

PERSEUS MINING ANNOUNCES FY2014 FINANCIAL RESULTS

27 August 2014

West African gold producer, Perseus Mining Limited, (ASX & TSX: PRU) will be releasing its audited Consolidated Financial Report for the twelve months ending 30 June 2014 ("FY2014") today. The key points relating to the financial result are as follows:

- A loss (excluding minority interests) of \$30.9 million or (6.4) cents per share was recorded during the 2014 financial year, after bringing to account foreign exchange losses of \$21.6 million, redundancy costs of \$3.1 million and a provision for doubtful debts of \$3.0 million.
- The earnings result represents a material turnaround relative to the prior financial year mainly due to significant movements in the United States Dollar and the Ghanaian Cedi relative to the Australian dollar¹, (accounting for \$41.9 million or 60% of the change), lower gold production and increased mining costs at the Edikan Gold Mine in Ghana.
- Operating cash flow for the year was \$19.1 million or 3.6 cents per share.
- Total market value of cash and investments at 30 June 2014 of \$40.3 million, excluding \$11.8 million of bullion at the refinery at year end.
- Net assets of \$466.6 million and an excess of current assets over current liabilities of \$70.1 million at year end.
- At year end, the Company had no outstanding third party debt other than trade creditors and accruals.
- The level of VAT receivable from the Government of Ghana significantly reduced during the year with GHS37.4 million (A\$14.8 million) in cash received during the financial year as well as GHS9.0 million (A\$4.2 million) in treasury credit notes that were offset against employee and withholding taxes and a gold royalty payment. Subsequent to the end of the financial year, a further GHS17.6 million (A\$6.1 million) was received to further reduce the outstanding debt.
- Gold forward sales contracts valued at A\$19.2 million at 30 June 2014 were in place for 125,000 ounces of gold at an average price of US\$1,468/oz deliverable up to and including December 2015, representing 5% of the Company's Ore Reserves.
- The financial result was based on gold production at the Edikan Gold Mine in Ghana of 180,519 ounces at an all-in site cost (including production, royalties, investment in pre-stripping and inventory, development and sustaining capital) of US\$1,294/oz. Lower gold production than in the prior year was due to a strategic decision to reduce material movement and process stockpiles, coupled with down time due to a fire and power availability issues.
- Development of the Sissingué Gold Project in Côte d'Ivoire was deferred while a re-evaluation of the process flow sheet was completed and the feasibility study was refreshed with updated assumptions.

1. Note: USD:AUD exchange rates (applicable to Balance Sheet) were 0.9439 (30 June 2014) and 0.9146 (30 June 2013) while average exchange rates (applicable to Income Statement) were 0.9183 and 1.0273 for FY2014 and FY2013 respectively.

Managing Director Jeff Quartermaine Comments:

“Our financial performance in FY2014 was disappointing relative to the prior financial year however the result needs to be seen in context. In FY2013 our reported profit was enhanced by foreign exchange gains while this year we have incurred material foreign exchange losses arising from pronounced movements in the US dollar and the Ghanaian Cedi against our reporting currency, the Australian dollar. Foreign exchange movements account for over 60% of the turnaround in the result.

Notwithstanding this change, we did have a challenging year at our Edikan Gold Mine in Ghana which resulted in gold production falling short of budgets by approximately 10% due in part to a fire in the processing plant in April 2014, a transformer failure in June 2014 and unreliable grid power supply during the course of the year. We also experienced escalating mining costs which currently represent approximately 55% of our cost base.

Gold sales and expenses are both largely denominated in United States dollars, so when converted back to Australian dollars for reporting purposes, the fall in the Australian dollar relative to the United States dollar has materially increased costs and revenues in Australian dollar terms relative to the prior period.

In terms of matters within our control, FY2015 promises to be much better than the year just passed with an increase in gold production expected due to improved grade of processed ore and improvements in other operating parameters including plant availability, runtime and gold recovery. In addition, a series of measures are being implemented to further reduce the cost base of the Company, in particular the cost of mining.”

To discuss any aspect of this announcement, please contact:

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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.