholders when Directors are confident that such payments can be sustained from cash flow on an ongoing basis.

Given the Company's impending significant capital expenditure programme associated with the proposed development of its second gold mine at Sissingué in the period up to the end of 2014, no dividends were declared or paid during the period.

Update on the Remediation of the EGM Crusher

As previously reported, a significant program of remediation work on the EGM crusher was commenced in December 2012 with the assistance of FL Smidth ("FLS"), the original equipment manufacturer of the crusher. As foreshadowed, this programme of work has extended into the March 2013 Quarter.

At the date of this report, the status of remedial work and production at the EGM is as follows:

- A number of temporary repairs to the crusher shaft assembly were made to enable the crusher to continue operating until permanent repairs can be implemented. The temporary repairs have been effective in enabling the crusher to operate at reasonable throughput rates between shutdowns that have been required at regular intervals for adjustments to be made. In the month of January 2013, the crusher utilisation rate was 41%, resulting in 356,564 tonnes of ore being crushed at an average rate of 1,123 wet metric tonnes per hour. This hourly rate translates to an annualised rate of crushing of 8.2 MTPA assuming an availability rate of 80%, illustrating that when operating as intended the crushing circuit in conjunction with the oxide feed circuit should perform at Perseus's targeted throughput for the EGM plant of 8MTPA.
- A replacement core and shaft for the crusher have been procured and these were delivered to site on 12 February 2013. All other parts and equipment needed to complete the permanent crusher remediation work are scheduled to be delivered to site by 17 February 2013.
- A team of FLS technicians was mobilised to site on 12 February 2013 to commence preparations for a crusher shutdown from 18 February to 20 February 2013 during which the main shaft of the crusher and mantle assembly will be replaced. All other ancillary remediation work will be completed by the end of March 2013 Quarter.
- By the end of February 2013, it is expected that the refurbished crusher will be available for operating at or around the target availability level, thereby producing sufficient crushed ore to feed the SAG mill without interruption at the rate of 8MTPA.

The total cost of the parts, equipment and additional labour required to complete the repairs to the crusher has yet to be finalised given that work is continuing as at the date of this report. However, it is estimated that the total incremental cost of the remediation work will not exceed US\$3 million. Some of these costs were expensed during the December 2012 Quarter and the balance will be expensed during the March 2013 Quarter which may give rise to slightly elevated processing and G&A costs in that period.

Production at EGM

A total of 17,498 ounces of gold were produced in January 2013.

The limited availability of the crusher resulted in interruptions to mill feed, constraining the mill utilisation rate to 71% during the month when 436,415 tonnes of ore were processed at a throughput rate of 825 dry metric tonnes per hour. At this processing rate and assuming a steady state utilisation of 8,000 hours per annum or a utilisation rate of 91.3%, the annual processing rate would be 6.6MTPA, approximately 1.0MTPA above the current 5.5 MTPA nameplate capacity of the processing facility. In the period from 1 to 12 February 2013, crusher and mill utilisation rates were been 71% and 81% respectively.

The average head grade of ore fed to the mill in January 2013 was 1.50 g/t and the recovery was 83.4% due to a slightly coarser grind size than budgeted, caused by the stop/start nature of processing. In the period from 1 to 12 February 2013, the average head grade of ore fed to the mill was 1.51g/t and the recovery was 83.8%.

Production Guidance

Given the impact of the crusher downtime on the availability of mill feed and therefore gold production during the March 2013 Quarter, the forecast of gold production for the second half of the fiscal year ending 30 June 2013 has been modified from previously announced levels to 105,000 ounces to 125,000 ounces resulting in a forecast full financial year production range of 208,700 to 228,700 ounces.

The forecast cost of producing gold in the quantities predicted above is \$755/oz (excluding royalties, capital and exploration) for the second half of fiscal year 2013 or \$645/oz for the full financial year. The “all up” forecast site cost at the EGM are in the order of US\$1,100/oz.

Perseus is currently engaged on a comprehensive review of longer term production plans at the EGM aimed at developing an operating strategy that will increase the value of the property above that implied by the current Life of Mine Plan. It is expected that results of the review will be available for publication during the June 2013 Quarter.

Jeff Quartermaine Managing Director and Chief Executive Officer

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About Perseus Mining Limited

Perseus Mining Limited (ASX/TSX: PRU) has forged a reputation as one of West Africa’s most successful gold explorers focused on under-explored gold belts in West Africa. In August 2011 Perseus became a producer at its Edikan Gold Mine (previously known as the Central Ashanti Gold Project) in Ghana. Details of the project and mine plan are set out in the technical report entitled “Technical Report – Central Ashanti Gold Project, Ghana” dated May 30, 2011.

Perseus is now also planning the development of its Sissingué Gold Project, part of the Tengrela Gold Project in Côte d’Ivoire, with production targeted for 2014. Tengrela has the potential to become a significant contributor to the Company’s goal to develop into a 400,000-ounce per annum gold producer during 2014. Details of the project are set out within “Technical Report – Tengrela Gold Project, Ivory Coast” dated December 22, 2010.

Perseus will continue its strategy of rapidly increasing its resource and reserve base during the ramp-up of the Edikan Gold Mine and development of the Sissingué Gold Project.

Competent Person Statement

The information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Kevin Thomson, who is a Professional Geoscientist with the Association of Professional Geoscientists of Ontario. Mr Thomson is an employee of the Company. Mr Thomson 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') and to qualify as a "Qualified Person" under National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). Mr Thomson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. For a description of Perseus' data verification process, quality assurance and quality control measures, the effective date of the mineral resource and mineral reserve estimates contained herein, details of the key assumptions, parameters and methods used to estimate the mineral resources and reserves set out in this report and the extent to which the estimate of mineral resources or mineral reserves set out herein may be materially affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues, readers are directed to the technical report entitled "Technical Report - Central Ashanti Gold Project, Ghana" dated May 30, 2011 and the technical report entitled "Technical Report - Tengrela Gold Project, Côte d'Ivoire" dated December 22, 2010 in relation to the Edikan Gold Mine (formerly the Central Ashanti Gold Project) and the Tengrela Gold Project respectively.

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.