



Annual Report
2019

Corporate Directory

DIRECTORS

Terence Sean Harvey
Non-Executive Chairman

Jeffrey Allan Quartermaine
Managing Director &
Chief Executive Officer

Colin John Carson
Executive Director

John Francis Gerald McGloin
Non-Executive Director

Sally-Anne Georgina Layman
Non-Executive Director

Daniel Richard Lougher
(Appointed 6 May 2019)
Non-Executive Director

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Australian Securities Exchange
(ASX – PRU)

Toronto Stock Exchange
(TSX – PRU)

Frankfurt Stock Exchange
(WKN: AOB7MN)

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COMPANY HIGHLIGHTS



**Highlighting the
successful transition
to a multi-mine,
multi-jurisdictional
gold producer,
Perseus recorded
EBITDA from
operations of
\$164.1 million.**

Company Highlights

A\$164.1M

EBITDA from operations



19%

271,824oz

Record gold production



6%

A\$146.2M

Operating Cash Flow



14%

US\$960/oz AISC

Improving operational margins



8%

A\$168M

Cash and bullion, Net cash A\$125m

Development of Perseus's third mine, the fully funded Yaouré gold project commenced

Gold production increasing to 500,000 ounces per annum by FY 2022

OUR STRATEGY



Our Strategy

SIMPLE CORPORATE STRATEGY FOR VALUE CREATION

INVEST IN ASSETS

Acquire and replenish through organic or inorganic means, a geopolitically diverse portfolio of mineral resources

DEVELOP MINES

Unlock value by efficiently and effectively converting mineral resources into producing gold mines

PRODUCE GOLD

Consistently perform to plan and generate targeted returns on funds employed

INVEST IN PEOPLE

Lead, motivate and continuously up-skill our operating and management teams

LICENCE TO OPERATE

Develop and maintain strong relationships with host governments and communities

CONTINUOUSLY IMPROVE

Strive to continuously improve our business at all levels

Consistently produce
~500koz of gold
per year at a cash
margin of not less
than US\$400
per ounce

Chairman's Address

It gives me great pleasure to present the 2019 Annual Report for Perseus Mining Limited, a year in which we cemented our position as a multi-mine, multi-jurisdiction gold producer and moved towards bringing our third gold mine into operation.



Dear Fellow Shareholder,

It has undoubtedly been a busy year as we continue to deliver on our promises and move towards becoming a 500,000oz per year gold producer.

Perseus achieved a strong financial result for the year, finishing FY2019 with nearly US\$120 million in cash and bullion. This has been helped by a global gold market which has strengthened during the year. This gold price improvement has put a spotlight on gold producers and increased investor interest in gold equities. Perseus's share price ended the year at its highest point in two-and-a-half years. We have continued to pay down our debt while also providing adequate cash flow to fund our next project, Yaouré in Côte d'Ivoire.

With the Perseus Board approving development of Yaouré in May 2019, in July we announced signing of a US\$150 million debt facility to complete the funding required to build the mine. The project has moved ahead substantially, building on the preliminary work we had previously completed on site.

We are targeting first gold production from Yaouré in December 2020, and while this is an ambitious target, Perseus and our contractors are working hard to ensure we achieve it. Yaouré will become Perseus' third operating gold mine and bringing it online will see Perseus achieve our stated aim of producing more than 500,000 ounces of gold per annum, at a cash margin of not less than US\$400 per ounce. This is an exciting time to be a gold producer and we look forward to delivering on our potential.

Our operations at Edikan and Sissingué where we commenced gold production in early 2018, have been robust throughout the year and our gold production for 2019 was more than 270,000oz. With good management, we were able to reduce our all-in site costs throughout the year. We look forward to further reducing these, increasing our profit margin, when Yaouré is up and running early in the 2021 calendar year.

I take this opportunity to thank our Management team, in particular our Managing Director and CEO Jeff Quartermaine who continues to steer our Company with a steady hand through the ups and downs of our operating environment. I also thank my fellow directors for their contributions and efforts in 2019. I would also like to thank our Shareholders for your ongoing support and belief in Perseus as a company that continues to deliver on the goals it sets.

As we look towards 2020, we can expect another busy year as we continue to work towards our long-term gold production goals. I am excited for what the future holds for Perseus and I hope that you will continue with us on this path to success.

Sean Harvey
Chairman



Perseus achieved a strong financial result for the year, finishing FY2019 with nearly US\$120 million in cash and bullion.

From the Managing Director

While 2019 was certainly a busy year for Perseus, with two gold mines in production and a third mine moving into development late in the year, the most pleasing aspect of the year from my perspective is that we continued to achieve what we said we would, and delivered in full on our promises - a core value of this company.



We achieved both cost and production guidance, finishing the year with production of 271,824oz gold at all-in costs of US\$960oz, with both our Edikan Gold Mine in Ghana and Sissingué in Côte d'Ivoire performing generally as expected.

We made significant progress on delivering our third mine, Yaouré, with an exploitation permit granted, full funding needed to build the mine secured and Board approval obtained to proceed. Development is now under way with solid progress being made both on and off site. Yaouré is going to be a very important part of Perseus's asset portfolio, and its development is propelling us very firmly on a trajectory towards achieving yet another of our goals, namely producing 500,000oz gold a year at a cash margin US\$400 per oz or better by the 2022 financial year.

In FY2019, we continued to grow our financial strength with a balance sheet that is continually improving. We've paid down our debts throughout the year and at the end of June, Perseus had cash and bullion on hand of US\$119 million available to us to fund our growth.

As we look to the future, the cash on hand combined with proceeds available under an undrawn US\$150 million debt facility secured to finance construction of Yaouré is allowing us to see rapid progress on that project. Based on the current schedule, we should be producing gold at Yaouré by the end of 2020 and we'll be working very hard over the next 12 months to make sure that happens.

Perseus's performance over the past two-and-a-half years has not gone unnoticed by the market – our share price has responded well to our strong financial and operating results, making us one of the better gold producers operating in Africa at a time when a rising gold price is prompting equity investors to look for opportunities in the gold space.

While we are pleased with our results in 2019, we are continually striving to incrementally improve our performance in every aspect of our business. Importantly, several very promising opportunities have been identified to achieve organic growth either through exploration or by optimizing the way we execute our business. At Edikan, we implemented a revised mining strategy from 1 January 2019 aimed at increasing cash margins on every ounce of gold produced. While this plan involved producing slightly less gold each year, it delivers improved cash flows by enabling us to produce our gold with a reduced cost base. The implementation of this plan, which was originated by our site team at Edikan, has certainly delivered on its promise in the first six months of implementation. Similar incremental improvements are being considered elsewhere in the business and hopefully will deliver similar value for shareholders as we move forward.

Our Yaouré project also has enormous untapped exploration potential, and with cash flow from our two operating mines, we expect to be able to materially add to the expected life of the Yaouré operation. Our geologists have identified serious

potential for Perseus to develop an underground mine at Yaouré, and that is a concept we will examine further in the year ahead.

With all this development happening at Yaouré, and another solid year of production expected from Edikan and Sissingué, and further exploration at our tenements surrounding both of those mines, FY2020 will certainly be yet another busy year for Perseus.

While we continue to grow our operations, we are also mindful of giving back to the communities in which we operate. Perseus spends significant sums of money each year on a range of host support programmes in the communities surrounding our Ghanaian and Cote d'Ivoire operations. This has seen Perseus build schools, health clinics and other community infrastructure, funded scholarships to local citizens, undertaken health and education programmes as well as supporting activities of the traditional leadership in the area. We take our corporate and social responsibilities very seriously as we strive to deliver our Corporate Mission "to generate material benefits for all of our stakeholders, including host communities and governments, employees, suppliers or good and services and our shareholders, in fair and equitable proportions".

In summing up the year, I would like to say a sincere thanks to our hardworking staff and board of directors, all of whom have contributed across all sites and departments to successfully growing our business. I am proud of the people we have working under the Perseus banner who continue to live through our core values of teamwork, integrity, commitment and achievement.

I look forward to building on this further in 2020.



Jeff Quartermaine
Managing Director and CEO



REVIEW OF OPERATIONS



Perseus's performance over the past two-and-a-half years has not gone unnoticed by the market - our share price has responded well to our strong financial and operating results, making us one of the better performing gold producers operating in Africa.

Review of Operations

During the financial year under review, Perseus produced another record quantity of gold from its two West African mines at a materially improved All-In Site Cost (including production costs, royalties and sustaining capital) ("AISC") relative to prior years and in the process demonstrated the success of its corporate plan to transform from being a single mine gold producer into a successful multi-mine, multi-jurisdictional West African focussed explorer, developer and gold producer.

Gold production for the Perseus group during the year totalled 271,824 ounces at an AISC (including production costs, royalties and sustaining capital) of US\$960/oz. This result included 79,853 ounces of gold produced at the Sissingué Gold Mine in Cote d'Ivoire ("Sissingué" or "SGM") at an AISC of US\$746/oz and 191,971 ounces of gold produced at the Edikan Gold Mine in Ghana ("Edikan" or "EGM") at an AISC of US\$1,049/oz (Refer to details of EGM and SGM below).

Perseus executed Engineering and Supply Contracts for the development of the Company's third gold mine, the Yaouré Gold Mine ("Yaouré" or "YGM") in Côte d'Ivoire with the well credentialed engineering company, Lycopodium Limited ("Lycopodium"), following the Front-End Engineering and Design ("FEED") study that was completed during the year. The total capital cost for the development of Yaouré was estimated to be US\$265 million.

In June 2019, a consortium of three international banks comprising of Macquarie Bank Limited from Australia, Nedbank Limited (Corporate and Investment Bank) from South Africa and Société Générale of France, signed documentation committing to provide Perseus with a revolving cash advance facility of US\$150 million. The development of Yaouré is to be funded utilising part of the newly established US\$150 million revolving credit facility, existing cash and bullion and strong future cashflows from Perseus's Edikan and Sissingué gold mines.

On 26 April 2019, Perseus's Ivorian subsidiary, Perseus Yaouré SARL, was granted an Exploitation Permit (the "EP") to develop and operate Yaouré and soon afterwards Perseus committed to developing the mine on that basis, with a forecast capital cost of US\$265 million. Yaouré has the potential to become a large scale, low-cost gold mining operation that will form an important part of Perseus's asset portfolio for many years to come.

The Sissingué project debt facility provided by Macquarie Bank in the prior year was reduced to US\$11.5 million outstanding as at 30 June 2019 from US\$38.0 million at 30 June 2018. The Edikan revolving working capital debt facility balance was reduced to US\$20.0 million at 30 June 2019 from US\$25.0 million as at 30 June 2018, giving the Company total bank debt of US\$31.5 million at the end of the year.

Cash raised during the year from the exercise of A\$0.44 warrants that matured in April 2019 (including warrants underwritten by Canaccord Genuity (Australia) Limited and Hartleys Limited and those exercised by warrant holders) was approximately A\$55.7 million or US\$39.2 million, net of fees.

Review of Operations (continued)

EGM, GHANA

The group owns a 90% beneficial interest in the Edikan Gold Mine ("EGM"), a producing gold mine located in Ghana. The remaining 10% interest is a free-carried shareholding in the project company owned by the Ghanaian Government.

Operations

Operating results at the EGM for the year ending 30 June 2019 and the corresponding year ending in 2018 were as follows:

Table 1: Key production statistics – EGM

Parameter	Unit	Twelve months to 30 June 2019	Twelve months to 30 June 2018
Total ore and waste mined	kt	26,660	39,916
Ore mined	kt	7,038	10,190
Ore milled	kt	6,680	7,135
Milled head grade	g/t gold	1.09	1.15
Gold recovery rate	%	81.8	83.4
Gold produced	ounces	191,971	220,491

A total of 26,660k tonnes of ore and waste were mined during the year from the Abenabna, Bokitsi, Fetish, Esuajah North and Fobinso pits, including 472k tonnes of oxide ore at 0.89g/t gold and 6,566k tonnes of fresh/transitional ore at 1.08g/t gold. Edikan's updated mining strategy and life of mine plan has substantially lowered the total ore and waste tonnes mined required to meet planned mill feed relative to previous years. This new plan involved the use of a single mining contractor, Rocksure International, from January 2019, and has seen unit mining costs reduced from US\$4.06 per tonne in the December 2018 Half Year to \$3.09 per tonne during the June 2019 Half Year, a decrease of 24%.

Ore stockpiles (including both high and low-grade ore but not mineralised waste) plus crushed ore increased to 6,275k tonnes grading 0.62g/t for approximately 124,131oz of contained gold. This stockpile is comprised of approximately 8% oxide ore and 92% primary ore.



Review of Operations (continued)

Mill throughput for the year was 6,680k tonnes of ore grading on average 1.09 g/t gold, a 5.2% reduction in grade from the previous year. The gold recovery rate of 81.8%, was 1.6% lower than in the previous year. Throughput was affected by processing harder ore from the Esuajah North pit and lower recovery rate resulted from processing some higher grade, fine grained carbonaceous ore from the Fetish Pit.

Gold production for the year was 191,971 ounces at an AISC of US\$1,049/oz. The 12.9% decrease in gold production during the year, relative to the 2018 financial year, is mainly due to a lower average head grade of processed ore along with reduced tonnage of ore milled and lower recovery. The AISC for the year of US\$1,049/oz is 4.6% lower than the previous year of US\$1,100/oz. This was due to lower mining costs in the second half of the financial year.

Table 2: Key financial operating statistics – EGM

Parameter	Units	Twelve months to 30 June 2019	Twelve months to 30 June 2018
Total gold sales	Ounces	200,933	210,956
Average sales price	US\$/oz of gold sold	1,257	1,288
Production costs including:			
• Mining cost	US\$/tonne of material mined	3.65	3.30
• Processing cost	US\$/tonne of ore milled	9.61	9.65
• G & A cost	US\$/month	1.41	1.54
Royalties	US\$/oz	83	82
Sustaining Capital	US\$/oz	38	24
All-in site cost	US\$/oz	1,049	1,100

Unit mining costs increased by 10.6% relative to the prior year. Total mining costs decreased due to the updated mining strategy and life of mine plan. However, in unit cost terms, the effect of this decrease was offset by a larger decrease in the tonnes of material mined relative to the prior year plus the inclusion of one-off demobilisation costs of mining contractor, African Mining Services, as Perseus moved from a two-contractor operation to a single mining contractor operation with effect from 1 January 2019. Unit processing costs have decreased from the prior year due mainly to a decrease in ore tonnes milled.

Exploration

During the year, 4,319 metres of reverse circulation ("RC") and 5,395 metres of diamond core were drilled on various targets within the EGM project area. Drilling was focussed on near-mine targets that could potentially add incremental benefit to the current operation, particularly the Esuajah Gap prospect discovered in early 2018.

Following the discovery of mineralised granite at depth in the 'gap' between the Esuajah North pit and the Esuajah South deposit, drilling focussed on defining up-dip and strike extensions of this body that could potentially be exploited from an open-pit. A total of 42 holes were drilled, including 30 RC holes into the near-surface oxide zone. The drilling revealed that the large mineralised granite at depth formed a pinnacle that tapered out towards the surface, eventually pinching out at 60 metres below the surface. However, gold mineralisation in the form of quartz veins and disseminated sulphides continues into the metasediments capping the granite, forming an 80-metre zone in oxide. This mineralisation is now being assessed as a potential open pit resource despite the constraints of proximity to Ayanfuri village.

In addition to the Esuajah Gap drilling, six RC-precollared diamond drill holes were completed along the Esuajah trend searching for further buried granite bodies. Five of these holes were drilled in a traverse across the Esuajah trend at Wampam West, some 500 metres north of the Esuajah North granite.



The best intercepts from this drilling were recorded from altered and mineralised metasediments and granite dykes in WWRDD003 and WWRDD004, both located on the eastern end of the traverse. These intercepts are off the trend of the known mineralised granites and confirms there is scope for additional mineralised granites in the area.

EGM Mineral Resource estimate:

The Mineral Resource estimate for the EGM is prepared in accordance with the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The Mineral Resource estimate is summarised in the following table that reports the Mineral Resources by category, deposit and deposit type. The classification categories of Measured, Indicated and Inferred under the JORC Code are equivalent to the CIM categories of the same name (CIM, 2010).

The updated Measured and Indicated Mineral Resource estimate for Edikan is now estimated as 77.5Mt grading 1.10g/t gold, containing 2,730k ounces of gold, as at 30 June 2019. A further 6.1Mt of material grading 1.22g/t gold and containing a further 237k ounces of gold are classified as an Inferred Mineral Resource.

The Mineral Resource estimates have been constrained to material lying within optimal pit shells derived using US\$1,800/oz gold price and depleted to 30th June 2019 surveyed mining surfaces. A revised Mineral Resource Estimate was completed for the Esuajah North deposit based on mill reconciliation as at 30th June 2019 and readers are referred to ASX release “Perseus Updates Mineral Resource and Ore Reserve Estimates” dated 28 August 2019 and the notes contained therein. The Company confirms that in all other respects there have been no material changes from the estimates of open pit Mineral Resources previously released.

The Company confirms that there have been no material changes to the Esuajah South and Heap Leach Mineral Resource estimates previously released. The above reference and the notes contained therein also apply to these estimates.

The Mineral Resource estimates for Edikan are tabulated below in Tables 3 and 4.

Review of Operations (continued)

Table 3: Edikan Gold Mine Measured and Indicated Mineral Resources – 30 June 2019 ^{8,9,10}

Deposit	Deposit Type	Measured Resources			Indicated Resources			Measured + Indicated Resources		
		Quantity Mt	Grade g/t gold	Gold '000 oz	Quantity Mt	Grade g/t gold	Gold '000 oz	Quantity Mt	Grade g/t gold	Gold '000 oz
AF Gap ^{1, 2, 3}	Open Pit	7.8	1.00	253	11.1	0.95	338	19.0	0.97	591
Fobinso ^{1, 2, 3}	Open Pit	0.8	1.12	28	3.5	0.97	109	4.3	0.99	137
Esuajah North ^{1, 2, 3, 4}	Open Pit	4.7	0.81	123	6.5	0.76	159	11.2	0.78	282
Fetish ^{1, 2, 3, 5}	Open Pit	6.2	1.02	205	10.7	0.95	328	16.9	0.98	533
Bokitsi South ^{1, 2, 3}	Open Pit	0.7	2.70	65	0.6	2.26	42	1.3	2.51	107
Sub-Total		20.3	1.03	674	32.4	0.94	977	52.7	0.97	1,651
Esuajah South ⁶	U/ground	8.5	1.9	528	6.3	1.7	351	14.8	1.8	879
Heap Leach ^{2, 7}	Stockpile	-	-	-	3.7	0.6	77	3.7	0.6	77
Stockpiles	Stockpile	6.3	0.62	124	-	-	-	6.3	0.62	124
Total		35.1	1.17	1,326	42.4	1.03	1,405	77.5	1.10	2,730

Notes:

1. Based on January 2017 Mineral Resource models constrained to US\$1,800/oz pit shells.
2. Depleted to 30 June 2019 mining surfaces.
3. 0.4g/t gold cut-off applied.
4. Based on June 2019 Mineral Resource model constrained to US\$1,800/oz pit shell.
5. Includes Bokitsi North lode.

6. 0.7g/t gold cut-off applied.

7. At zero cut-off grade.

8. All Mineral Resources are current as at 30 June 2019.

9. Mineral Resources are inclusive of Ore Reserves.

10. Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.

Table 4: Edikan Gold Mine Inferred Mineral Resources – 30 June 2019 ^{6,7}

Deposit	Deposit Type	Inferred Resources		
		Quantity Mt	Grade g/t gold	Gold '000 oz
AF Gap ^{1, 2, 3}	Open Pit	0.1	1.04	4
Fobinso ^{1, 2, 3}	Open Pit	0.4	0.95	11
Esuajah North ^{1, 2, 3, 4}	Open Pit	0	0.96	1
Fetish ^{1, 2, 3, 5}	Open Pit	0.4	0.87	10
Bokitsi South ^{1, 2, 3}	Open Pit	0.5	1.16	19
Esuajah South ⁶	U/ground	4.7	1.3	192
Total		6.1	1.22	237

Notes:

1. Based on January 2017 Mineral Resource models constrained to US\$1,800/oz pit shells.

2. Depleted to 30 June 2019 mining surfaces.

3. 0.4g/t gold cut-off applied.

4. Based on June 2019 Mineral Resource model constrained to US\$1,800/oz pit shell.

5. Includes Bokitsi North lode.

6. 0.7g/t gold cut-off applied.

7. All Mineral Resources are current as at 30 June 2019.

8. Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.

Review of Operations (continued)

EGM Ore Reserve estimate:

The Ore Reserve is summarised below in Table 5 and is based on the Edikan Mineral Resources as at 30 June 2019 and updated pit optimisation, design and scheduling of the Open Pit resources and Esuajah South Ore Reserve based on underground mining methods. All Ore Reserves are reported in accordance with the JORC Code. The Ore Reserve estimate is summarised in the following table that reports the Ore Reserves by category, deposit and type, above variable cut-off grades. The classification categories of Proved and Probable under the JORC Code are equivalent to the CIM categories of the same name (CIM, 2010).

The updated Proved and Probable Ore Reserves for Edikan are now estimated as 37.4Mt grading 1.16g/t gold, containing 1,390k ounces of gold including 16.0Mt of ore grading 1.02g/t gold and containing 525k ounces of gold in the Proved category and a further 21.4Mt of ore grading 1.26g/t gold containing 865k ounces of gold classified as Probable Ore Reserves. Details of these estimates are shown in Table 5.

Table 5: Edikan Gold Mine Ore Reserves – 30 June 2019 ^{3,7}

Deposit	Proved Reserves			Probable Reserves			Proved & Probable Reserves			Strip Ratio ⁶
	Quantity Mt	Grade g/t gold	Gold '000 oz	Quantity Mt	Grade g/t gold	Gold '000 oz	Quantity Mt	Grade g/t gold	Gold '000 oz	
AF Gap ^{1,4}	4.0	1.21	154	4.4	1.24	174	8.3	1.23	329	4.4
Fobinso ⁸	-	-	-	-	-	-	-	-	-	-
Esuajah North ^{1,4}	1.2	1.00	40	1.8	0.93	54	3.0	0.96	94	1.0
Fetish ^{1,4}	3.9	1.18	147	6.3	1.08	217	10.1	1.12	364	2.6
Bokitsi South ^{1,4}	0.6	2.86	60	0.4	2.44	30	1.0	2.71	90	5.3
Subtotal	9.7	1.28	466	12.8	1.15	476	22.5	1.21	876	3.2
Esuajah South	-	-	-	4.9	1.99	312	4.9	1.99	312	-
Heap Leach ^{1,5}	-	-	-	3.7	0.6	77	3.7	0.6	77	-
Stockpile ²	6.3	0.62	124	-	-	-	6.3	0.62	124	-
Total	16.0	1.02	525	21.4	1.26	865	37.4	1.16	1,390	1.9



Notes:

1. Based on June 2019 Ore Reserve estimate.
2. Based on EOM June 2019 stockpile balance report.
3. All Ore Reserves current as at 30th June 2019.
4. Variable gold grade cut-off based on recovery of each material type in each deposit: Oxide 0.40 – 0.55 g/t, Transition 0.55 – 0.75 g/t and Fresh 0.50 – 0.60 g/t.
5. Based on 0.40 g/t gold grade cut-off.
6. Inferred Mineral Resource is considered as waste, t : t.
7. Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.
8. Fobinso mining completed in August 2018.

Review of Operations (continued)

SGM, CÔTE D'IVOIRE

The Sissingué Gold Mine ("SGM") is located in the north of Côte d'Ivoire and lies within the Sissingué exploitation permit that covers an area of 446km² and is bounded on one side by the international border between Côte d'Ivoire and Mali. The exploitation permit is located along a structural/stratigraphic corridor within the Syama-Boundiali greenstone belt approximately 42km south-southwest of the Syama gold mine in Mali and 65km west northwest of the Tongon deposit in Côte d'Ivoire. The group owns an 86% interest in the SGM, with a 10% free carried interest held by the Ivorian government and 4% owned by local interests.

Operations

Operating results at the SGM for the year ending 30 June 2019 and the corresponding year ending in 2018 were as follows:

Table 6: Key production statistics – SGM

Parameter	Unit	Twelve months to 30 June 2019	Twelve months to 30 June 2018 ¹
Total ore and waste mined	kt	6,586	3,541
Ore mined	kt	1,651	1,019
Ore milled	kt	1,530	678
Milled head grade	g/t gold	1.71	1.70
Gold recovery rate	%	95.0	96.1
Gold produced	ounces	79,853	35,425

Notes:

1. Production data includes production both pre and post declaration of commercial production on 31 March 2018.

A total of 6,586k tonnes of oxide ore and waste was mined during the year from the Sissingué pit, including 1,400k tonnes of oxide ore at 1.22g/t and 251k tonnes fresh/transitional ore at 2.09g/t gold. Total material movements in the June 2019 Half Year were 1,463k tonnes more than in the December 2018 Half Year. More than 1,000k tonnes of this increase was waste material from the accelerated cut-back of the Stage 3 pit undertaken as a precaution against future wall instability caused by a possible repeat of the very high rainfall that occurred during the 2018 wet season.

Ore stockpiles plus crushed ore increased to 433k tonnes of ore at an average grade of 0.63 g/t, containing approximately 8,824 ounces of gold. Total mill throughput for the year was 1,530k tonnes of ore at an average grade of 1.71 g/t gold. The average gold recovery rate achieved was 95.0%. Gold production for the year was 79,853 ounces at an AISC of US\$746/oz. Sissingué's AISC was higher than in the previous financial year due to measures taken to mitigate forthcoming wet season risks, higher processing costs as the hardness of processed ore increased compared to the prior year as well as increased expenditure on sustaining capital.

Review of Operations (continued)

Table 7: Key financial operating statistics – SGM

Parameter	Unit	Twelve months to 30 June 2019	Twelve months to 30 June 2018 ^{1,2}
Total gold sales	Ounces	88,456	14,726
Average sales price	US\$/oz of gold sold	1,257	1,330
Production costs including:			
• Mining cost	US\$/tonne of material mined	3.74	3.88
• Processing cost	US\$/tonne of ore milled	11.42	9.69
• G & A cost	US\$/M / month	0.88	0.78
Royalties	US\$/oz	53	57
Sustaining Capital	US\$/oz	34	1
All-in site cost	US\$/oz	746	520

Notes:

1. Production data includes production both pre and post declaration of commercial production on 31 March 2018.

2. Financial data (i.e. sales and costs) includes only data relevant to the period post-declaration of commercial production.

Exploration

Exploration on the Sissingué Exploitation Licence during the year included 10,714 metres of auger geochemical drilling to investigate bedrock sources of widespread gold-in-soil anomalism and surficial artisanal gold mining, with 13,380 metres of aircore (“AC”) drilling and 8,086 metres of RC drilling completed over the resulting targets.

AC drilling was conducted in two areas on the Sissingué permit: Papara North-Tiongoli, located some 25km north of the SGM plant site, and Zanikan-Gbeni, located approximately 20km south of the SGM plant site. In both areas extensive artisanal workings, gold-in-soil and auger anomalism had been only lightly tested by previous drilling. The AC and follow-up RC drilling in the Zanikan area confirmed and extended significant quartz veining (stockwork) mineralisation hosted by Birimian metasediments (greywackes and siltstones) intersected in previous (2018) AC drilling. The results appear to indicate multiple steeply west-dipping mineralised structures over 500 metres in strike and open ended to the north. Additional AC and RC drilling is planned to investigate the lateral and depth extent of this mineralisation. The AC drilling at Papara North-Tiongoli returned generally discouraging results, as did RC drilling targeting the interpreted contact between diorite intrusive and sediments at Papara Central, although further targets remain to be tested in this area.

RC drilling was also conducted on targets immediately south of the Sissingué pit, resulting in the discovery of potentially significant mineralisation within the existing fenced mining area. RC and diamond drilling of this target was ongoing at year’s end.

On the Mahalé licence, located 40km southwest of the SGM plant site, over 4,500 metres of AC drilling was completed, targeting gold-in-soil and magnetic anomalies along the sheared margins of the Fimbiasso (Bélé) syenogranite. RC and limited diamond drilling was also conducted to follow up the better AC results, with 1,590 metres of RC and 240 metres of core drilled. Results from AC and RC drilling at the Fimbiasso South prospect failed to live up to earlier expectations and no further work is planned there, with the focus now on development of the Fimbiasso East and West deposits for processing through the SGP plant.



Combined SGM and Fimbiasso Mineral Resource estimate

A revised Mineral Resource Estimate was completed for the Sissingué Deposit based on mill reconciliation as at 30th September 2018. Mineral Resources at the Sissingué and Fimbiasso (previously Bélé) deposits have been constrained to optimal pit shells derived using a gold price of US\$1,800/oz and the Sissingué deposit depleted to the 30 June 2019 surveyed mining surface. The Company confirms that in all other respects there have been no material changes from the estimates of Mineral Resources previously released. In respect of Sissingué, readers are referred to ASX release “Perseus Mining Updates Resources, Reserves and Life of Mine Plan at Sissingué” dated 29 October 2018. In respect of the Fimbiasso deposits, readers are referred to ASX release “Perseus Updates Mineral Resource Estimate at Bélé” dated 20 February 2017.

The combined global Measured and Indicated Mineral Resource for the SGM is estimated as 8.4Mt grading 1.8g/t gold, containing 477k ounces of gold. A further 0.4Mt of material grading 1.7g/t gold, containing a further 19k ounces of gold are classified as Inferred Mineral Resources. Details of these estimates are shown below in tables 8 and 9.

Table 8: Sissingué Gold Mine Measured and Indicated Mineral Resources – 30 June 2019 ^{6,7,8,9}

Deposit	Deposit Type	Measured Resources			Indicated Resources			Measured + Indicated Resources		
		Quantity Mt	Grade g/t gold	Gold '000 oz	Quantity Mt	Grade g/t gold	Gold '000 oz	Quantity Mt	Grade g/t gold	Gold '000 oz
Sissingué ^{1, 2, 3}	Open Pit	6.1	1.7	338	0.5	1.5	22	6.5	1.7	360
Fimbiasso East ^{4, 5}	Open Pit	-	-	-	0.6	2.3	47	0.6	2.3	47
Fimbiasso West ^{4, 5}	Open Pit	-	-	-	0.9	2.0	61	0.9	2.0	61
Stockpiles	Open Pit	0.33	0.80	8.8	-	-	-	0.33	0.80	8.8
Total		6.4	1.7	347	2.0	2.0	130	8.4	1.8	477

Notes:

1. Based on September 2018 Mineral Resource model constrained to US\$1,800/oz pit shell.
2. Depleted to 30 June 2019 mining surface.
3. 0.6g/t gold cut-off applied to in situ material.
4. Based on February 2017 Mineral Resource models constrained to US\$1,800 pit shells.
5. 0.8g/t gold cut-off applied.

6. Mineral Resources current at 30 June 2019.
7. Mineral Resources are inclusive of Ore Reserves.
8. Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.
9. Fimbiasso East and West were previously called Bélé East and West respectively.

Review of Operations (continued)



Table 9: Sissingué Gold Mine Inferred Mineral Resources ^{6,7,8}

Deposit	Deposit Type	Inferred Resources		
		Quantity Mt	Grade g/t gold	Gold '000 oz
Sissingué ^{1, 2, 3}	Open Pit	0.1	0.9	3
Fimbiasso East ^{4, 5}	Open Pit	0.2	1.9	10
Fimbiasso West ^{4, 5}	Open Pit	0.1	2.2	6
Total		0.4	1.7	19

Notes:

1. Based on September 2018 Mineral Resource model constrained to US\$1,800/oz pit shell.
2. Depleted to 30 June 2019 mining surface.
3. 0.6g/t gold cut-off applied.
4. Based on February 2017 Mineral Resource models constrained to US\$1,800/oz pit shells.
5. 0.8g/t gold cut-off applied.
6. Mineral Resources current at 30 June 2019.
7. Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.
8. Fimbiasso East and West were previously called Bélé East and West respectively

Combined Sissingué Gold Mine and Fimbiasso Ore Reserve Estimate

The updated Ore Reserve estimate for Sissingué Gold Mine is a depletion of the previous Ore Reserve estimate and update in Resource model in October 2018. The updated Ore Reserve for Sissingué Gold Mine incorporates the ore depleted due to mining activities up to and including June 2019.

The Company confirms that other than depletion, there have been no material changes from the estimates of Ore Reserves previously released. In respect of Sissingué, readers are referred to ASX release "Perseus Mining Updates Resources, Reserves and Life of Mine Plan at Sissingué" dated 29 October 2018.

The combined Sissingué Gold Mine and Fimbiasso (previously Bélé) project updated Ore Reserve which is summarised below in Table 10 is estimated at 4.6 million tonnes of ore, grading 2.2 g/t gold and containing 321 kozs of gold and is based on the Sissingué Mineral Resource and the Fimbiasso Mineral Resource estimates. Table 10 reports the Ore Reserves by category, deposit and type, above variable cut-off grades. The classification categories of Proved and Probable under the JORC Code are equivalent to the CIM categories of the same name (CIM, 2010).

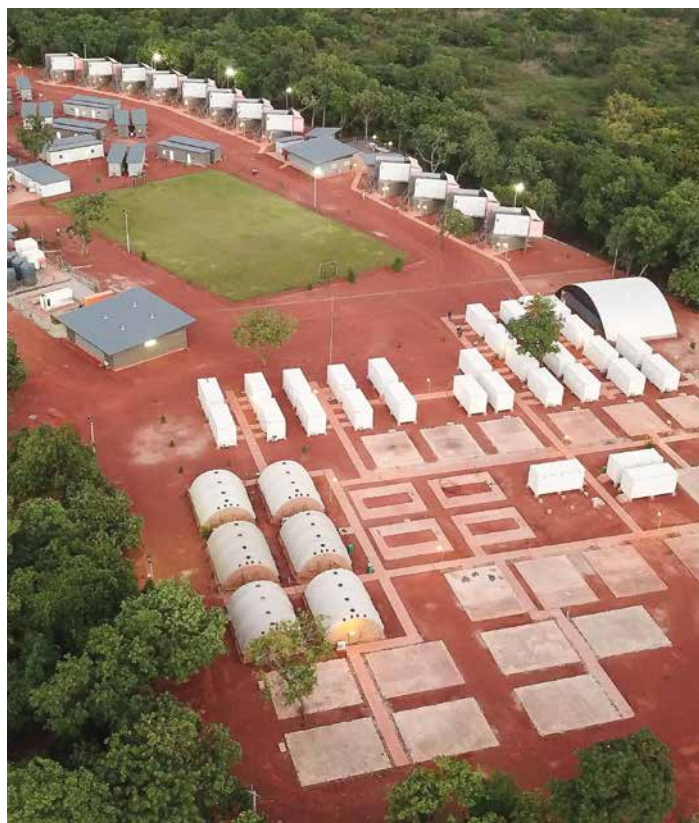
Review of Operations (continued)

Table 10: Sissingué Gold Mine Ore Reserves – 30 June 2019⁹

Deposit	Proved Reserves			Probable Reserves			Proved & Probable Reserves			Strip Ratio ⁶
	Quantity Mt	Grade g/t gold	Gold '000 oz	Quantity Mt	Grade g/t gold	Gold '000 oz	Quantity Mt	Grade g/t gold	Gold '000 oz	
Sissingué ^{1,2,7}	3.1	2.3	228	0.1	2.1	10	3.3	2.3	238	2.0
Fimbiasso East ^{3,4,10}	-	-	-	0.5	2.5	39	0.5	2.5	39	5.1
Fimbiasso West ^{3,5,10}	-	-	-	0.5	2.1	35	0.5	2.1	35	5.8
Subtotal	3.1	2.3	228	1.2	2.3	84	4.3	2.3	313	2.8
Stockpile ⁸	0.33	0.80	9	-	-	-	0.33	0.80	9	-
Total	3.4	2.1	237	1.2	2.3	84	4.6	2.2	321	2.6

Notes

1. Based on January 2019 Ore Reserve estimation.
2. Variable gold grade cut-off based on recovery of each material type: Oxide 0.45 g/t, Transition 0.70 g/t, Granite – Porphyry 0.85 g/t and Sediment 1.05 g/t.
3. Based on March 2017 Ore Reserve estimation, no mining activities.
4. Variable gold grade cut-off based on recovery of each material type: Oxide 0.65 g/t, Transition 0.95 g/t, Granite 1.05 g/t and Mafic 1.20 g/t.
5. Variable gold grade cut-off based on recovery of each material type: Oxide 0.65 g/t, Transition 1.00 g/t, Granite 1.05 g/t and Mafic 1.20 g/t.
6. Inferred Mineral Resource is considered as waste, t : t.
7. Allows for mining depletion to 30th June 2019.
8. Based on EOM June 2019 stockpile balance report.
9. Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.
10. Fimbiasso East and West were previously called Bélé East and West respectively



Review of Operations (continued)

YAOURÉ, CÔTE D'IVOIRE

Yaouré is located in central Côte d'Ivoire, 40 km northwest of Yamoussoukro, the political capital, and 270 km northwest of Abidjan, the economic capital, of Côte d'Ivoire. Yaouré lies within a rural area, 22 km east-northeast of the city of Bouaflé, and 5 km west of the Kossou dam and hydroelectric power station. The nearest villages to the site are Angovia and Allahou-Bazi, which are located approximately 1 km east of the proposed mine site.



Engineering

Based on the FEED study that was completed during the year, the total capital cost estimate for the development of Yaouré is US\$265 million +/- 10% (including a contingency allowance of approximately 8%) which was within 0.5% of the Definitive Feasibility Study estimate.

Perseus executed Engineering and Supply Contracts for the development of Yaouré with the well credentialled engineering company, Lycopodium on 8 May 2019. Perseus has collaborated successfully with Lycopodium in the past, most notably on the ahead-of-time, on-budget development of the Sissingué Gold Mine that was commissioned in early 2018.

Development Funding

During the year, a consortium of three international banks comprising of Macquarie Bank Limited from Australia, Nedbank Limited (Corporate and Investment Bank) from South Africa and Société Générale of France, signed documentation committing to provide Perseus with a revolving cash advance facility of US\$150 million. The facility takes the form of a revolving line of credit with the borrowers being Perseus Mining Limited and certain operating subsidiaries. Terms of the facility are typical of a corporate line of credit of this type. Interest payable on the loan will be LIBOR plus a margin that initially will be 4.25% and will vary in line with the Company's Leverage Ratio. Perseus will continue to hedge the sale price of its gold production in line with its long stated and applied hedging policy of hedging no more than 30% of projected gold production in any given year.

The development of Yaouré is to be funded utilising part of the newly established US\$150 million revolving credit facility, US\$119 million of existing cash and bullion and strong future cashflows from Perseus's Edikan and Sissingué gold mines.





Permitting and Decision to Proceed with Development

On 26 April 2019, Perseus's Ivorian subsidiary, Perseus Yaouré SARL, was granted Exploitation Permit No 50 (the "EP") to develop and operate Yaouré.

On 5 May 2019, with all major prerequisites for the development of Yaouré in place, Perseus formally committed to developing the mine on the basis that with a forecast capital cost of US\$265 million, Yaouré has the potential to become a large scale, low-cost gold mining operation that will form an important part of Perseus's asset portfolio for many years to come.

Perseus has formed a special purpose exploitation company, Perseus Mining Yaouré SA ("PMY"), into which the EP has been, and other project assets will be transferred from the Perseus Yaouré SARL. A free carried 10% equity interest in PMY has been provided to the Ivorian Government in accordance with Ivorian mining legislation. PMY and the Ivorian departments of Mining and Geology, and Budget and Finance will negotiate the terms of a Mining Convention to confirm fiscal stability and other arrangements that will apply during the life of the Yaouré Gold Mine.

Exploration

Exploration at Yaouré during the year included soil sampling, augering and AC, RC and diamond drilling. The AC, RC and diamond drilling was focussed on the investigation of the CMA-NE zone, a potential strike extension of the CMA structure northeast from the currently defined Yaouré deposit. AC drilling totalling over 18,600 metres was completed to infill previous coverage at CMA-NE, with limited RC and diamond core drilling totalling 1,218 and 382 metres respectively drilled to follow up the better AC intersections. The drilling defined intersecting north-easterly and north-westerly trends of gold mineralisation, with better grades largely confined to a basaltic sequence. Further RC and diamond drilling will be required to fully evaluate this zone.

Auger drilling was undertaken at the Sayikro prospect, 2km southwest of the Yaouré pit, the Allekran prospect, 15km southwest of Yaouré, and at Degbezere, 10km west of Yaouré. Just over 5,470 metres of augering was completed over these three prospects in 796 holes. Strong gold anomalism was outlined at both the Sayikro and Allekran prospects, with aircore drilling planned in the second half of 2019. Augering is ongoing at Degbezere with results pending.

At the Gbegbessou prospect, 5km west of the Yaouré pit, soil sampling was undertaken to infill and validate previous sampling. This work failed to validate previous sampling with no significant anomalism detected.

Auger drilling on the Yaouré East property failed to provide evidence of any significant mineralised system on the property and the permit was subsequently relinquished.

Review of Operations (continued)

Yaouré Gold Project Mineral Resource Estimate

The open pit Mineral Resource estimate for the Yaouré Gold Project has been updated based on additional drilling completed in 2018. Readers are referred to ASX release “Perseus Updates Mineral Resource and Ore Reserve Estimates” dated 28 August 2019 and the notes thereto. Consistent with the estimates at Edikan and Sissingué, Mineral Resources at Yaouré are constrained by optimal pit shells generated using US\$1,800/oz gold price. In respect of the Mineral Resource estimate for CMA Underground, readers are referred to ASX release “Perseus Mining Completes Scoping Study for Potential Underground Mine at Yaouré” dated 5 November 2018. The Company confirms that there have been no material changes from the estimate of underground Mineral Resources described in that release.

The global Measured and Indicated Mineral Resource estimate for Yaouré is estimated as 47.9 million tonnes grading 1.37 g/t gold containing 2.11 million ounces of gold at a cut-off grade of 0.4g/t. A further 46 million tonnes of material grading at 1.1 g/t gold and containing a further 1.69 million ounces of gold is classified as Inferred Resources. Table 11 reports the Mineral Resources by category, deposit and type.

Table 11: Yaouré Gold Project Indicated & Inferred Mineral Resources – 30 June 2019

Deposit	Deposit Type	Indicated Resources			Inferred Resources		
		Quantity Mt	Grade g/t gold	Gold koz	Quantity Mt	Grade g/t gold	Gold koz
CMA ^{1, 2, 3, 4}	Open Pit	27.3	1.78	1,570	11	1.1	400
Yaouré ^{1, 2, 3, 4}	Open Pit	18.8	0.80	480	33	0.9	900
Sub-total	Open Pit	46.1	1.38	2,050	44	0.9	1,300
Heap Leach ⁵	Stockpile	1.8	1.02	60	-	-	-
Sub-Total		47.9	1.37	2,110	44	0.9	1,300
CMA ⁶	U/ground	-	-	-	1.8	6.1	346
Total		47.9	1.37	2,110	46	1.1	1,694

Notes:

1. Based on June 2019 Mineral Resource estimate.
2. Depleted for previous mining.
3. 0.4g/t gold cut-off applied to in situ open pit material.
4. In situ resources constrained to US\$1,800/oz pit shell
5. Heap leach resources are stated at 0.0g/t gold cut-off; only heap components with average grade above 0.4g/t included.
6. May 2018 Mineral Resource estimate, CMA Footwall Lode 1 only, below US\$1,800 pit shell and base of weathering, above 2g/t gold block grade cut-off
7. Mineral Resources current at 30 June 2019.
8. Indicated Mineral Resources are inclusive of Ore Reserves.
9. Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.



Review of Operations (continued)

YGP Ore Reserve Estimate

The Ore Reserve for Yaouré Gold Project has been updated based on the updated Mineral Resource estimate. Readers are referred to ASX release “Perseus Updates Mineral Resource and Ore Reserve Estimates” dated 28 August 2019 and the notes contained therein.

The Proved and Probable Ore Reserves for Yaouré are estimated as 27.3Mt, grading 1.78g/t gold and containing 1,560k ounces of gold. Details of the estimate are shown in Table 12.

Table 12: Yaouré Gold Project Proved and Probable Reserves – 30 June 2019^{4, 5, 6}

Deposit	Proved			Probable			Total			Strip Ratio ⁴ t:t
	Quantity Mt	Au grade g/t gold	Gold koz	Quantity Mt	Au grade g/t gold	Gold koz	Quantity Mt	Au grade g/t gold	Gold koz	
CMA ^{1, 2}	-	-	-	20.6	2.02	1,334	20.6	2.02	1,334	6.2
Yaouré ^{1, 2}	-	-	-	5.3	1.03	174	5.3	1.03	174	3.3
Subtotal	-	-	-	25.8	1.81	1,508	25.8	1.81	1,508	5.6
Heap Leach ^{1, 3}	-	-	-	1.4	1.14	52	1.4	1.14	52	-
Total	-	-	-	27.3	1.78	1,560	27.3	1.78	1,560	5.3

Notes:

1. Based on June 2019 Ore Reserve estimation.
2. Variable gold grade cut-off based on recovery of each material type: Weathered 0.40 g/t, Transition 0.45 g/t, Fresh CMA – 0.55 g/t, Fresh Basalt Yaouré – 0.70 g/t and Fresh Granite Yaouré – 0.65 g/t.
3. Based on 0.45 g/t gold grade cut-off.
4. Inferred Mineral Resource is considered as waste, t : t.
5. Ore Reserve current as at 30th June 2019.
6. Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.

Other exploration permits, Côte d'Ivoire

The 400 km² Minignan exploration permit, located in north-western Côte d'Ivoire, was granted during the year. Initial programs there have involved acquisition of satellite imagery and regolith mapping as a prelude to first-pass geochemical sampling to be conducted later in 2019.

Auger geochemical drilling was conducted on the Kounahiri exploration permit under an option agreement with Manas Resources. Manas completed 371 auger holes totalling 2,540 metres to investigate some of the stronger gold-in-soil anomalies defined by previous Perseus sampling. Results were disappointing and Manas declined to exercise their option. Efforts will be made to find another partner to advance exploration on this property.

Exploration on our Mbengué and Napié properties continued, with major programs of drilling conducted by our partners Manas Resources and Mako Gold respectively.



Company Highlights

GROUP ORE RESERVES AND MINERAL RESOURCES

All open pit Mineral Resource estimates are constrained using pit shells generated at US\$1,800/oz. Where applicable, Mineral Resources are depleted to 30th June 2019 mining surfaces.

Table 13: Group Mineral Resources ^{1,2}

Project	Measured Resources			Indicated Resources			Inferred Resources		
	Quantity Mt	Grade g/t gold	Gold '000 oz	Quantity Mt	Grade g/t gold	Gold '000 oz	Quantity Mt	Grade g/t gold	Gold '000 oz
Edikan	35.1	1.17	1,326	42.4	1.03	1,405	6.1	1.22	237
Sissingué	6.4	1.7	347	2.0	2.0	130	0.4	1.7	19
Yaouré	-	-	-	47.9	1.37	2,110	46	1.1	1,694
Total	41.5	1.25	1,673	92.4	1.23	3,644	52.5	1.2	1,950

Notes:

1. Notes to individual tables of resources presented below in respect of each project.
2. Measured and Indicated Mineral Resources are inclusive of Ore Reserves.

All Ore Reserves are based on Life of Mine Plans that were current at the time of reporting and are quoted from face positions as at 30 June 2019.

Table 14: Group Ore Reserves ^{1,2,3}

Project	Proved			Probable			Proved and Probable		
	Quantity Mt	Grade g/t gold	Gold '000 oz	Quantity Mt	Grade g/t gold	Gold '000 oz	Quantity Mt	Grade g/t gold	Gold '000 oz
Edikan Gold Mine	16.0	1.02	525	21.4	1.26	865	37.4	1.16	1,390
Sissingué Gold Mine	3.4	2.1	237	1.2	2.3	84	4.6	2.2	321
Yaouré Gold Project	-	-	-	27.3	1.8	1,560	27.3	1.8	1,560
Total	19.4	1.22	762	49.8	1.57	2,509	69.3	1.47	3,271

Notes:

1. Notes to individual tables of Ore Reserves presented below in respect of each project.
2. The Company holds 90% of Edikan Gold Mine (EGM), 86% of Sissingué Gold Mine (SGM) and 90% of Yaouré Gold Project (YGP) after allowing for Government equity at mining stage.
3. Rounding of numbers to appropriate precisions may have resulted in apparent inconsistencies.

GOVERNANCE AND INTERNAL CONTROLS FOR RESERVE AND RESOURCE ESTIMATES

Perseus' Mineral Resource and Ore Reserve estimates are prepared by suitably qualified external consultants and Perseus personnel using industry standard techniques in accordance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) and the National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). The estimates are subject to internal controls and sign off processes both at a site and corporate level. Perseus continues to develop its internal systems and controls.

Company Highlights (continued)

FINANCIAL RESULTS

The Perseus group produced a total of 271,824 ounces of gold in twelve months to June 2019, 6% more than in the preceding twelve months. The weighed average all-in site costs ("AISC") including the costs of production, royalties and sustaining capital, averaged US\$960 per ounce of gold produced, 8% less than in the last financial year.

Highlighting the successful transition to a multi-mine, multi-jurisdictional gold producer, in FY2019, Perseus recorded EBITDA from operation of \$164.1 million, a 19% increase compared to the previous financial year. This comes about following a full year of commercial production at the Sissingué Gold Mine, a low cost operation (ASIC US\$746 per ounce), and lower cost per ounce gold production at the Edikan Gold Mine following implementation of a revised mining strategy in January 2019 designed to maximise the production of profitable ounces.

In FY2019, Perseus recorded a net profit after tax of \$7.6 million or 0.7 cents per share, compared to a net loss after tax of \$24.9 million or 2.5 cents per share in the previous financial year. This improved performance is predominantly due to:

- A 19% increase in operating EBITDA due to a 35% increase in revenue, resulting from a 3% higher average gold sales price, and 28% higher gold sales following a full year of commercial production at Sissingué. This was offset by an increase in cost of sales due to a full year of production costs at Sissingué.
- A depreciation and amortisation expense of \$153.3 million, representing a 28% increase during the period due to a full year of mining and processing at Sissingué offset by lower rates of mining and processing and lower deferred waste amortisation at Edikan.
- Asset impairment charges down to \$0.1 million from the prior year of \$24.3 million. Prior year included an impairment of the carrying value of the Sissingué cash generating unit, mainly due to lower future expected gold prices, the write-off of some capitalised exploration expenditure and impairment of the group's equity investment in Amani Gold Limited.

- A foreign exchange gain of \$15.5 million, compared to a gain of \$5.7 million in the prior year, mainly due to devaluation of the Australian dollar against the US dollar and revaluation of intercompany loans.
- An increase in financing costs to \$6.0 million from \$3.1 million in the prior year, prior year financing costs related to Sissingué were being capitalised during construction, capitalisation of these costs ceased following commercial production.
- An income tax benefit of \$1.8 million.

At 30 June 2019, the total value of cash and bullion on hand was \$168.3 million, or \$78.5 million more than at 30 June 2018. Operating cash flows increased by \$77.9 million in FY2019 to \$146.2 million, or 13.8 cents per share, as revenue increased and unit costs reduced materially. A total of \$60.0 million of cash was invested during the period, including \$24.9 million on the development of the Yaouré Gold Mine and \$8.6 million on exploration. \$43.8 million of borrowings were repaid and \$55.7 million was received from the exercise of warrants.

The Company's net assets as at 30 June 2019 were \$783.5 million or 73.9 cents per share after accounting for cash and bullion on hand as well as interest-bearing liabilities of \$44.8 million.

Looking to the future, Perseus's financial performance is expected to remain strong with continued solid gold production and an improving cost structure at its two operating gold mines. Development of Yaouré, Perseus's third operation, will be a focus in the 2020 financial year.



SUSTAINABILITY REPORT

VISION

Perseus firmly believes that the health and safety of our employees and affected third parties is of prime importance in the successful pursuit of our business activities.

Perseus is committed to providing lasting benefits to the host countries and communities in which we operate through investment and localisation.

Perseus is committed to minimising the impact of our activities on the natural environment through the integration of good environmental practises into all areas of our business.

Sustainability Report

0.53/2.37

Lost Time Injuries / Total Recordable Injuries

96%

National workforce with a strong local community participation

US\$5.6M

Community donations plus extensive community based development and support programs

US\$193M

Local supplier spending

US\$626M

Capital invested

US\$31M

Royalties and taxes paid

Shared Corporate Values across all sites

Sustainability Report (continued)

SAFETY PERFORMANCE

Safety Statistics

Perseus recorded zero fatalities across its operations and a total of 54 workplace injuries, including first aid injuries, with key statistics detailed below. This year, statistics for exploration were recorded separately to Perseus' three sites. For the 30 June 2019 financial year, the Group's average Total Recordable Injuries ("TRI") frequency rate was 2.37 and Lost Time Injuries ("LTI") frequency rate was 0.53.

Edikan was the only Perseus group operation that did not sustain any LTIs this year. At Sissingué, a Perseus expatriate employee rolled his ankle and returned to his home country for a secondary assessment and treatment. Two members of the government security forces were injured at Yaouré when their vehicle rolled, and an exploration casual employee sustained a hand injury during drilling.

Perseus Injury Statistics by Group (12 month rolling average frequency rates)

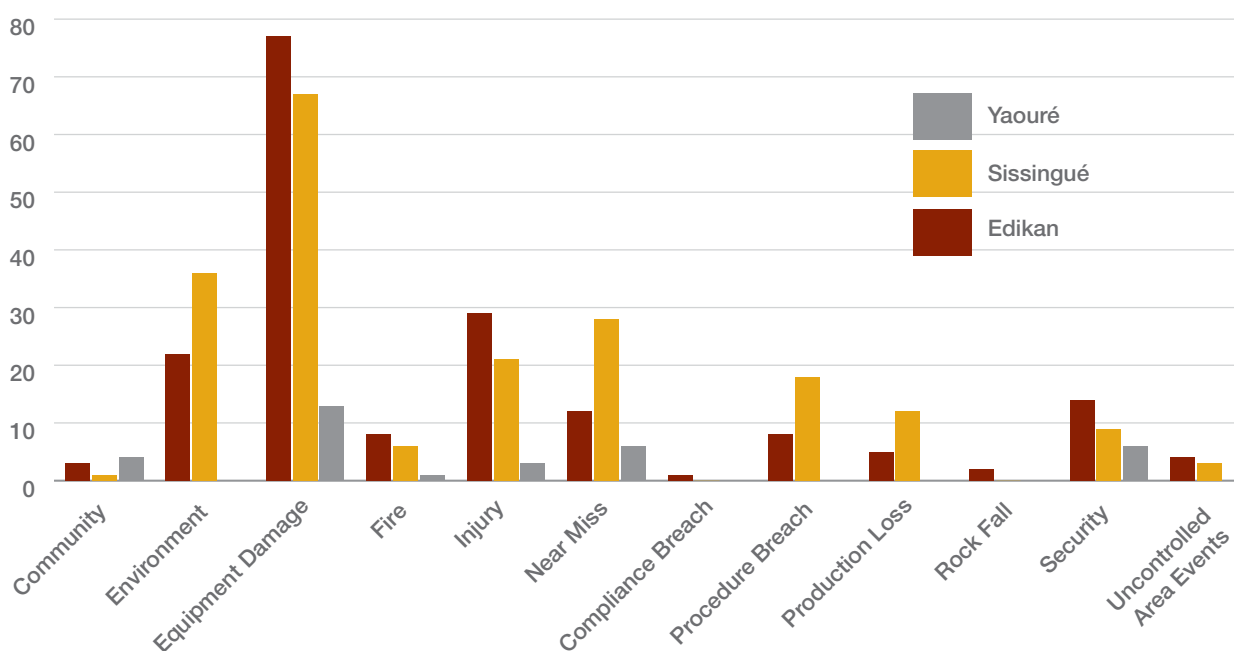
	Edikan		Sissingué		Yaouré		Exploration	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
TRI Frequency Rate	1.81	1.56	2.57	4.41	8.26	1.79	3.26	NR
LTI Frequency Rate	0.00	0.69	0.51	0.00	5.51	0.00	3.26	NR

* Frequency Rates are calculated per 1 million manhours

** TRI = Total Recordable Injuries = Fatal Injuries + Lost Time Injuries + Restricted Work Injuries + Medical Treatment Injuries

Incident Reporting

Formal incident reports and investigations continued to be completed, with Equipment Damage being the most commonly occurring incident at each site. Environmental incidents included hydrocarbon spills and noise and blast exceedances. The single Compliance Breach was recorded at our Edikan site and was for blasting outside of statutory regulations blasting times.



Sustainability Report (continued)

ENVIRONMENTAL PERFORMANCE

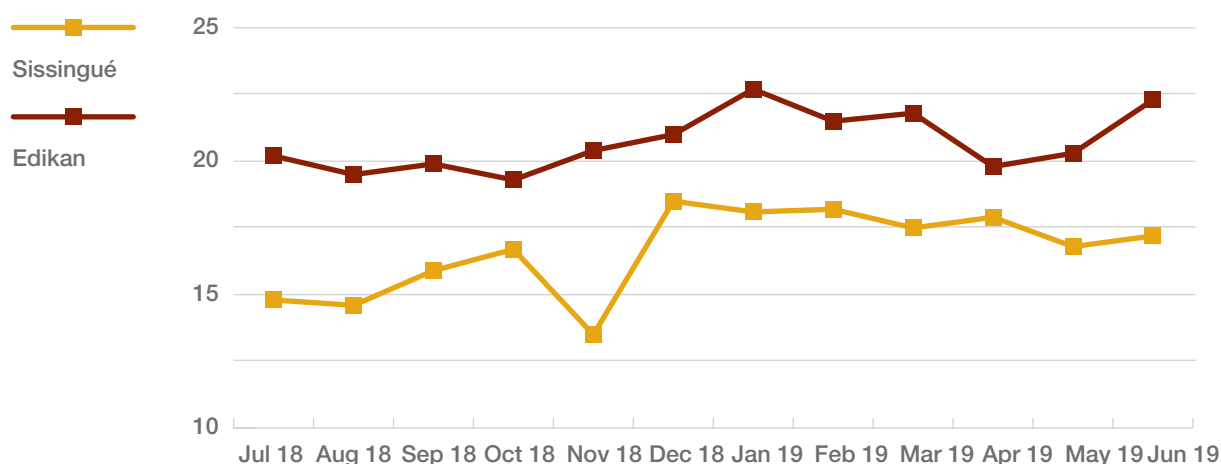
Energy Efficiency

Edikan has back-up diesel-powered generators on site to produce power should electricity from the grid be impacted. This year, Edikan was supplied 133,756,610kWh from the grid and self-generated 4,267,383kWh. The Sissingué site produced the 25,551,912kWh of power from its diesel-powered generators as it does not have access to grid electricity, and whilst Yaouré is not milling any ore, site activities consumed 490,891kWh of electricity from the grid during the year.

As evident in the graph below, Edikan is using more electricity per tonne milled than Sissingué as it is processing harder ore as Sissingué is still processing some oxide material.

Energy Intensity per Tonnes Milled (kWh/t)

* Total electricity only – fuel for mobile equipment not included



Fresh Water Abstraction

Perseus have permits to extract fresh surface and groundwater at all three sites however both Edikan and Sissingué maximise the use of recycled water from their Tailings Storage Facilities ("TSF") in the process plant. They also pump water from surface water sources and groundwater bores and supplement their raw water supply with water pumped from mine pits.

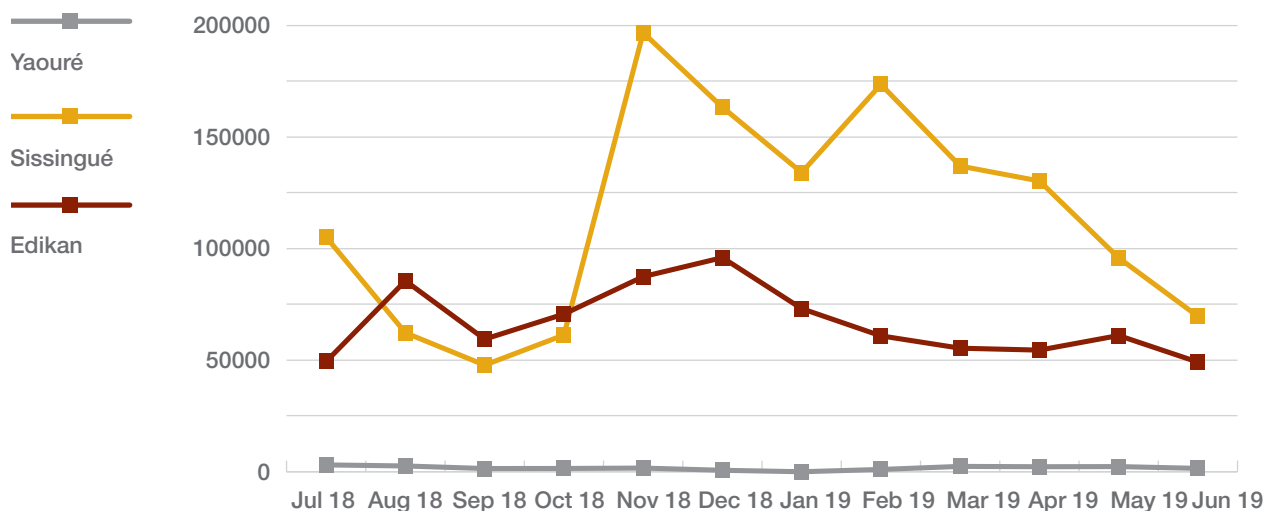


Sustainability Report (continued)

Edikan pumped a total of 802,763m³ of water during the year whilst Sissingué pumped 1,377,427m³ for the same period. Yaouré abstracted bore water to supply the site, and water at the accommodation in the town of Kossou was supplied by the national water provider.

Edikan was able to pump significantly less fresh water from bores and surface water sources than Sissingué as the Edikan TSF basin covers approximately 380 hectares, which is more than six times greater than Sissingué's TSF basin area. Hence more rainwater and surface runoff was captured and used at Edikan than at Sissingué, reducing the need to pump and use fresh water.

Fresh Water Abstraction (m³)



Environmental Compliance

At Edikan, permits were received from the Ghana Minerals Commission for the acquisition of a specific type and amount of explosives and for the storage of the explosive in a magazine. They also issued the 2019 Operating Permits for the Ayanfuri and Nanankwa mining leases and approved the recommencement of mining activities at AG Pit and the backfilling of Chirawewa North Pit, Chirawewa South Pit and Fobinso Pit.

During the year, the Ghana EPA issued the Environment Certificate for the Eastern Pits for the period 2019 to 2022 and Perseus submitted all relevant documents for the renewal of the EPA Environmental Certificate for the Western Pits.

Other permits received include:

- The water use permit from the Ghana Water Resources Commission, which was renewed through to 2022;
- The Radiation Permit from Ghana's Atomic Energy Commission which will expire in October 2019; and
- The Ghana Energy Commission's Permit to operate as Electricity Bulk Customer, which has been extended through to 2024.

A number of inspections and audits were also undertaken at Edikan during the year by the various government departments and agencies.

At Sissingué, the Department of Mines issued the site with a permit to store and use explosives during the year. They, along with the National Environment Agency (Agence Nationale De l'Environnement), the Ivoirian Anti-Pollution Centre (Centre Ivoirian Anti-Pollution) and Cote d'Ivoire's Civil Aviation Authority (ANAC) also all completed site inspections and audits of their current permit conditions during the year.

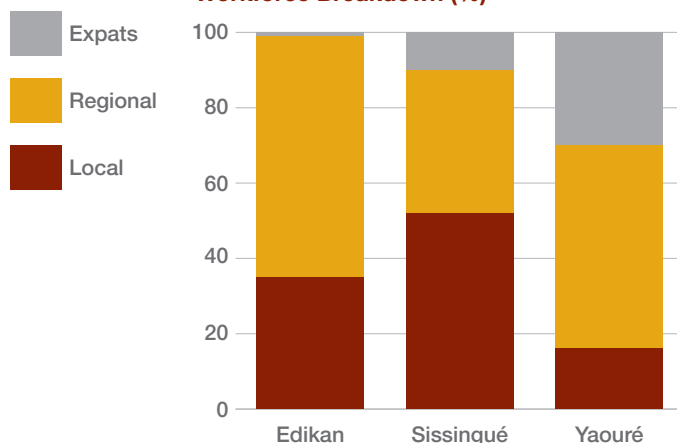
Sustainability Report (continued)

PEOPLE

Employment

Perseus continues its drive to provide meaningful employment opportunities for the local communities adjacent to its operations. Wherever possible, and depending on the skills and experience required, personnel are drawn from the local towns and villages.

Workforce Breakdown (%)



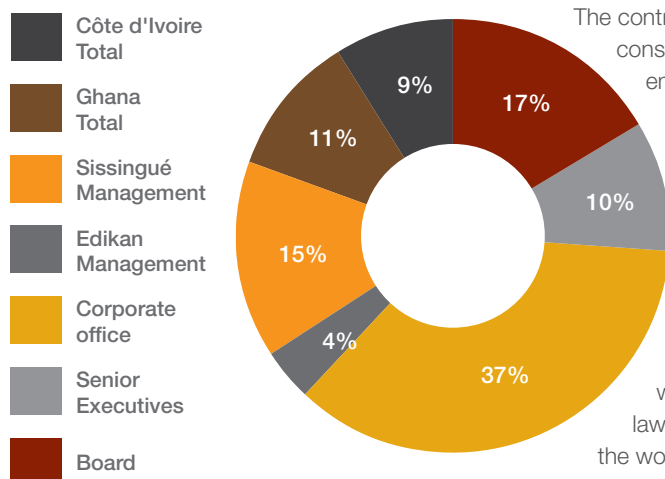
At Sissingué, the Local Recruitment Committee along and the Human Resources team work together to identify suitably skilled local people for available positions before searching further afield for candidates. This is also encouraged with our key contractors, ensuring employment opportunities are maximized.

It is of significance that over half (52%) of Ivorians employed at the Sissingué Operation are from the local community, where mining activity is a new development. At Edikan an established mining precinct, 35% of employees live in the local area. Yaouré is in the early stages of construction,

subsequently local employment programs are yet to be implemented, current employees, of which 16% are local, are developing these programs for implementation.

Diversity

Female Representation (%)



The contribution made by expatriates at the operations is constantly reviewed to ensure that skills transfer to national employees is occurring wherever appropriate. Expats now make up less than 1% of the permanent Edikan workforce and approximately 8% of the Sissingué workforce. The commencement of construction has seen an increase in the number of expatriates at Yaouré as experts arrive to deliver the project.

Perseus recognizes the value contributed to the organization by employing people with diverse skills, gender, cultural background and experience. In our workplaces, to the extent possible and permitted by the laws of the governing jurisdictions, female participation in the workforce is encouraged and promoted at all levels.

At board level, female representation is 17%, senior executive level 10%, Corporate Office 37%, Throughout the Ghanaian entities 11% and Ivorian entities 9%. Across the entire group the female participation is rate is 12%.

Alignment

To encourage and foster consistent and positive behaviours in workplaces across the group, at all levels of the organization, Perseus revisited and refined its Company Values. The Values, along with the Perseus Vision, are seen as an important factor in guiding and establishing the desired culture for our growing business. They provide a common behavioural framework for all employees, regardless of the jurisdiction.

Sustainability Report (continued)

The values and supporting behaviour statements were introduced to all employees through townhall meetings directly with the CEO and then later, at team level lead by supervisors supported by members of the site HR departments.

OUR VALUES



TEAMWORK

Alone we achieve a little, working together we achieve a lot!



INTEGRITY

We act with consistency, honesty and accuracy in everything we do



COMMITMENT

We give our all, every time we do something



ACHIEVEMENT

We do what we say, we deliver on our promises... always

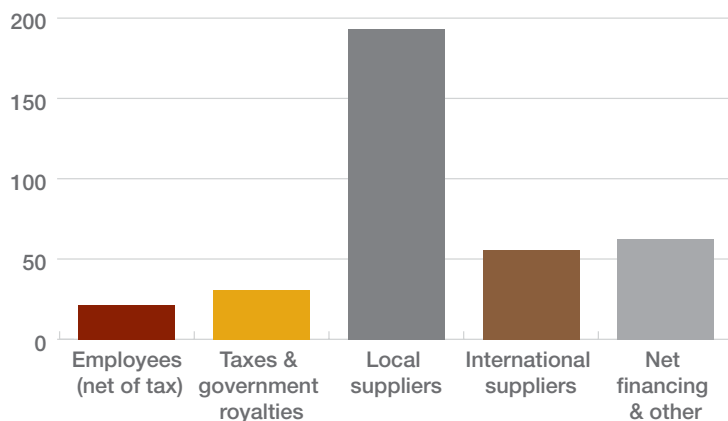
SOCIAL DEVELOPMENT

Operations Sustainability Snapshot:

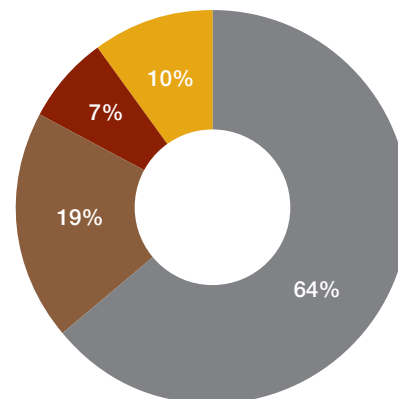
Enduring Prosperity	Economic Contribution	Social Impact
We are committed to providing lasting benefits to the countries and communities we operate in through investment and localisation.	Our financial contributions through payments to government, employees, suppliers and communities is a significant driver of growth.	We have invested in infrastructure projects which provide local communities with services and opportunities to prosper.
95.7% local employees	US\$193m local supplier purchases	US\$5.6m community donations
99% of employees in Ghana and 92% of employees in Côte d'Ivoire are local.	Perseus spent US\$193 million with Ghanaian and Ivorian suppliers and contractors in FY19, and US\$610m since the beginning of FY17, a significant contribution to the economies of the countries.	Perseus has contributed US\$5.6 million directly to local communities since 2010 through infrastructure, services and donations.
US\$626m capital investment	US\$31m of royalties and taxes	Community benefits realised
Perseus has invested US\$626 million in Ghana and Côte d'Ivoire.	Perseus contributed US\$31 million in taxes and royalties to the Ghanaian and Ivorian governments in FY19, a 24% increase on the US\$25m in FY18.	Perseus has provided 483 scholarships, built 280 houses, constructed 7 schools and established 3 health care centres in the communities around our operations.

Sustainability Report (continued)

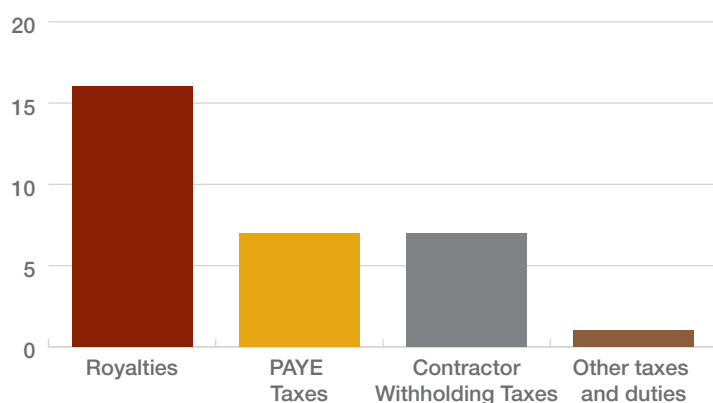
Revenue Distribution (US\$ Millions)



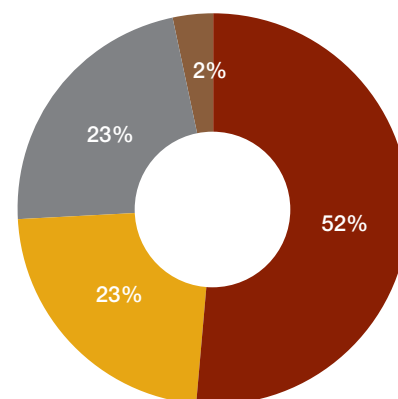
Revenue & Financing Distribution (%)



Government Revenue Breakdown (US\$ Millions)



Government Revenue Breakdown (%)



Community Support

Cash donations and in-kind support continued to be provided by Perseus Mining across its operations. Edikan provided USD \$21,000 worth of materials and services including the re-shaping of community roads, borehole mechanization and the provision of cement to the Dunkwa Branch of the Ghana Fire Service. An additional USD \$96,537 in donations was provided to the local community to support initiatives relating to sport, health, education, cultural celebrations and agriculture.

Perseus again contributed USD \$25,000 per month to the Edikan Trust Fund, which was established by Perseus to support the local communities. Some of the major projects funded during the year include:

- Gyaman – construction of a health centre;
- Abenabena – construction of a community centre;
- Ayanfuri – construction of a kitchen at Ayanfuri Senior High School and the provision of dining room furniture;
- Ayanfuri – construction of a six-unit classroom block;
- Nkonya – construction of a community centre;
- Fobinso – water expansion project;
- Catchment communities – scholarships for 96 students to attend high school or tertiary institutions; and
- Exploration communities – supply of building materials.



Sustainability Report (continued)

The Community Development Fund was implemented at Sissingué during the year, with 0.5% of revenue from the Sissingué Gold Mine being allocated to this Fund. Four payments were made into the Community Development Fund this year, totalling just under USD \$511,000.

This money has been used to support 13 different community development projects across the Sissingué Gold Mine's local communities:

- Sissingué – construction of a medical clinic;
- Ziekoundougou, Zanikan, M'Basso, Tialaka and Papara – the construction of school classrooms;
- Doubasso (actual) and Gbeni (planning phase) – the construction of a dispensary and nurse's accommodation;
- Basso – construction of a community centre;
- Tengrela – extending high voltage electricity infrastructure to parts of the town;
- Tiongoli – construction of a water tower;
- Kanakono (planning phase) – the construction of a medical laboratory; and
- 12 impacted villages – youth training program in welding.

Cash and in-kind support of over USD \$16,000 was donated to the local communities at Yaouré, for activities including the grading of public roads and cultural and festive celebrations. Once Yaouré becomes operational, it will also contribute 0.5% of its revenue to a Community Development Fund.

Community Programs

Edikan initiated and supported several community programs this year, as detailed below:

- Holding a career counselling session with Ayanfuri Senior High School to help the students choose fields that are in line with their skills and job expectations. Plans are in place to extend the programme to other schools in the District.
- Hiring local artisans for community construction projects to create job opportunities within the local communities, which the Board of the Edikan Trust Fund has committed to. Through this initiative, Edikan Trust Fund projects such as the Ayanfuri school classroom block, the kitchen for Ayanfuri Senior High School, the Nkonya Community Centre and the Gyaman Health Centre are being constructed by artisans from the local communities.
- Providing training sessions for the Edikan Trust Fund Board and the Sustainable Development Committee to assist them in effectively executing their respective mandates.
- Supporting an inter-school Quiz Competition in collaboration with Spark FM (103.5) for schools in the catchment communities. The theme was 'Sustainable and Safe Mining – Future for All' in an effort to improve the student's understanding of mining activities and the associated potential impacts and benefits to the environment, communities, and employees.
- Hosting a talent show based on the topic of 'Safety, Our Way of Life' for local school students. The contesting schools were encouraged to demonstrate how safety should be a way of life through drama, poetry, songs, talking drums, and other styles.
- Assisting in the establishment of Co-operative Credit Union in the catchment communities as part of the Livelihood Restoration Programme. Facilitators Hub have been engaged for this undertaking which will be available in the first quarter of the 2019/2020 financial year.
- Collaborating with the Health Directorate of Wassa Amenfi East Municipal Assembly to organise activities at Abenabena community in recognition of World AIDS Day. These activities included health talks on HIV/AIDS, voluntary HIV testing, blood pressure checks and other health screening.
- Commemorating the 2019 International Women's Day with local women in Gyaman community under the theme 'Balance for Better'. It was attended by over 200 women from the community.
- Observing World Malaria Day with the Fobinso community with presentations on Malaria prevention, providing health screening services and distributing treated mosquito nets.

Sustainability Report (continued)

Community Grievances

A formal grievance management process continued to be used by our operations which allows external stakeholders to raise issues with the Company, have their grievance investigated and receive a formal response from the company.

Grievances at Edikan, Sissingué and Yaouré for the year by category are detailed in the table below. Edikan is still recording a high number of community grievances related to building cracks and blast damage, due to the proximity of the Eastern Pits to houses. Alternative blast methods have been introduced and the program to repair any reported cracks is continuing.

The Sissingué community's six issues this year included dust, road conditions and training for the youth.

At Yaouré, their grievances all related to compensation payments, and due to some landowners having an issue with the determined compensation rate and therefore refusing to accept their compensation monies, these grievances have not yet been resolved.

Grievance Category	Edikan		Sissingué		Yaouré	
	Resolved	Unresolved	Resolved	Unresolved	Resolved	Unresolved
Environmental Issues	6	2	2	-	-	-
Building Cracks & Blast Damage	44	74	-	-	-	-
Resettlement Issues	1	1	-	-	-	-
Other Structure Issues	1	1	-	-	-	-
Local Employment & Training	-	-	2	-	-	-
Road Condition	3	-	1	-	-	-
Crop & Land Compensation	5	4	-	-	-	9
Other General	-	2	1	-	-	-

The Voluntary Principles on Security and Human Rights (VPSHR)

Perseus have continued to ensure that our security contractors are trained on the VPSHR to increase their understanding of human rights considerations and to avoid security-related incidents with possible human rights implications. All security personnel, including employees, contractors and government forces were trained in the principles of the VPSHR and reasonable use of force. Perseus has again achieved our objective of training 100% of security personnel working at each site this year.

Site	Security Employees	Contractors	Government Forces	Totals
Edikan	2	140	93	235
Sissingué	2	39	425	466
Yaouré	4	97	203	304

CONSOLIDATED FINANCIAL REPORT

For the year ended 30 June 2019

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Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as the "group") consisting of Perseus Mining Limited ("Perseus" or the "company") and its controlled entities for the year ended 30 June 2019 (the "year"). Perseus is a company limited by shares that is incorporated and domiciled in Australia. Unless noted otherwise, all amounts stated are expressed in Australian dollars.

DIRECTORS

The following persons were directors of Perseus during the year and up to the date of this report.

Terence Sean Harvey	Non-executive chairman
Jeffrey Allan Quartermaine	Managing director and chief executive officer
Colin John Carson	Executive director
John Francis Gerald McGloin	Non-executive director
Sally-Anne Georgina Layman	Non-Executive Director
Daniel Richard Lougher (Appointed 6 May 2019)	Non-Executive Director

PRINCIPAL ACTIVITIES

The principal activities of the group during the year were gold production, mineral exploration and gold project development in the Republic of Ghana ("Ghana") and the Republic of Côte d'Ivoire ("Côte d'Ivoire"), both of which are located in West Africa.

REVIEW OF OPERATIONS

A review of the group's operations during the year ended 30 June 2019 is provided in the section of this report headed 'Review of Operations', which immediately precedes the Director's Report.

FINANCIAL RESULTS

The group recorded a net profit after tax of \$7.6 million for the year, compared to a net loss after tax of \$24.9 million in the previous financial year. This \$32.5 million improvement in performance is predominantly due to the following:

- An increase in revenue predominately resulting from higher gold sales following the commencement of commercial production at Sissingué towards the end of the prior year;
- An impairment expense of \$0.1 million compared to the prior year impairment of asset values and write-offs totalling \$24.3 million. The current year impairment expense of \$0.1 million related mainly to exploration expenditure written off on the Nsuaem prospect in Ghana;
- A foreign exchange gain \$15.5 million representing a 172% increase to the prior year mainly due to a depreciation of the AUD against the USD and the revaluation of the intercompany loans; and
- Offset by a depreciation and amortisation expense of \$153.3 million, representing an increase of 28% during the year predominately due to higher rates of mining and processing at Sissingué following the start of commercial production towards the end of the prior year.

Directors' Report (continued)

Cash, bullion and investments

Based on the gold price of US\$1,409/oz (30 June 2018: US\$1,250/oz) and an A\$:US\$ exchange rate of 0.7029 as at 30 June 2019 (30 June 2018: 0.7411), the total value of available cash and bullion on hand was \$168.3 million (30 June 2018: \$89.8 million), including cash of \$125.4 million (30 June 2018: \$31.2 million) and 21,388 ounces of bullion on hand (30 June 2018: 34,763 ounces), valued at \$42.9 million (30 June 2018: \$58.6 million).

The group also held additional deposits totalling \$8.6 million at 30 June 2019 (30 June 2018: \$12.9 million) supporting performance guarantees for environmental rehabilitation of the EGM and SGM. The ramping up of production at Sissingué, positive operating margin at Edikan and exercise of the warrants has driven the increase in the cash and bullion balance. As at 30 June 2019, Perseus held financial assets at fair value through other comprehensive income, comprising security holdings in Manas Resources Limited ("Manas") of \$0.5 million (30 June 2018: \$0.7 million) and in Amani Gold Limited of \$45k (30 June 2018: \$0.7 million).

Debt finance

The Sissingué project debt facility which was provided by Macquarie in the prior year has been paid down to US\$11.5 million outstanding as at 30 June 2019 from US\$38.0 million outstanding at 30 June 2018. Furthermore, the Edikan revolving working capital debt facility balance was also reduced by US\$5.0 million to US\$20.0 million at 30 June 2019 from US\$25.0 million at 30 June 2018, giving the Company total bank debt of US\$31.5 million at the end of the year.

During the year, documentation for a new US\$150 million revolving corporate cash advance facility was signed with a consortium of three international banks. Subject to satisfaction of conditions precedent, first drawdown of the facility is expected to occur in the September 2019 quarter.

Financial position

At 30 June 2019, the group had net assets of \$783.5 million (30 June 2018: \$714.3 million) and an excess of current assets over current liabilities of \$182.6 million (30 June 2018: \$65.1 million). The group's net assets remained relatively constant compared with the prior year predominately due to an increase in cash offset by a decrease in mine properties.

SUMMARY OF FINANCIAL INFORMATION

	30 June 2019 \$'000	30 June 2018 \$'000
Net profit / (loss) after tax	7,578	(24,906)
Net increase in cash held	91,697	6,082
Net (decrease) / increase in bullion held ¹	(15,760)	39,664
Total assets	969,283	963,188
Shareholders' equity	783,512	714,314

Notes:

¹ Based on the 30 June 2019 gold price of US\$1,409/oz (30 June 2018: US\$1,250/oz, 30 June 2017: US\$1,242/oz), an A\$:US\$ exchange rate of 0.7029 (30 June 2018: 0.7411, 30 June 2017: 0.7687), 21,388 ounces of bullion on hand (30 June 2018: 34,763 ounces, 30 June 2017: 11,741 ounces).

Directors' Report (continued)

CORPORATE

Dividends

No dividends were paid during the year and the directors do not recommend payment of a dividend.

Equity capital raising

During the year, the total amount of cash raised from the exercise of A\$0.44 warrants that matured in April 2019 (including warrants underwritten by Canaccord Genuity (Australia) Limited and Hartleys Limited and those exercised by warrant holders) was approximately A\$55.7 million or US\$39.2 million, net of fees. There were no other equity capital raising activities.

Revenue protection

Of the 200,933 ounces of gold that were sold at EGM during the year at an average delivered price of US\$1,257/oz, 61,000 ounces were delivered under forward sales contracts at a weighted average price of US\$1,314/oz while the balance of the gold sales were made at prevailing spot prices or under short-term spot deferred contracts.

Of the 88,456 ounces of gold that were sold at SGM during the year at an average delivered price of US\$1,257/oz, 32,250 ounces were delivered under forward sales contracts at a weighted average price of US\$1,298/oz while the balance of the gold sales were made at prevailing spot prices or under short-term spot deferred contracts.

At 30 June 2019 there were cash flow designated hedge contracts in place for 54,000 ounces of gold with settlements scheduled between September 2018 and September 2020 with a weighted average price of US\$1,290/oz. Perseus also held spot deferred sales contracts for a further 220,000 ounces of gold at an average sales price of US\$1,301/oz. These contracts will be rolled out in due course as required by the debt facility over the three-year period ending in 2022. Combining both sets of sales contracts, Perseus's total hedged position at the end of the quarter was 274,000 ounces at a weighted average sales price of US\$1,299/oz.

Metal Markets

From 1 July 2018 to 30 June 2019 the price of gold increased by 12.7% to US\$1,409/oz, (30 June 2018: US\$1,250/oz). Subsequent to 30 June 2019, the gold price has averaged at US\$1,410/oz in July 2019. The risk posed to Perseus's business by possible downward movements in the gold price has, to a certain extent, been mitigated by hedging of a part of its gold production, as outlined above. Perseus has no reason to believe that the gold market fundamentals will not remain consistent with the current position over the short to medium term.

Outlook for financial year 2020

Parameter	Units	Production and Cost Guidance		
		December 2019 Half Year	June 2020 Half Year	Full Fiscal Year 2020
Group Gold Production	'000 Ounces	120-140	140-160	260-300
Average All-In Site Costs	\$US per ounce	850-1,000	750-950	800-975

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the group during the year not otherwise disclosed in this report or the consolidated financial statements.

Directors' Report (continued)

MATTERS SUBSEQUENT TO BALANCE DATE

Subsequent to the end of the year, the following event occurred:

- On 9 July 2019, 866,666 performance rights that had previously been issued to employees vested under the terms of Perseus's Performance Rights Plan, of which 533,333 were subsequently exercised; and
- The Edikan revolving working capital debt facility balance was fully repaid on 11 July 2019 from US\$20.0 million as at 30 June 2019.

LIKELY DEVELOPMENTS

The likely developments in the operations of the group and the expected results of those operations in the coming financial year are as follows:

- The continued production of gold from the EGM and SGM in accordance with guidance;
- Complete site mobilisation, compensation and start full scale construction of Yaouré; and
- Ongoing mineral exploration.

Further commentary on planned activities over the forthcoming year is provided in the section of this report headed "Review of Operations".

ENVIRONMENTAL REGULATIONS

Located in Ghana and Côte d'Ivoire, the group's mining and processing operations, and its exploration and development projects are not subject to any significant Australian environmental laws. They are, however, subject to environmental laws, regulations and permit conditions that apply in the relevant jurisdictions. There have been no known material breaches of environmental laws or permit conditions by the group while conducting operations in these jurisdictions during the year.

INFORMATION ON DIRECTORS

The names, qualifications, experience and special responsibilities of the directors in office during or since the end of the financial year are as follows. Directors were in office for the entire financial year unless otherwise stated.

Terence Sean Harvey – BA MA LL.B MBA

Non-executive chairman

(Appointed 2 September 2009 and Non-executive chairman effective 1 April 2017)

Mr. Sean Harvey has extensive experience in investment banking and the resources sector and brings valuable experience in capital markets to the board to assist the company as it seeks to broaden global market awareness of its growth into a West African gold producer. Mr. Harvey holds an Honours BA degree in Economics and Geography and an MA in Economics, both from Carleton University, an LLB from the University of Western Ontario and an MBA from the University of Toronto and he is a member of the Law Society of Upper Canada. Mr. Harvey is a member of the company's audit and risk committee and remuneration committee.

During the past three years he has also served as a director of the following listed companies.

Other current directorships:

Victoria Gold Corporation	appointed 31 July 2007
Serabi Gold plc	appointed 30 March 2011
Sarama Resources Ltd	appointed 2 November 2011

Former directorships in the last 3 years:

Abacus Mining & Exploration Corporation	appointed 1 April 2016 and resigned 31 January 2019
Carube Copper Corp	appointed 24 May 2018 and resigned 2 March 2019

Directors' Report (continued)

Jeffrey Allan Quartermaine – BE (Civil), MBA, FCPA

Managing director and chief executive officer

(Appointed 1 February 2013)

The managing director and chief executive officer, Mr. Jeffrey Quartermaine, was appointed on 1 February 2013 after previously serving as the group's chief financial officer from 2010 to 2013. Jeff Quartermaine has more than 25 years of experience in senior financial and strategic management roles with ASX and TSX-listed resources companies. He is a Fellow of the Society of Certified Practising Accountant (FCPA) and holds both business management (MBA) and engineering qualifications (BE). Mr. Quartermaine has extensive experience as chief financial officer and chief operating officer of a number of Australian public companies. During the past three years he has not served as a director of any other listed companies.

Colin John Carson – CPA, MAICD, FGIA, FCIS

Executive director

(Appointed 24 October 2003)

Mr. Colin Carson has served as a director and company secretary of a number of Australian public companies since the early 1980s. As an executive director of Perseus, Mr. Carson is responsible for the company's compliance, corporate and legal matters. During the past three years he has also served as a director of the following listed companies.

Former directorships in the last 3 years:

Manas Resources Limited

appointed 17 October 2007 and resigned 21 November 2016

John Francis Gerald McGloin – BEng.

Non-executive director

(Appointed 19 April 2016)

Mr. McGloin is a geologist and graduate of Camborne School of Mines. He has worked for many years in Africa within the mining industry before moving into consultancy and subsequently into investment banking. Mr. McGloin joined Collins Stewart following four years at Arbuthnot Banking Group where he led the mining team. Prior to that Mr. McGloin was the mining analyst at Evolution Securities. Over the years, Mr. McGloin has acted for many mining companies including African Platinum, Randgold Resources, Avocet Mining, European Goldfields and Titanium Resources Group. Mr. McGloin served as Executive Chairman of Amara Mining plc from 28 May 2012 to 18 April 2016 and as Chief Executive Officer of Amara from 7 August 2014 to 18 April 2016. Mr. McGloin serves on the company's audit and risk committee and is chair of the remuneration committee. During the past three years he has also served as a director of the following listed companies.

Other current directorships:

Caledonia Mining Corporation Plc

appointed 26 July 2016

Oriole Resources Plc

appointed 3 September 2018

Former directorships in the last 3 years:

None.

Directors' Report (continued)

Sally-Anne Georgina Layman – BCom., BEng.

Non-executive director

(Appointed 13 September 2017)

Ms Layman is a mining engineer and qualified accountant with over 22 years of experience in the resources sector including roles in both mining operations and corporate finance. Ms Layman has gained significant international and multi-commodity experience in these roles. Most recently, Ms Layman was a Division Director of Macquarie Group Ltd and Joint Head of the Perth office for the Metals, Mining and Agriculture Division. Ms Layman is the chair of the company's audit and risk committee and also serves on the remuneration committee. During the past three years she has also served as a director of the following listed companies.

Other current directorships:

Imdex Ltd	appointed 6 February 2017
Pilbara Minerals Ltd	appointed 20 April 2018
Beach Energy Ltd	appointed 25 February 2019

Former directorships in the last 3 years:

Gascoyne Resources Ltd	appointed 7 June 2017 and resigned 31 May 2019
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Daniel Richard Lougher – BSc., GradDipEng., MSc. (Eng.)

Non-executive director

(Appointed 6 May 2019)

Mr Lougher will also serve as Chair of the Board's Technical Committee. His career spans more than 35 years involving a range of exploration, feasibility, development, operations, and corporate roles with Australian and international mining companies including a period of eighteen years spent in Africa with BHP Billiton, Impala Plats, Anglo American and Genmin. He is also the Managing Director and Chief Executive Officer of the successful Australian nickel miner, Western Areas Ltd. Mr Lougher also holds a First Class Mine Manager's Certificate of Competency (WA) and is a Member of the Australasian Institute of Mining and Metallurgy.

Other current directorships:

Western Areas Ltd	appointed 19 May 2008
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Former directorships in the last 3 years:

None.

Company secretary

Martijn Paul Bosboom – LL.B, LL.M, FGIA, FCIS, MAICD

(Appointed 18 November 2013)

Mr. Martijn Bosboom is also the company's general counsel and has more than 25 years of international in-house and private practice experience in both common law and civil law jurisdictions. Mr. Bosboom holds a Bachelor of Laws from the University of Western Australia and a Master of Laws from the University of Leiden, the Netherlands. Mr. Bosboom is a fellow of the Governance Institute of Australia ("GIA") and has completed the GIA's Graduate Diploma of Applied Corporate Governance.

Directors' Report (continued)

DIRECTORS' MEETINGS

The number of meetings of the directors and the number of meetings attended by each director during the year ended 30 June 2019 were:

	Full meetings of directors		Audit committee meetings		Remuneration committee meetings		Technical committee ¹ meetings	
	A	B	A	B	A	B	A	B
T. S. Harvey	11	11	3	3	5	5	-	-
J. A. Quartermaine	11	11	-	-	-	-	-	-
C. J. Carson	11	11	-	-	-	-	-	-
J. F. McGloin²	11	11	3	3	5	5	-	-
S.G. Layman	11	11	3	3	5	5	-	-
D.R. Lougher³	1	1	-	-	-	-	-	-

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the relevant committee during the year.

¹ The technical committee was re-established on 5 May 2019.

² Mr McGloin joined the technical committee on 5 May 2019.

³ Mr Lougher joined the board and technical committee on 6 May 2019

DIRECTORS' INTERESTS

The following relevant interests in shares, options and performance rights of the company were held directly and beneficially by the directors as at the date of this report:

	Name	Fully paid ordinary shares	Options to acquire ordinary shares	Performance rights	Warrants
Non-executive directors	T. S. Harvey	2,200,000	-	-	-
	J. F. McGloin	1,282,907	-	-	-
	S. G. Layman	210,000	-	-	-
	D.R. Lougher	-	-	-	-
Executive directors	J. A. Quartermaine	1,000,000	-	2,000,000	-
	C. J. Carson	1,682,300	-	1,300,000	-

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 (Rounding Instrument). The company is an entity to which the class order applies.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Perseus's non-executive directors, executive directors and other key management personnel ("KMP") for the financial year ended 30 June 2019 in accordance with the *Corporations Act 2001* (Cth) (the "Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report has been set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration (including link to performance)
3. Service agreements
4. Share-based compensation
5. Additional information

1. Principles used to determine the nature and amount of remuneration

Remuneration committee

The remuneration committee (the "committee") assists the board to fulfill its responsibilities to shareholders and other stakeholders by ensuring the group has remuneration policies for fairly and competitively rewarding executives with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive management team. The committee's decisions on reward structures are based on the state of the market for experienced resources industry executives, remuneration packages for executives and employees performing comparative roles in other companies in the resources industry and the size and complexity of the group. The committee comprises three independent non-executive directors.

The committee is primarily responsible for making recommendations to the board on:

- non-executive directors' fees;
- executive remuneration (directors and other executives); and
- the over-arching executive remuneration framework and incentive plan policies.

For further information on the remuneration committee's role, responsibilities and membership the reader is referred to the committee's charter which is available on www.perseusmining.com.

Use of remuneration advisors

Independent remuneration consultants are engaged by the committee from time to time to ensure the group's remuneration system and reward practices are consistent with current market practices. Various remuneration arrangements in relation to the company's key management personnel during previous financial years were based on recommendations made by an independent remuneration consultant, PJ Kinder Consulting. During the financial year ended 30 June 2019, advice was sought from BDO to benchmark executive remuneration with Perseus's peers, both for the fixed salary components as well as incentive schemes. Instructions and scope of terms for the engagement of BDO were issued by the Board. In addition to providing executive remuneration recommendations, BDO also provided advice on general job classification and associated pay scales for the group. The fees associated with the executive remuneration recommendations were \$21,250 and the fees for the job classification work \$17,500.

Directors' Report (continued)

REMUNERATION REPORT (CONTINUED)

The board is satisfied that the remuneration recommendations made by BDO were made free from undue influence by the member or members of the key management personnel to whom the recommendations relate. The board's reasons for stating so are:

- (i) that the instructions and terms were issued and set by the committee;
- (ii) BDO discussed its findings and recommendations directly with the committee;
- (iii) BDO's fees were at rates commensurate with such professional services; and
- (iv) the committee had satisfied itself that BDO is a qualified and well-credentialed firm for the purposes of such professional advice and is independent from Perseus.

Policy and structure of non-executive directors' remuneration

Based on BDO's recommendations, adjustments will be made to executive remuneration from 1 July 2019:

- (i) although fixed salaries of the executive were found to be largely in line with Perseus's peers, some adjustments will be made for some individuals; and
- (ii) executive short-term incentives ("STI") and long-term incentives ("LTI") were found to be below Perseus's peers. STI and LTI will increase as a percentage of fixed remuneration and part of any STI award will be converted to performance rights with a vesting period of 12 months rather than paid in cash. Further detail of the new arrangements will be included in the remuneration report for the financial year ending 30 June 2020.

Perseus's non-executive director remuneration policy aims to reward the directors fairly and responsibly with regards to the demands which are made on, and the responsibilities of, the directors. It seeks to set aggregate remuneration of non-executive directors at a level which provides Perseus with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

With the assistance of external remuneration consultants from time to time, the committee reviews fees paid to non-executive directors on an annual basis and makes recommendations to the board. The committee considers fees paid to non-executive directors of comparable companies when undertaking the annual salary review process. Any equity components of non-executive directors' remuneration, including the issue of options or performance rights, are required to be approved by shareholders prior to award.

Directors' fee limits

The aggregate amount of fees payable to non-executive directors is subject to periodic review and approval by shareholders. The maximum amount of directors' fees that is currently approved for payment to non-executive directors is \$900,000 per annum (excluding the value of approved share-based payments). The current limit of non-executive directors' fees was approved by shareholders at the 2016 Annual General Meeting.

Directors' fees framework

Non-executive directors' remuneration consists of a base fee plus 9.5% statutory superannuation where the director is covered by Australian superannuation guarantee legislation. Board fees are not paid to executive directors as the time spent on board work and the responsibilities of board membership are considered in determining the remuneration package provided to executive directors as part of their normal employment conditions.

The remuneration of the non-executive directors for the year ended 30 June 2019 is detailed below.

Directors' Report (continued)

REMUNERATION REPORT (CONTINUED)

Table 1 – Annual board and committee fees payable to non-executive directors

Position	Annual fees from 1 July 2018 to 30 June 2019 \$	Annual fees from 1 July 2019 \$
Base fees		
Chair	170,000	170,000
Other non-executive directors	85,000	85,000
Additional fees		
Audit committee – chair	17,000	17,000
Audit committee – member	8,500	8,500
Remuneration committee – chair	12,750	12,750
Remuneration committee – member	6,800	6,800
Technical committee – chair ¹	14,785	14,785
Technical committee – member ¹	7,650	7,650

¹ The technical committee was re-established on 5 May 2019.

Directors' retirement benefits

No retirement benefits are paid to non-executive directors other than the statutory superannuation contributions (if applicable) of 9.5% for the year ending 30 June 2019, required under Australian superannuation guarantee legislation.

Perseus aims to reward its executive directors and other senior executives with a level of remuneration commensurate with their position and responsibilities within the group. In doing so, it aims to:

- provide competitive rewards that attract, retain and motivate high calibre executives;
- align executive rewards with the achievement of strategic objectives and performance of the group and the creation of value for shareholders;
- ensure total remuneration is competitive and reasonable; and
- comply with applicable legal requirements and appropriate standards of governance.

In consultation with external remuneration consultants, the group has developed an executive remuneration framework that is market competitive and is consistent with the reward strategy of the organisation.

Executive remuneration structure

The executive remuneration framework has two components, namely:

- fixed salary package including base salary and benefits such as superannuation; and
- variable remuneration.

Directors' Report (continued)

REMUNERATION REPORT (CONTINUED)

Fixed salary package

The fixed component of an executive's remuneration comprises base salary and superannuation contributions. The size of the executive's salary package is based on the scope of each executive's role, the level of knowledge, skill and experience required to satisfactorily perform the role and the individual executive's performance in the role. The proportion of an executive's total fixed salary package that is paid as superannuation is at the executive's discretion, subject to compliance with relevant superannuation guarantee legislation.

The committee annually reviews each executive's performance and benchmarks the executive's salary package against appropriate market comparisons using information and advice provided by external consultants. There are no guarantees of salary increases included in any executive's employment contract.

Variable remuneration

The objective of providing a variable "at risk" component within executive directors' and senior executives' total remuneration packages is to directly align a proportion of their remuneration to achievement of the group's financial and strategic objectives with the objective of creating shareholder wealth. The group has a remuneration framework which sets out the basis of short-term incentives ("STI") and long-term incentives ("LTI"), these are discussed further below.

Receipt of variable remuneration in any form is not guaranteed under any executive's employment contract.

The remuneration of executive directors and senior executives including both fixed and variable remuneration components for the year ended 30 June 2019 is detailed in table 2 of this report.

Short term incentives (STI)

The STI is the annual component of the "at risk" reward opportunity, which takes the form of a cash bonus. The STI is reliant on the achievement of job related KPIs, both financial and non-financial, over a mix of group and individual targets. The objective of a STI is to align the performance of the individual to the short term operational and financial objectives of the group.

After the board evaluates and approves the group's operating budget for the forthcoming financial year, a series of physical, financial and business sustainability targets are set. These are used to determine the KPIs of the CEO and executives, their direct reports and so on down the organisation structure.

These performance measures are chosen to represent the key drivers of short-term success for the group with reference to the group's long-term strategy. For the year ended 30 June 2019, the CEO and executives had a target STI opportunity of 0% up to 30% of fixed remuneration.

KPIs are determined in two discrete groups: Group KPIs and Personal KPIs. These KPIs and the weighting placed on each indicator for each individual will differ depending on the role performed in the group, weightings for the CEO and executives are shown below.

	Potential STI as a percentage of fixed remuneration	Allocation Factor	
		Group KPIs	Personal KPIs
CEO	30%	80%	20%
Executive	30%	70%	30%

Group KPIs include achievement of defined targets relative to budget relating to gold production, safety and weighted average all in site cost as well as targeted earnings per share and share price metrics.

Directors' Report (continued)

REMUNERATION REPORT (CONTINUED)

Personal KPIs are tailored to the individual with regard to their role in the group and may include physical, financial and social licence parameters relevant to the performance of their specific function as well as qualitative assessment of effort applied, leadership, communications, risk management etc. on a personal level.

Performance is measured on the basis of achievement of targets, 30% at threshold up to 150% for exceeding stretch targets. Personal performance is ranked on a scale from 0 to 150%, with anything below 90% being unsatisfactory and above 130% being outstanding. Each individual has a performance review conducted to measure performance against set Personal KPIs.

The remuneration committee will then, after consideration of performance against KPIs and recommendation from the CEO, determine the amount (if any) of the STI to recommend be paid to each executive.

STI payments are awarded after the conclusion of the assessment period and confirmation of financial results/ individual performance for all eligible participants to the extent they reach specific targets that were set at the beginning of the financial year. The cash bonuses are inclusive of superannuation.

STI payments for the financial year ended 30 June 2018 were made in August 2018 as determined by the remuneration committee with due regard to the performance of the group and the respective individuals throughout that financial year. These STI payments as a percentage of total remuneration in the financial year ended 30 June 2019 were as follows:

Mr Carson	12%	Ms Brown	13%	Mr Bosboom	12%
Mr Scully	14%	Mr Jones	12%	Mr Woodall	12%

Long term incentives (LTI)

The LTI is the “at risk” component that takes the form of an equity-based incentive designed to attract, motivate and retain high quality employees at the same time as aligning their interests with those of the group's shareholders. LTI awards are made under the Performance Rights Plan (“PRP”) and give eligible employees rights to acquire shares in Perseus subject to vesting conditions.

The company uses both total shareholder return (“TSR”) and individual achievement of a KPI rating of 3 or more over the vesting period as the performance measure for the LTI. TSR was selected as the LTI performance measure as it links rewards of the executives to the creation of long-term shareholder wealth. Furthermore, vesting only occurs if the group performs in the 50th percentile of its peer group or above, the greater the outperformance the greater the reward to the executive. For the year ended 30 June 2019, the CEO and executives had a target LTI opportunity of up to 40%.

Directors' Report (continued)

REMUNERATION REPORT (CONTINUED)

The peer group is chosen for comparison, having considered the following factors: ASX listing; TSX listing; commodity focus; geographic focus; and business development stage. The peer group for currently outstanding performance rights with a vesting and measurement period ending 30 June 2020 is shown below:

Acacia Mining plc*	Medusa Mining Limited	Resolute Mining Limited	Semafo Inc
Golden Star Resources Ltd	Endeavour Mining Corp	Kingsgate Consolidated	Regis Resources
Teranga Gold Corporation	St Barbara Mines Limited		

* Formerly African Barrick Gold plc

The peer group for performance rights issued after 1 July 2018 and going forward is shown below:

Acacia Mining plc	Endeavour Mining Corp	Roxgold Inc.	Hummingbird Resources Ltd
Golden Star Resources Ltd	Resolute Mining Limited	Asanko Gold Inc.	Cardinal Resources Ltd
Teranga Gold Corporation	Semafo Inc	West African Resources Ltd	

The vesting and measurement period for the rights is three years from the commencement of the period.
The vesting schedule is as follows:

Relative TSR over the vesting period	Proportion of performance rights vested
Below the 50 th percentile	0%
At the 50 th percentile	50%
Between the 50 th and the 75 th percentile	Pro-rata between 50% and 100%
Above the 75 th percentile	100%

TSR performance and individual KPI performance is monitored on an annual basis. If the hurdles are not achieved during the performance period, the rights may lapse, and no re-testing of rights is permitted. Table 7 provides details of rights awarded and vested during the year and table 5 provides details of the value of rights awarded, exercised and lapsed during the year.

Where a participant ceases employment for any reason, any unvested rights will lapse and be forfeited, subject to the discretion of the board in the case of death, disability, retirement or redundancy. In the event of a change of control of the group all unvested rights automatically vest and are automatically exercised.

Directors' Report (continued)

REMUNERATION REPORT (CONTINUED)

2. Details of remuneration (including link to performance)

Details of the remuneration of the directors and the KMP of Perseus and the group are set out in table 2 below. KMP (as defined in AASB 124 *Related Party Disclosures*) of the group are those persons having authority and responsibility for planning, directing and controlling the major activities of Perseus and the group, directly or indirectly, including any director (whether executive or otherwise) of the parent company. At the date of this report, the KMP of the group are the directors of Perseus (refer to pages 43 to 45 for details) plus the following senior executives.

Ms Elissa Brown	Chief financial officer
Mr Christopher Woodall	Chief operating officer
Mr Martijn Bosboom	General counsel and company secretary
Mr Matthew Scully	Group general manager – project development
Mr Douglas Jones	Group general manager – exploration and geology

Company performance

The board issues performance rights to the executives of the group, as well as other employees with a certain level of influence over the group's performance. The performance measures that drive the vesting of these LTIs include Perseus's TSR relative to its peer group and the individual's performance over the relevant vesting period. Perseus's performance during the current and four previous years are set out below:

Year ended 30 June	2019	2018	2017	2016	2015
Net (loss) / profit after income tax (\$'000)	7,578	(24,906)	(83,122)	(37,546)	92,167
Basic (loss) / profit per share (cents)	0.66	(2.50)	(7.74)	(5.74)	16.67
Market capitalisation (\$'000)	682,957	444,975	299,633	522,420	226,462
Closing share price (\$)	0.59	0.43	0.29	0.52	0.43
Old TSR – 1 year (%)	24.9	41.5	(42.1)	27.0	2.4
Old TSR – 3 year rolling (%)	2.1	(2.3)	(14.7)	(33.5)	(82.7)
Old median peer group TSR – 1 year (%)	(9.9)	15.7	0.2	85.4	(22.0)
Old median peer group TSR – 3 year rolling (%)	(4.5)	80.4	43.1	56.4	(65.5)
New TSR – 1 year (%) ¹	24.9	-	-	-	-
New TSR – 3 year rolling (%) ¹	2.1	-	-	-	-
New median peer group TSR – 1 year (%) ¹	(9.8)	-	-	-	-
New median peer group TSR – 3 year rolling (%) ¹	(10.5)	-	-	-	-

Notes:

¹ New peer group is applicable from August 2018 onwards. Further information on the new peer group is detailed on page 26.

For the performance rights granted between 1 July 2016 and 30 June 2017, based on the group's performance over the relevant period up to 30 June 2019, Perseus is between the 50th and 75th percentile of the peer group. For all the performance rights granted after 1 July 2017, based on the group's performance over the relevant period up to 30 June 2019, Perseus is above the 75th percentile of the peer group. If the ranking remains unchanged at the end of the measurement period of each performance right tranche granted, then, subject to the Board not exercising its discretion otherwise, performance rights would vest subject to the achievement of minimum individual employee KPI rating requirements.

Directors' Report (continued)

Table 2 – Directors' and executives' remuneration for the year ended 30 June 2019

		Short-term			Long-term	Post-employment	Termination payments	Share-based payments		Performance related %
		Salary & fees \$	Cash bonus \$	Annual leave movement ^(v) \$				Long service leave movement ^(v) \$	Superannuation \$	
Non-executive directors										
Sean Harvey	2019	185,300	-	-	-	-	-	-	185,300	-
	2018	187,404	-	-	-	-	-	-	187,404	-
Michael Bohm ⁽ⁱⁱ⁾	2019	-	-	-	-	-	-	-	-	-
	2018	101,398	-	-	-	9,633	-	-	111,031	-
John McGloin	2019	107,422	-	-	-	-	-	-	107,422	-
	2018	93,783	-	-	-	-	-	-	93,783	-
Alexander Davidson ⁽ⁱⁱⁱ⁾	2019	-	-	-	-	-	-	-	-	-
	2018	60,042	-	-	-	-	-	-	60,042	-
Sally-Anne Layman	2019	99,361	-	-	-	9,439	-	-	108,800	-
	2018	79,420	-	-	-	-	-	-	79,420	-
Daniel Lougher ^(iv)	2019	11,771	-	-	-	1,118	-	-	12,889	-
	2018	-	-	-	-	-	-	-	-	-
Sub-total non-executive directors	2019	403,854	-	-	-	10,557	-	-	414,411	-
	2018	522,047	-	-	-	9,633	-	-	531,680	-
Executive directors										
Jeffrey Quartermaine	2019	715,563	138,855	23,408	17,311	25,000	-	308,897	1,229,034	36
	2018	715,563	-	43,351	17,298	25,000	-	290,070	1,091,282	27
Colin Carson	2019	355,250	71,110	2,056	2,147	24,000	-	223,290	677,853	43
	2018	352,614	40,959	11,229	11,940	24,000	-	149,821	590,563	32
Sub-total executive directors	2019	1,070,813	209,965	25,464	19,458	49,000	-	532,187	1,906,887	39
	2018	1,068,177	40,959	54,580	29,238	49,000	-	439,891	1,681,845	29
Directors total	2019	1,474,667	209,965	25,464	19,458	59,557	-	532,187	2,321,298	32
	2018	1,590,224	40,959	54,580	29,238	58,633	-	439,891	2,213,525	22

Notes:

- (i) Vesting expense for the financial year of performance rights issues to directors and employees under the terms of the company's Performance Rights Plan approved by shareholders in November 2018. The fair value of the performance rights is calculated at the date of grant using the Monte-Carlo Simulation pricing model.
- (ii) Mr Michael Bohm resigned as Non-Executive Director on 31 May 2018.

- (iii) Mr Alexander Davidson resigned as Non-Executive Director on 21 February 2018.
- (iv) Mr Daniel Lougher was appointed Non-Executive Director on 6 May 2019.
- (v) The amounts disclosed in this column represent the movement in the associated annual leave and long service leave provision balances. The value may be negative when an Executive takes more leave than the entitlement accrued during the year.

Directors' Report (continued)

Table 2 – Directors' and executives' remuneration for the year ended 30 June 2019 – continued

		Short-term			Long-term	Post-employment	Termination payments	Share-based payments		Performance related %
		Salary & fees	Cash bonus	Annual leave movement ⁽ⁱ⁾				Performance Rights ⁽ⁱⁱ⁾	Total	
		\$	\$	\$	\$	\$	\$	\$	\$	
Senior directors										
Elissa Brown	2019	369,469	73,170	(704)	8,868	20,531	-	98,947	570,281	30
	2018	369,951	43,519	25,442	9,459	20,049	-	67,399	535,819	21
Christopher Woodall	2019	472,975	81,000	33,714	8,315	16,019	-	96,842	708,865	25
	2018	425,000	45,225	33,235	2,591	25,000	-	115,778	646,829	25
Martijn Bosboom	2019	315,000	67,830	12,727	13,510	25,000	-	110,487	544,554	33
	2018	315,000	37,799	(4,770)	8,349	25,000	-	60,332	441,710	22
Paul Thompson ⁽ⁱⁱ⁾	2019	-	-	-	-	-	-	-	-	-
	2018	315,000	34,871	5,423	6,302	25,000	-	50,197	436,793	19
Matthew Scully	2019	300,000	63,380	(5,187)	5,121	25,000	-	53,263	441,577	26
	2018	300,000	19,031	10,769	1,687	25,000	-	25,042	381,529	12
Douglas Jones	2019	300,000	60,940	1,737	5,896	25,000	-	129,719	523,292	36
	2018	300,000	32,175	(6,481)	2,091	25,000	-	39,377	392,162	18
Senior executives total	2019	1,757,444	346,320	42,287	41,710	111,550	-	489,258	2,788,569	30
	2018	2,024,951	212,620	63,618	30,479	145,049	-	358,125	2,834,842	20

Notes:

- (i) Vesting expense for the financial year of performance rights issues to directors and employees under the terms of the company's Performance Rights Plan approved by shareholders in November 2018. The fair value of the performance rights is calculated at the date of grant using the Monte-Carlo Simulation pricing model.
- (ii) Paul Thompson continues to be employed by Perseus as the Group General Manager – Technical Services. However, he

ceased being defined as a KMP from 1 July 2018 following a change in the group's definition of what constitutes a KMP.

- (iii) The amounts disclosed in this column represent the movement in the associated annual leave and long service leave provision balances. The value may be negative when an Executive takes more leave than the entitlement accrued during the year.

Directors' Report (continued)

REMUNERATION REPORT (CONTINUED)

3. Service agreements

Remuneration and other terms of employment for the chief executive officer and managing director, chief financial officer and the other KMP are also formalised in employment agreements. Major provisions of the agreements relating to remuneration of the CEO are set out below.

Remuneration of the chief executive officer, Mr. Jeffrey Quartermaine

Mr. Jeffrey Quartermaine was appointed on 1 February 2013 as managing director and CEO and an employment contract with Perseus was entered outlining the terms of his employment.

Under his employment contract with Perseus, Mr. Quartermaine is currently entitled to receive fixed remuneration including a base salary and superannuation, plus variable remuneration including performance rights, options and cash bonuses determined under the STI/LTI plans and at the discretion of the board. A summary of these and other key terms of Mr. Quartermaine's employment contract are described below and set out in table 3 below.

Fixed remuneration – Mr. Quartermaine's annual salary is set at \$740,563 per annum, inclusive of statutory superannuation entitlements.

Variable remuneration – Mr. Quartermaine is eligible to participate in the group's STI and LTI scheme as described above.

Statutory entitlements

Mr. Quartermaine is entitled to 10 days sick leave per annum, 20 days of annual leave and long service leave of 13 weeks after 10 years of service.

Termination of contract

Perseus can terminate Mr. Quartermaine's contract without notice under certain circumstances including but not limited to material breaches of contract, grave misconduct, dishonesty, fraud or bringing the group into disrepute. Mr. Quartermaine may terminate the contract by giving Perseus three months' notice, whilst Perseus may terminate the contract by giving Mr. Quartermaine the greater of six months or a period that is not less than that specified by the *Fair Work Act 2009* (Cth) and the National Employment Standards. In the case of Perseus, it may at its sole discretion, terminate the contract sooner than the conclusion of the notice period by choosing to pay Mr. Quartermaine in lieu of the notice period.

If the terms of Mr. Quartermaine's employment contract are materially changed to the detriment of the chief executive officer then he is entitled to receive an amount of money from Perseus that is equivalent to two months of his originally contracted gross base salary (\$850,000 per annum prior to a 15% reduction taken by directors on 1 July 2013) for each year of employment by Perseus with a minimum payment equivalent to six months of his originally contracted gross base salary and a maximum of twelve months of his originally contracted gross base salary.

Directors' Report (continued)

Contracts for KMP

A summary of the key contractual provisions as at the date of this report for each of the current KMP is set out in table 3 below.

Table 3 – Contractual provisions for key management personnel

Name and job title	Employing company	Contract duration	Notice period	Fixed remuneration (including base salary and superannuation as applicable) ⁽ⁱⁱⁱ⁾	Variable remuneration	Termination provision
Jeffrey Quartermaine ⁽ⁱ⁾ <i>CEO & managing director</i>	Perseus Mining Limited	No fixed term and review annually	6 months ⁽ⁱ⁾	\$740,563	STI / LTI plan	Applicable on early termination by the company ^(iv)
Colin Carson <i>Executive director</i>	Perseus Mining Limited	No fixed term and review annually	3 months	\$379,250	STI / LTI plan	Applicable on early termination by the company ^(iv)
Elissa Brown <i>Chief financial officer</i>	Perseus Mining Limited	No fixed term and review annually	3 months	\$390,000	STI / LTI plan	Applicable on early termination by the company ^(iv)
Christopher Woodall <i>Chief Operating Officer</i>	Perseus Mining Limited	No fixed term and review annually	3 months	\$450,000	STI / LTI plan	Applicable on early termination by the company ^(iv)
Martijn Bosboom ⁽ⁱ⁾ <i>General counsel and company secretary</i>	Perseus Mining Limited	No fixed term and review annually	3 months ⁽ⁱⁱ⁾	\$340,000	STI / LTI plan	Applicable on early termination by the company ^(iv)
Matthew Scully <i>Project director</i>	Perseus Mining Limited	No fixed term and review annually	3 months	\$325,000	STI / LTI plan	Applicable on early termination by the company ^(iv)
Douglas Jones <i>Group general manager – exploration</i>	Perseus Mining Limited	No fixed term and review annually	3 months	\$325,000	STI / LTI plan	Applicable on early termination by the company ^(iv)

Notes:

(i) Mr Quartermaine is required to provide 3 months' notice on resignation; the company is required to provide 6 months' notice.

(ii) Mr Bosboom is required to provide 2 months' notice on resignation; the company is required to provide 3 months' notice.

(iii) Represents current fixed remuneration of key management personnel from 1 July 2019.

(iv) Termination benefits are payable on early termination by the company. Other than for gross misconduct, executives receive payment of between 2 to 12 months of originally contracted salary.

Directors' Report (continued)

REMUNERATION REPORT (CONTINUED)

4. Share based compensation

KMP are eligible to participate in Perseus's PRP. The terms and conditions of the performance rights affecting remuneration of directors and KMP in the current or a future reporting period are set out below. Performance rights granted carry no dividend or voting rights. When exercisable, the performance rights are convertible into one ordinary share per right. Further information is set out in note 24 to the financial statements.

Table 4 – Key terms of share-based compensation held by KMP and directors as at 30 June 2019

Type	Grant date	Exercise price	Fair value at grant date	End of measurement period	% of grant vested	Expiry date
Performance right ⁽ⁱ⁾	12 October 2016	nil	\$0.37	30 June 2019	-	31 December 2019
Performance right ⁽ⁱⁱ⁾	25 November 2016	nil	\$0.44	30 June 2019	-	30 June 2026
Performance right ⁽ⁱⁱⁱ⁾	3 August 2017	nil	\$0.22	30 June 2020	-	30 June 2027
Performance right ⁽ⁱⁱⁱ⁾	24 November 2017	nil	\$0.25	30 June 2020	-	30 June 2027
Performance right ^(iv)	28 November 2018	nil	\$0.28	31 December 2021	-	31 December 2028
Performance right ^(iv)	7 May 2019	nil	\$0.32	31 December 2021	-	31 December 2028
Performance right ^(iv)	27 June 2019	nil	\$0.49	31 December 2021	-	31 December 2028

(i) The assessed fair value at grant date of performance rights granted to the individuals is allocated equally over the performance period (36-month period from 1 July 2016 to 30 June 2019 over which the individuals and the company's performance is assessed), and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Monte Carlo Simulation pricing model. Further information is set out in note 24 to the financial statements. These rights expired after the period due to vesting conditions not having been met.

(ii) The assessed fair value at grant date of performance rights granted to the individuals is allocated equally over the performance period (36-month period from 1 July 2016 to 30 June 2019 over which the individuals and the company's performance is assessed), and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Monte Carlo Simulation pricing model. Further information is set out in note 24 to the financial statements.

(iii) The assessed fair value at grant date of performance rights granted to the individuals is allocated equally over the performance period (36-month period from 1 July 2017 to 30 June 2020 over which the individuals and the company's performance is assessed), and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Monte Carlo Simulation pricing model. Further information is set out in note 24 to the financial statements.

(iv) The assessed fair value at grant date of performance rights granted to the individuals is allocated equally over the performance period (36-month period from 1 January 2019 to 31 December 2021 over which the individuals and the company's performance is assessed), and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Monte Carlo Simulation pricing model. Further information is set out in note 24 to the financial statements.

Directors' Report (continued)

REMUNERATION REPORT (CONTINUED)

Further information relating to the portion of KMP remuneration related to equity compensation for the year are set out below in table 5.

Table 5 – Value of share-based compensation

Name	Percentage of remuneration consisting of: \$		Value granted, exercised or lapsed in the year ended 30 June 2019			Amount paid per share on exercise
			Granted \$	Exercised \$	Lapsed \$	
	Options	Performance rights	Performance rights	Performance rights	Performance rights	
Executive directors						
Jeffrey Quartermaine	-	25%	91,849	-	302,153	-
Colin Carson	-	33%	110,218	-	83,482	-
Senior executives						
Elissa Brown	-	17%	96,724	65,367	65,367	-
Chris Woodall	-	14%	107,471	-	109,468	-
Martijn Bosboom	-	20%	120,905	81,708	81,708	-
Matthew Scully	-	11%	161,206	-	-	-
Douglas Jones	-	25%	161,206	108,944	108,944	-

No amounts were unpaid on any shares issued on the exercise of options.

Directors' Report (continued)

REMUNERATION REPORT (CONTINUED)

The movement in options and performance right holdings for KMP and directors during the year are set out below in table 6.

Table 6 – Movement of options and performance rights granted to KMP and directors during the year

Name		Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Forfeited / lapsed	Other movements	Balance at the end of the year	Vested during the year	Vested and exercisable at the end of the year
Non-executive directors									
Sean Harvey	Options	-	-	-	-	-	-	-	-
	Performance rights	-	-	-	-	-	-	-	-
Michael Bohm	Options	-	-	-	-	-	-	-	-
	Performance rights	-	-	-	-	-	-	-	-
John McGloin	Options	-	-	-	-	-	-	-	-
	Performance rights	-	-	-	-	-	-	-	-
Alexander Davidson	Options	-	-	-	-	-	-	-	-
	Performance rights	-	-	-	-	-	-	-	-
Sally-Anne Layman	Options	-	-	-	-	-	-	-	-
	Performance rights	-	-	-	-	-	-	-	-
Daniel Lougher	Options	-	-	-	-	-	-	-	-
	Performance rights	-	-	-	-	-	-	-	-
Executive directors									
Jeffrey Quartermaine	Options	-	-	-	-	-	-	-	-
	Performance rights ⁽ⁱ⁾	2,500,000	333,333	-	(833,333)	-	2,000,000	-	-
Colin Carson	Options	-	-	-	-	-	-	-	-
	Performance rights ⁽ⁱ⁾	1,300,000	400,000	-	(200,000)	-	1,500,000	-	-

Directors' Report (continued)

REMUNERATION REPORT (CONTINUED)

The movement in options and performance right holdings for KMP and directors during the year are set out below in table 6.

Table 6 – Movement of options and performance rights granted to KMP and directors during the year – continued

Name		Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Forfeited / lapsed	Other movements	Balance at the end of the year	Vested during the year	Vested and exercisable at the end of the year
Senior executives									
Elissa Brown	Options	-	-	-	-	-	-	-	-
	Performance rights	1,000,000	300,000	(150,000)	(150,000)	-	1,000,000	(150,000)	-
Chris Woodall	Options	-	-	-	-	-	-	-	-
	Performance rights ⁽ⁱ⁾	1,000,000	333,333	-	(333,333)	-	1,000,000	-	-
Martijn Bosboom	Options	-	-	-	-	-	-	-	-
	Performance rights	1,000,000	375,000	(187,500)	(187,500)	-	1,000,000	(187,500)	-
Matthew Scully	Options	-	-	-	-	-	-	-	-
	Performance rights	500,000	500,000	-	-	-	1,000,000	-	-
Douglas Jones	Options	-	-	-	-	-	-	-	-
	Performance rights	1,000,000	500,000	(250,000)	(250,000)	-	1,000,000	(250,000)	-

Notes:

(i) Subsequent to the end of the financial year 333,333, 200,000 and 333,333 performance rights that had previously been issued to Mr Quartermaine, Mr Carson and Mr Woodall respectively vested under the terms of the Perseus's Performance Rights Plan.

Details of remuneration: share-based compensation benefits

The following table details the percentage of the available grant that vested in the financial year and the percentage forfeited because the person did not meet either/or service and performance criteria specified. The maximum value of the options and performance rights yet to vest has been determined as the amount of the grant date fair value of the options or performance rights.

Directors' Report (continued)

REMUNERATION REPORT (CONTINUED)

Table 7 – Options and performance rights granted as at 30 June 2019

		Number of performance rights	Financial year granted	Vested in current financial year	Vested in prior financial year	Forfeited in current financial year	Financial year in which performance rights may vest	Minimum total value of grant yet to vest	Maximum total value of grant yet to vest
Name		No	Yr	%	%	%	Yr	\$	\$
Executive directors									
Jeffrey Quartermaine	Performance rights	333,333	2017	-	-	100	2018	-	-
	Performance rights	333,333	2017	-	-	-	2019	-	148,021
	Performance rights	1,333,334	2018	-	-	-	2020	-	335,298
	Performance rights	333,333	2019	-	-	-	2022	-	91,850
Colin Carson	Performance rights	200,000	2017	-	-	100	2018	-	-
	Performance rights	200,000	2017	-	-	-	2019	-	88,813
	Performance rights	900,000	2018	-	-	-	2020	-	226,326
	Performance rights	400,000	2019	-	-	-	2022	-	110,220

Directors' Report (continued)

REMUNERATION REPORT (CONTINUED)

Table 7 – Options and performance rights granted as at 30 June 2019

		Number of performance rights	Financial year granted	Vested in current financial year	Vested in prior financial year	Forfeited in current financial year	Financial year in which performance rights may vest	Minimum total value of grant yet to vest	Maximum total value of grant yet to vest
Name		No	Yr	%	%	%	Yr	\$	\$
Senior executives									
Elissa Brown	Performance rights	300,000	2018	-	50	50	2019	-	-
	Performance rights	700,000	2018	-	-	-	2020	-	156,514
	Performance rights	300,000	2019	-	-	-	2022	-	96,723
Chris Woodall	Performance rights	333,333	2017	-	-	100	2018	-	-
	Performance rights	333,333	2017	-	-	-	2019	-	122,664
	Performance rights	333,334	2018	-	-	-	2020	-	74,531
	Performance rights	333,333	2019	-	-	-	2022	-	107,470
Martijn Bosboom	Performance rights	375,000	2017	-	50	50	2019	-	-
	Performance rights	625,000	2018	-	-	-	2020	-	139,744
	Performance rights	375,000	2019	-	-	-	2022	-	120,904
Matthew Scully	Performance rights	500,000	2018	-	-	-	2020	-	111,796
	Performance rights	500,000	2019	-	-	-	2022	-	161,205
Douglas Jones	Performance rights	500,000	2017	-	50	50	2019	-	-
	Performance rights	500,000	2018	-	-	-	2020	-	111,796
	Performance rights	500,000	2019	-	-	-	2022	-	161,205

Directors' Report (continued)

REMUNERATION REPORT (CONTINUED)

5. Additional information

Loans to directors and executives

There were no loans outstanding at the reporting date to directors or executives.

Share options

As at the date of this report, there were no unissued ordinary shares in Perseus.

Shares issued on exercise of options

During the financial year no ordinary shares were issued by Perseus as a result of the exercise of options. None have been issued since the end of the financial year.

Share holdings

The numbers of shares in the company held during the financial year by directors and other key management personnel, including shares held by entities they control, are set out below:

	Balance at 30 June 2018	Received as remuneration	Received during the year on vesting	Shares sold	Other movements ⁽ⁱ⁾	Balance at 30 June 2019
Directors						
Sean Harvey	2,300,000	-	-	(160,000)	160,000	2,300,000
Jeffrey Quartermaine	1,000,000	-	-	-	-	1,000,000
Colin Carson	1,482,300	-	-	-	-	1,482,300
John McGloin	1,282,907	-	-	-	-	1,282,907
Sally-Anne Layman	-	-	-	-	210,000	210,000
Daniel Lougher	-	-	-	-	-	-
Other key management personnel						
Elissa Brown	221,375	150,000			-	371,375
Chris Woodall	-	-			-	-
Martijn Bosboom	162,500	187,500		(200,000)	-	150,000
Matthew Scully	400,000	-		(200,000)	-	200,000
Douglas Jones	10,835	250,000	-	-	-	260,835

Notes:

(i) The remaining other movements represent on-market purchase of shares and/or participation in rights issue.

Directors' Report (continued)

REMUNERATION REPORT (CONTINUED)

Warrant holdings

The numbers of warrants in the company held during the financial year by directors and other key management personnel, including warrants held by entities they control, are set out below:

	Balance at 30 June 2018	Received during the year	Other movements	Balance at 30 June 2019
Directors				
Sean Harvey	-	-	-	-
Jeffrey Quartermaine	-	-	-	-
Colin Carson	-	-	-	-
John McGloin ⁽ⁱ⁾	641,453	-	(641,453)	-
Daniel Lougher ⁽ⁱⁱ⁾	-	-	-	-
Other key management personnel				
Elissa Brown	-	-	-	-
Chris Woodall	-	-	-	-
Martijn Bosboom	-	-	-	-
Matthew Scully	-	-	-	-
Douglas Jones	-	-	-	-

Notes:

(i) Warrants lapsed at expiry date.

(ii) Daniel Lougher was appointed Non-Executive Director on 6 May 2019.

Directors' Report (continued)

Performance rights

As at the date of this report, the total number of performance rights outstanding under the Performance Rights Plan was 23,416,677 as follows:

Type of security	Number	Exercise price	Issue date	Vesting date	Expiry date
Performance rights	333,333	Nil	25 November 2016	30 June 2019	31 December 2019
Performance rights	8,358,334	Nil	3 August 2017	30 June 2020	30 June 2027
Performance rights	2,233,334	Nil	24 November 2017	30 June 2020	30 June 2027
Performance rights	733,333	Nil	28 November 2018	31 December 2021	31 December 2028
Performance rights	6,758,333	Nil	7 May 2019	31 December 2021	31 December 2028
Performance rights	5,000,000	Nil	27 June 2019	31 December 2021	31 December 2028

These performance rights do not entitle the holder to participate in any share issue of Perseus or any other body corporate. There are no performance rights to subscribe for shares in any controlled entity.

Shares issued on exercise of performance rights

On 18 January 2019 and 23 January 2019, 2,400,000 and 100,000 performance rights respectively successfully vested under their terms and converted to ordinary shares on a 1 for 1 basis on satisfaction of specified conditions. The shares were issued to employees at nil consideration as part of employee remuneration. On 9 July 2019, 866,666 performance rights that had previously been issued to employees vested under the terms of Perseus's Performance Rights Plan, of which 533,333 were subsequently exercised.

Performance rights issued

The following performance rights were issued to employees of the company:

Issue date	Number of Performance Rights
28 November 2018	733,333
7 May 2019	6,758,333
27 June 2019	5,000,000

The performance rights were issued under the terms of the company's Performance Rights Plan approved by shareholders. Each performance right will convert to an ordinary share upon exercise of such right after satisfaction of vesting criteria.

Performance rights forfeited

During the year, 4,016,666 performance rights did not vest under the terms of the company's Performance Rights Plan.

End of remuneration report.

Directors' Report (continued)

Indemnification and insurance of directors, officers and auditors

Perseus's Constitution requires it to indemnify directors and officers of any entity within the group against liabilities incurred to third parties and against costs and expenses incurred in defending civil or criminal proceedings, except in certain circumstances. In April 2014, the company entered into Deeds of Indemnity, Access and Insurance with all persons who were an officer of the company at that time. The company also subsequently entered into Deeds of Indemnity, Access and Insurance with all persons who became officers of the company since that time. Independent legal advice was received that the content of the deeds conforms with the Act and current market practice. The directors and officers of the group have been insured against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The insurance premiums, paid during the year ended 30 June 2019 amounted to \$239,554, and relates to:

1. costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever the outcome; and
2. other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

To the extent permitted by law, the company has agreed to indemnify its auditors, PricewaterhouseCoopers, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify PricewaterhouseCoopers during or since the financial year end.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of Perseus or to intervene in any proceedings to which Perseus is a party, for the purposes of taking responsibility on behalf of Perseus for all or part of the proceedings. No proceeding has been brought or intervened in on behalf of Perseus with leave of the Court under section 237 of the Act.

Non-audit services

During the year PricewaterhouseCoopers, the group's auditor, performed other non-audit services in addition to statutory duties. The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the group, acting as an advocate for the group or jointly sharing risks and rewards. Further information is set out at note 22 of the financial statements.

Corporate governance statement

The ASX Corporate Governance Council (CGC) has developed corporate governance principles and recommendations for listed entities with the aim of promoting investor confidence and meeting stakeholder expectations. ASX listing rule 4.10.3 requires that listed entities disclose the extent to which they have followed the CGC's recommendations and, where a recommendation has not been followed, the reasons why.

Perseus's corporate governance statement can be found on the company's website at the following link:
<https://perseusmining.com/corporate-governance/>

Directors' Report (continued)

Auditors' Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, PricewaterhouseCoopers, to provide the directors of Perseus with an Independence Declaration in relation to the review of the financial report. This Independence Declaration is set out on the next page and forms part of this directors' report for the year ended 30 June 2019.

Signed in accordance with a resolution of directors.



J A Quartermaine
Managing Director

Perth, 28 August 2019

Directors' Report (continued)

Competent Person Statement

The information in the Annual Group Ore Reserves and Mineral Resources Statement is based on, and fairly represents information and supporting documentation prepared by competent persons in accordance with the requirements of the JORC Code. The Annual Group Mineral Resources Statement as a whole has been approved by Mr Gary Brabham, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Brabham is an employee of the Company. Mr Brabham has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 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 Brabham consents to the inclusion in this report of the information in the form and context in which it appears. The Annual Group Ore Reserve Statement as a whole has been approved by Mr Paul Thompson, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Thompson is an employee of the Company. Mr Thompson has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and to qualify as a "Qualified Person" under NI 43-101. Mr Thompson consents to the inclusion in this report of the information in the form and context in which it appears.

The information in this report that relates to the Mineral Resource and Ore Reserve estimates for the Esuajah North deposit at the EGM was first reported by the Company in compliance with the JORC Code 2012 and NI43-101 in a market announcement released on 28 August 2019. The information in this report that relates to the Mineral Resource and Ore Reserve estimates for the other EGM deposits was first reported by the Company in compliance with the JORC Code 2012 and NI43-101 in a market announcement released on 29 August 2018 and was updated for depletion until 30 June 2019 in a market announcement released on 28 August 2019. The Company confirms that it is not aware of any new information or data that materially affect the information in those market releases and that all material assumptions underpinning those estimates and the production targets, or the forecast financial information derived therefrom, continue to apply and have not materially changed.

The Company further confirms that material assumptions underpinning the estimates of Ore Reserves described in "Technical Report – Central Ashanti Gold Project, Ghana" dated 30 May 2011 continue to apply.

The information in this report that relates to Mineral Resources and Ore Reserves for Sissingué was first reported by the Company in compliance with the JORC Code 2012 and NI43-101 in a market announcement released on 20 October 2018 and includes an update for depletion as at 30 June 2019. In respect of the Fimbiasso East and West deposits, previously Bélé East and West respectively, the Company confirms that material assumptions underpinning the estimates of Mineral Resources and Ore Reserves described in market announcements dated 20 February 2017 and 31 March 2017 respectively continue to apply with the exception that the reported resources are now constrained to a US\$1,800/oz pit shell as advised in a market announcement dated 29 August 2018. The Company confirms that it is not aware of any new information or data that materially affect the information in these market releases and that all material assumptions underpinning those estimates and the production targets, or the forecast financial information derived therefrom, continue to apply and have not materially changed. The Company further confirms that material assumptions underpinning the estimates of Ore Reserves described in "Technical Report – Sissingué Gold Project, Côte d'Ivoire" dated 29 May 2015 continue to apply.

The information in this report in relation to Yaouré Mineral Resource and Ore Reserve estimates was first reported by the Company in compliance with the JORC Code 2012 and NI43-101 in a market announcement on 28 August 2019. The Company confirms that all material assumptions underpinning those estimates and the production targets, or the forecast financial information derived therefrom, in that market release continue to apply and have not materially changed. The Company further confirms that material assumptions underpinning the estimates of Ore Reserves described in "Technical Report – Yaouré Gold Project, Côte d'Ivoire" dated 18 December 2017 continue to apply.

The information in this report relating to exploration results was first reported by the Company in compliance with the JORC Code 2012 and NI43-101 in market releases dated 15 August 2018, 17 October 2018, 20 November 2018, 22 January 2019, 17 April 2019 and 18 July 2019. The Company confirms that it is not aware of any new information or data that materially affect the information in these market releases.

Auditor's Independence Declaration



Auditor's Independence Declaration

As lead auditor for the audit of Perseus Mining Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Perseus Mining Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Craig Heatley'.

Craig Heatley
Partner
PricewaterhouseCoopers

Perth
28 August 2019

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3. Income tax expense	7. Inventories	16. Financial risk management		23. Cash flows from operating activities reconciliation	28. Events occurring after the end of the reporting period
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These financial statements are the financial statements of the consolidated entity consisting of Perseus Mining Limited and its subsidiaries. The financial statements are presented in the Australian currency.

Perseus Mining Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is: Perseus Mining Limited, Second Floor, 437 Roberts Road, Subiaco WA 6008 AUSTRALIA

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the directors' report on pages 10 to 25, which is not part of these financial statements.

These financial statements were authorised for issue by the directors on 28 August 2019. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the company. All press releases, financial statements and other information are available at our News and Reports section on our website at www.perseusmining.com.au.

Statement of Comprehensive Income

For the year ended 30 June 2019

	Notes	Consolidated	
		2019 \$'000	2018 \$'000
Continuing operations			
Revenue		508,646	378,076
Cost of sales		(344,536)	(240,282)
Gross profit before depreciation and amortisation		164,110	137,794
Depreciation and amortisation relating to gold production	2	(153,066)	(119,463)
Gross profit from operations		11,044	18,331
Other income		3,084	786
Other expenses		(902)	(3,660)
Administration and other corporate expenses		(16,637)	(12,729)
Foreign exchange gain	2	15,537	5,707
Depreciation and amortisation expense	2	(191)	(121)
Impairment and write-downs	2, 8, 9, 10, 11	(144)	(24,334)
Finance Costs	2	(6,000)	(3,094)
Profit / (loss) before income tax expense		5,791	(19,114)
Income tax benefit / (expense)	3	1,787	(5,792)
Net profit / (loss) after tax expense		7,578	(24,906)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		16,091	24,983
Net changes in fair value of cash flow hedges		(15,503)	4,951
Net changes in fair value of financial assets		(356)	(673)
Income tax relating to components of other comprehensive loss	3	3,649	(1,942)
Total comprehensive profit for the year		11,459	2,413
Gain / (loss) attributable to:			
Owners of the parent		6,991	(25,853)
Non-controlling interest		587	947
		7,578	(24,906)
Comprehensive profit attributable to:			
Owners of the parent		11,416	839
Non-controlling interest		43	1,574
		11,459	2,413
Basic profit / (loss) per share	4	0.66 cents	(2.50) cents
Diluted profit / (loss) per share	4	0.59 cents	(2.50) cents

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2019

	Notes	Consolidated	
		2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	5	125,406	31,166
Receivables	6	10,089	21,876
Inventories	7	126,899	124,762
Prepayments		6,080	14,905
Derivative financial instruments	15	-	5,076
Total current assets		268,474	197,785
Non-current assets			
Receivables	6	7,162	12,857
Inventories	7	24,325	20,061
Financial assets at fair value through other comprehensive income	8	444	1,400
Derivative financial instruments	15	-	24
Property, plant and equipment	9	418,712	417,322
Mine properties	10	232,761	304,132
Mineral interest acquisition and exploration expenditure	11	17,405	9,607
Total non-current assets		700,809	765,403
Total assets		969,283	963,188
Current liabilities			
Payables and provisions	12	69,494	100,064
Derivative financial instruments	15	8,508	-
Interest bearing liabilities	14	7,831	32,632
Total current liabilities		85,833	132,696
Non-current liabilities			
Provision	12	19,522	18,679
Derivative financial instruments	15	1,603	-
Interest bearing liabilities	14	36,996	52,383
Deferred tax liability	13	41,817	45,116
Total non-current liabilities		99,938	116,178
Total liabilities		185,771	248,874
Net assets		783,512	714,314
Equity			
Issued capital	17	776,564	720,943
Reserves	17	61,228	54,485
Accumulated losses	18	(61,576)	(68,567)
Parent entity interest		776,216	706,861
Non-controlling interest		7,296	7,453
Total equity		783,512	714,314

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2019

	Consolidated								
	Issued capital \$'000	Accu- mulated losses \$'000	Share based pay- ments reserve \$'000	Foreign currency translation reserve \$'000	Asset revaluation reserve \$'000	Hedge reserve \$'000	Non- controlling interests reserve \$'000	Non- controlling interest \$'000	Total equity \$'000
Balance at 1 July 2018	720,943	(68,567)	24,645	24,809	739	4,550	(258)	7,453	714,314
Profit for the year	-	6,991	-	-	-	-	-	587	7,578
Currency translation differences	-	-	-	15,957	-	-	-	134	16,091
Net change in financial assets at fair value through other comprehensive income	-	-	-	-	(356)	-	-	-	(356)
Net change in the fair value of cash flow hedges	-	-	-	-	-	(14,461)	-	(1,042)	(15,503)
Income tax relating to components of other comprehensive income	-	-	-	-	-	3,284	-	365	3,649
Total comprehensive income	-	6,991	-	15,957	(356)	(11,177)	-	44	11,459
Share issue expenses	(77)	-	-	-	-	-	-	-	(77)
Exercise of warrants	55,698	-	-	-	-	-	-	-	55,698
Share based payments	-	-	2,319	-	-	-	-	(201)	2,118
Balance at 30 June 2019	776,564	(61,576)	26,964	40,766	383	(6,627)	(258)	7,296	783,512

Statement of Changes in Equity (continued)

For the year ended 30 June 2019

	Consolidated								
	Issued capital \$'000	Accu- mulated losses \$'000	Share based pay- ments reserve \$'000	Foreign currency translation reserve \$'000	Asset revaluation reserve \$'000	Hedge reserve \$'000	Non- controlling interests reserve \$'000	Non- controlling interest \$'000	Total equity \$'000
Balance at 1 July 2017	720,739	(42,714)	22,858	93	1,412	1,902	(258)	5,830	709,862
Loss for the year	-	(25,853)	-	-	-	-	-	947	(24,906)
Currency translation differences	-	-	-	24,716	-	-	-	267	24,983
Net change in Financial assets at fair value through other comprehensive income	-	-	-	-	(673)	-	-	-	(673)
Net change in the fair value of cash flow hedges	-	-	-	-	-	4,396	-	555	4,951
Income tax relating to components of other comprehensive income	-	-	-	-	-	(1,748)	-	(194)	(1,942)
Total comprehensive loss	-	(25,853)	-	24,716	(673)	2,648	-	1,575	2,413
Shares issued during the year	-	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-	-
Exercise of warrants	204	-	-	-	-	-	-	-	204
Share based payments	-	-	1,787	-	-	-	-	48	1,835
Balance at 30 June 2018	720,943	(68,567)	24,645	24,809	739	4,550	(258)	7,453	714,314

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2019

	Notes	Consolidated	
		2019 \$'000	2018 \$'000
Operating activities			
Receipts in the course of operations		509,097	375,063
Payments to suppliers and employees		(363,918)	(307,370)
Interest received		1,045	598
Net cash from operating activities	23	146,224	68,291
Investing activities			
Payments for exploration and evaluation expenditure		(8,569)	(16,371)
Payments for property, plant and equipment		(264)	(92)
Payments for mine properties		(13,975)	(25,828)
Payments for assets under construction		(42,412)	(77,387)
Net security bonds refunded		5,188	-
Proceeds on disposal of investment in listed entity		45	27
Net cash used in investing activities		(59,987)	(119,651)
Financing activities			
Proceeds from exercise of warrants		55,698	204
Repayment of borrowings		(43,846)	(8,976)
Proceeds from borrowings		-	70,368
Borrowing costs		(5,706)	(4,154)
Share issue expenses		(76)	-
Net cash provided by financing activities		6,070	57,442
Net increase in cash held		92,307	6,082
Cash and cash equivalents at the beginning of the financial year		31,166	24,027
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		1,933	1,057
Cash and cash equivalents at the end of the financial year	5	125,406	31,166

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2019

ABOUT THIS REPORT

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated in note 25. The financial statements are for the consolidated entity consisting of Perseus Mining Limited and its subsidiaries (the “group” or the “consolidated entity”). Perseus Mining Limited is a listed for-profit public company, incorporated and domiciled in Australia. During the year ended 30 June 2019, the consolidated entity conducted operations in Australia, Ghana and Côte d’Ivoire.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Compliance with IFRS

The consolidated financial statements of the group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for derivative instruments and Financial assets at fair value through other comprehensive income (FVOCI) which are carried at fair value.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed throughout the notes.

Rounding

The amounts contained in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) where noted (\$’000) under the option available to the group under ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191. This legislative instrument applies to the group.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including the expectations of future events that may have a financial impact on the consolidated entity and that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting will, by definition, seldom equal the actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the notes indicated below.

	Note
Depreciation and amortisation	2
Unit-of-production method of depreciation/amortisation	2
Deferred stripping expenditure	2
Impairment	2
Income tax	3
Inventory	7
Reserves and resources	10
Exploration and evaluation expenditure	11
Restoration and Rehabilitation provision	12
Derivative financial instruments	15
Measurement of fair value	16
Share based payments	17, 24

Notes to the Financial Statements

For the year ended 30 June 2019

1. SEGMENT INFORMATION

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the executive management team and board of directors that are used to make strategic decisions.

The group primarily reports based on a business segment basis as its risks and rates of return are affected predominantly by differences in the various business segments in which it operates, and this is the format of the information provided to the executive management team and board of directors.

The group operated principally in four segments in 2019 being Edikan, Sissingué, Yaouré and Corporate / Other. The segment information is prepared in conformity with the group's accounting policies.

The group comprises the following main segments:

Edikan	Mining, mineral exploration, evaluation and development activities.
Sissingué	Mining, mineral exploration, evaluation and development activities.
Yaouré	Mineral exploration, evaluation and development activities.
Corporate / Other	Investing activities and corporate management.

Revenue is derived from one external customer arising from the sale of gold bullion reported under both the Edikan and Sissingué reporting segment.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management team and board of directors of the parent entity.

Notes to the Financial Statements

For the year ended 30 June 2019

(c) Segment information provided to the executive management team and board of directors

	Edikan		Sissingué		Yaouré		Corporate / other		Consolidated	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Revenue and other income										
Revenue	353,370	353,896	155,276	24,180	-	-	-	-	508,646	378,076
Other income	2,504	409	(281)	-	-	-	861	377	3,084	786
Total revenue and other income	355,874	354,305	154,995	24,180	-	-	861	377	511,730	378,862
Results										
Operating (loss) / profit before income tax	(10,109)	17,218	11,069	(23,327)	(4,098)	2,495	8,929	(15,500)	5,791	(19,114)
Income tax (expense) / benefit									1,787	(5,792)
Net profit / (loss)									7,578	(24,906)
Included within segment results:										
Impairment and write-offs	(60)	(575)	(25)	(22,009)	-	-	(59)	(1,750)	(144)	(24,334)
Depreciation and amortisation	(91,982)	(99,900)	(58,975)	(17,514)	(1)	(2)	(2,299)	(2,170)	(153,257)	(119,584)
Share based payments	(513)	(352)	(325)	(28)	-	-	(1,562)	(1,336)	(2,400)	(1,716)
Foreign exchange gain / (loss)	1,507	2,816	(5,985)	(10,220)	(7)	9	20,022	13,102	15,537	5,707
Assets	As at 30 June 2019	As at 30 June 2018	As at 30 June 2019	As at 30 June 2018	As at 30 June 2019	As at 30 June 2018	As at 30 June 2019	As at 30 June 2018	As at 30 June 2019	As at 30 June 2018
Segment assets	428,413	495,121	241,252	237,816	227,613	197,154	72,005	33,097	969,283	963,188
Total segment assets									969,283	963,188
Total assets include:										
Additions to non-current assets (other than financial assets)	20,258	33,468	17,609	62,040	25,532	8,906	260	356	63,659	104,770
Liabilities										
Segment liabilities	128,444	165,108	47,519	74,435	9,601	9,449	207	(118)	185,771	248,874
Total segment liabilities									185,771	248,874

Notes to the Financial Statements

For the year ended 30 June 2019

2. OTHER INCOME / EXPENSES

	Consolidated	
	2019 \$'000	2018 \$'000
Foreign exchange gain / (loss)		
Foreign exchange gain on translation of inter-company loans	18,009	12,251
Foreign exchange gain / (loss) on translation of VAT receivable	1,085	(1,300)
Foreign exchange loss on other translations	(3,557)	(5,244)
	15,537	5,707
Changes in inventories of finished goods and work in progress:		
Write back of inventories due to increase in net realisable value	13,572	5,926
Finance costs:		
Interest and finance charges	(6,000)	(3,094)
Other costs:		
Write-down of receivable	(347)	(335)
Depreciation and amortisation:		
Amortisation of stripping asset	(26,423)	(30,844)
Other depreciation and amortisation	(126,834)	(88,740)
	(153,257)	(119,584)

RECOGNITION & MEASUREMENT

(i) Revenue recognition

Revenue is measured as the amount of consideration that the group expects to be entitled to in exchange for transferring goods to its customers. The group recognises revenue at a point-in-time when (or as) the performance obligations, as determined by contracts with the customers, have been satisfied. The following criteria are also applicable to specific revenue transactions:

Gold bullion sales

The group recognises revenue from gold bullion sales as its obligations are satisfied in accordance with an agreed contract between the group and its customers. Revenue is recognised at a point-in-time when the gold bullion has been credited to the metals account of the customer. It is at this point that control over the gold bullion has been passed to the customer and the group has fulfilled its obligations under the contract.

Interest income

Interest income is recognised in the income statement as it accrues, using the effective interest method.

(ii) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

Notes to the Financial Statements

For the year ended 30 June 2019

2. OTHER INCOME / EXPENSES (CONTINUED)

SIGNIFICANT JUDGEMENTS AND ESTIMATES

(i) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units or "CGU"). The group has three cash generating units, Edikan Gold Mine, the Sissingué Gold Mine and the Yaouré Gold Project. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In determining whether the recoverable amount of each cash generating unit is the higher of fair value less costs of disposal or value-in-use against which asset impairment is to be considered, the group undertakes future cash flow calculations which are based on a number of critical estimates and assumptions, and reflect the life of mine ("LOM") operating and capital cost assumptions used in the group's latest budget and LOM plans:

- (a) Mine life including quantities of mineral Ore Reserves and Mineral Resources for which there is a high degree of confidence of economic extraction with given technology;
- (b) Estimated production and sales levels;
- (c) Estimate future commodity prices are based on brokers consensus forecast;
- (d) Future costs of production;
- (e) Future capital expenditure;
- (f) Future exchange rates; and/or
- (g) Discount rates based on the group's estimated before tax weighted average cost of capital, adjusted when appropriate to take into account relevant risks such as development risk etc.

Variations to expected future cash flows, and timing thereof, could result in significant changes to the impairment test results, which in turn could impact future financial results. The expected future cash flows of the cash generating units are most sensitive to fluctuations in the gold price.

At 30 June 2019 the group determined that there was an external indicator of impairment as the carrying value of its net assets exceeded its market capitalisation. As a result, an impairment assessment was conducted for the Edikan, Sissingué and Yaouré CGUs. The impairment expense was determined under AASB136 *Impairment of Assets*, by comparing the carrying values of CGUs to the recoverable amount as determined by the fair value less cost of disposal ("FVLCOD") or value in use ("VIU") of that CGU. The group applied FVLCOD for the Edikan, Sissingué and Yaouré CGUs.

Notes to the Financial Statements

For the year ended 30 June 2019

2. OTHER INCOME / EXPENSES (CONTINUED)

The key economic assumptions used in the Impairment review for the 2019 financial year are as follows:

	Units	Cash Generating Unit		
		Edikan	Sissingué	Yaouré
Gold price range	US\$ per ounce	1,344 – 1,370	1,344 – 1,370	1,344 – 1,370
Post-tax real discount rate	Percentage	10.28%	10.45%	12.15%
AUD:USD exchange rate	Rate	0.70	0.70	0.70
USD:XOF exchange rate	Rate	-	577.10	577.10

Gold prices

Gold prices have been estimated with reference to external analyst consensus views. These gold prices are reviewed at least semi-annually. Consideration of observable market data has also been taken into account in assessing the reasonableness of these gold prices. The gold price ranges represent forecast prices at different points in time over the life of mine of the relevant CGU.

Discount rate

The post-tax real discount rate was derived from the group's weighted average cost of capital adjusted for risks that are specific to each CGU being assessed for impairment.

Operating and capital costs

The operating and capital costs have been determined with reference to the group's latest LOM plan.

The group conducted the impairment review of the Edikan, Sissingué and Yaouré CGUs, and found that none of the CGUs were impaired as at 30 June 2019.

(ii) Unit-of-production method of depreciation / amortisation

The group uses the unit-of-production basis when depreciating/amortising life of mine specific assets, which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The group amortises mine property assets utilising tonnes of ore mined and mine related plant and equipment over tonnes of ore processed.

(iii) Deferred stripping expenditure

The group defers stripping costs incurred during the production stage of its operations. Significant judgement is required to distinguish between production stripping that relates to the extraction of inventory and what relates to the creation of a deferred waste asset. The group also identifies the separate components of the ore body. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify these components, and to determine the expected volumes of waste to be stripped and ore to be mined in each component and a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The group considers that the ratio of the expected waste to be stripped for an expected amount of ore to be mined, for a specific component of the ore body, is the most suitable production measure. Furthermore, judgements and estimates are also used to apply the units of production method in determining the amortisation of the stripping activity asset(s).

Changes in a mine's life and design will usually result in changes to the expected stripping ratio (waste to mineral reserves ratio). Changes in other technical or economical parameters that impact reserves will also have an impact on the life of component ratio even if they do not affect the mine's design. Changes to the life of the component are accounted for prospectively.

Notes to the Financial Statements

For the year ended 30 June 2019

3. INCOME TAX EXPENSE

	Consolidated	
	2019 \$'000	2018 \$'000
(a) Income tax expense		
Current tax expense	164	138
Deferred tax (benefit) / expense	(3,458)	5,654
Adjustment for current tax of prior years	1,507	-
Income tax (benefit) / expense	(1,787)	5,792
Income tax expense is attributable to:		
(Profit) / loss from continuing operations	(1,787)	5,792
Loss from discontinued operations	-	-
Aggregate income tax (benefit) / expense	(1,787)	5,792
Deferred income tax expense included in tax comprises:		
Decrease in deferred tax assets	15,358	21,775
Decrease in deferred tax liabilities	(17,309)	(16,121)
Aggregate deferred tax (benefit) / expense	(1,951)	5,654
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit / (loss) from continuing operations before income tax expense	5,791	(19,114)
Loss from discontinuing operations before income tax expense	-	-
	5,791	(19,114)
Tax at the Australian tax rate of 30%	1,737	(5,734)
Effect of tax rates in foreign jurisdictions	(355)	849
Non-deductible expenses	44	108
Share based payments	645	520
Foreign exchange on investment in foreign subsidiaries	(8,617)	(5,976)
Deferred tax asset not brought to account	3,251	16,516
	(3,295)	6,283
Under / (over) provision in prior years	1,508	(491)
Income tax (benefit) / expense	(1,787)	5,792

Notes to the Financial Statements

For the year ended 30 June 2019

3. INCOME TAX EXPENSE (CONTINUED)

	Consolidated	
	2019 \$'000	2018 \$'000
(c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the year and not recognised in net profit or loss but directly debited / (credited) to equity	3,649	(1,942)
Net deferred tax debited / (credited) directly to equity	3,649	(1,942)
(d) Tax losses		
Estimated Australian revenue tax losses	52,965	45,205
Estimated Australian capital tax losses	4,343	4,100
	57,308	49,305
Potential tax benefit at 30%	17,192	14,792
Unused foreign tax losses for which no deferred tax has been recognised	-	-
	17,192	14,792

RECOGNITION & MEASUREMENT

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the year in the countries where the company's subsidiaries and associated operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Judgement is required in determining whether deferred tax assets are recognised on the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the group will generate taxable earnings in future years, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in jurisdictions in which the group operates could limit the ability of the group to obtain tax deductions in future years.

Notes to the Financial Statements

For the year ended 30 June 2019

4. GAIN OR LOSS PER SHARE

	Consolidated	
	2019 \$'000	2018 \$'000
(a) Earnings used in calculating earnings per share		
Gain / (loss) attributable to ordinary shareholders of the parent	6,991	(25,853)
(b) Weighted average number of shares		
	No. of shares	No. of shares
Weighted average number of ordinary shares used in calculating basic loss per share	1,059,909,941	1,033,696,169
Effect of dilution from performance rights	122,129,969	-
Weighted average number of ordinary shares used in calculating diluted loss per share	1,182,039,910	1,033,696,169

Performance rights, first issued in November 2012 (see note 24) and granted to employees under the terms of the company's Performance Rights Plan approved by shareholders in November 2012, amended in October 2014 and renewed by shareholders in November 2017, are considered to be potential ordinary shares. These performance rights are dilutive for the year ended 30 June 2019 and therefore have been included from the calculation of diluted earnings per share.

RECOGNITION & MEASUREMENT

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the net result attributable to owners of the parent, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus element.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of ordinary shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Notes to the Financial Statements

For the year ended 30 June 2019

5. CASH AND CASH EQUIVALENTS

		Consolidated	
		2019 \$'000	2018 \$'000
Cash assets	(i)	83,723	20,791
Short term deposits	(ii)	41,683	10,375
		125,406	31,166

- (i) Cash at bank earns interest at floating rates based on daily bank deposit rates.
- (ii) Short-term deposits are made for varying periods, depending on the immediate cash requirements of the group, and earn interest at the respective short-term deposit rates.

RECOGNITION & MEASUREMENT

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions with an original maturity not exceeding three months, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. If greater than three months principal amounts can be redeemed in full with interest payable at the same cash rate from inception as per the agreement with each bank. Bank overdrafts, if utilised, are shown within borrowings in current liabilities on the statement of financial position.

6. RECEIVABLES

		Consolidated	
		2019 \$'000	2018 \$'000
Current			
Trade debtors	(i)	896	533
Sundry debtors	(i)	9,324	5,780
Restricted cash		1,423	-
Other receivables	(ii)	2,418	19,330
Impairment of receivables	(iii)	(3,972)	(3,767)
		10,089	21,876
Non-current			
Security deposits	(iv)	7,162	12,857
		7,162	12,857
Movement in the impairment of receivables:			
Balance at beginning of the year		3,767	3,632
Foreign exchange translation loss		205	135
Balance at the end of the year	(iii)	3,972	3,767

Notes to the Financial Statements

For the year ended 30 June 2019

6. RECEIVABLES (CONTINUED)

Terms relating to the above financial instruments:

- (i) Trade and sundry debtors are non-interest bearing and generally on 30-day terms.
- (ii) Other receivable relates to GST and VAT receivable throughout the group. At 30 June 2019 \$2.4 million (30 June 2018: \$19.3 million) related to a net VAT refund receivable from the Ghana Revenue Authority ("GRA"). During the year, the group received a total of GHS 130.5 million (approximately \$37.7 million or US\$27.0 million) from the GRA for the VAT receivable.
- (iii) Impairment of receivables are recognised against sundry and other debtors for estimated expected credit losses determined by reference to an analysis of the counterparty's current financial position.
- (iv) At 30 June 2019, the group had US\$3.3 million, approximately A\$4.7 million (30 June 2018: US\$9.6 million, approximately A\$12.9 million), held in bank deposits which are subject to a lien and are collateral for a bank guarantee that has been issued to the Ghana Environmental Protection Agency in relation to environmental rehabilitation provisions concerning the EGM.

Past due but not impaired

With the exception of \$4.0 million (30 June 2018: \$3.8 million) disclosed above which is fully provided for, all of the remaining trade and other receivables are not past due.

Fair value and foreign exchange and credit risk

Due to the short-term nature of the current receivables, their carrying amount is assumed to approximate their fair value. Long term receivables are evaluated by the group based on parameters such as individual creditworthiness of the customer and specific country risk factors. The carrying amount of long-term receivables is assumed to approximate fair value, as the security deposits that make up the long-term receivables have a market-based interest rate. The maximum exposure to credit risk at the end of the year is the carrying amount of each class of receivable mentioned above.

The other receivable relating to a VAT refund from the GRA is immediately repayable on demand in Ghanaian Cedis, is unsecured and bears no interest. Since the authorisation of treasury credit notes by the GRA, payments of employment taxes, withholding taxes and royalties have been offset against the VAT receivable.

Further information about the group's exposure to these risks is provided in note 16.

RECOGNITION & MEASUREMENT

(i) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

An allowance for doubtful debts is made when collection of the full amount is no longer probable. Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses.

(ii) Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the year-end which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Notes to the Financial Statements

For the year ended 30 June 2019

7. INVENTORIES

	Consolidated	
	2019 \$'000	2018 \$'000
Current		
Ore stockpiles – at cost	-	691
Ore stockpiles – at net realisable value	35,768	30,481
Gold in circuit – at cost	3,313	14,283
Gold in circuit – at net realisable value	6,922	-
Bullion on hand – at cost	12,957	39,895
Bullion on hand – at net realisable value	20,578	-
Materials and supplies	47,361	39,412
	126,899	124,762

Inventory expense

The inventory expense during the year ended 30 June 2019 was \$477.5 million (30 June 2018: \$334.2 million). The write back of inventories due to an increase in net realisable value recognised during the year ended 30 June 2019 amounted to \$13.6 million (30 June 2018 write back: \$5.9 million) and is included in 'cost of sales' in the statement of comprehensive income.

Non-current		
Ore stockpiles – at net realisable value	24,325	20,061
	24,325	20,061

RECOGNITION & MEASUREMENT

Gold bullion, gold in circuit and ore stockpiles are physically measured or estimated and stated at the lower of cost and net realisable value.

Cost comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs in getting such inventories to their existing location and condition, based on weighted average costs incurred during the year in which such inventories were produced. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling the final product.

Inventories of consumable supplies and spare parts expected to be used in production are valued at weighted average cost. Obsolete or damaged inventories of such item are valued at net realisable value.

Significant judgements and estimates

Net realisable value tests are performed at least quarterly and represent the estimated future sales price of the product based on prevailing spot metals prices at the reporting date, less estimated costs to complete production and bring the product to sale. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

Notes to the Financial Statements

For the year ended 30 June 2019

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

		Consolidated	
		2019 \$'000	2018 \$'000
Non-current			
Financial assets at fair value through other comprehensive income	(i)	444	1,400
		444	1,400
Reconciliation of movements in financial assets at fair value through other comprehensive income:			
Balance at beginning of the year		1,400	3,324
Additions		-	-
Disposals		(135)	(29)
Impairment	(ii)	-	(1,222)
Loss on fair value re-measurements		(821)	(673)
Balance at end of the year		444	1,400

(i) The group's investment in Manas Resources Limited ("Manas") of \$348,432 and Amani Gold Limited ("Amani") of \$45,460 are recognised as financial assets at fair value through other comprehensive income.

(ii) During the year ended 30 June 2019, impairment of the investment in Manas was considered and no evidence of impairment existed. The investment in Manas is recognised at fair value at 30 June 2019. During the year ended 30 June 2019, impairment of the investment in Amani was considered. A prolonged and significant decline in the fair value of Amani's shares was recognized and as such, an impairment of \$0.6 million was identified. However, this impairment remains trapped in other comprehensive income. The investment in Amani is recognised at fair value 30 June 2019.

Risk exposure and fair value measurements

Information about the group's exposure to price risk and about the methods and assumptions used in determining fair value is provided in note 16.

RECOGNITION & MEASUREMENT

(i) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are non-derivatives that are either designated in this category or not classified in any of the other categories. Investments are designated as FVOCI if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Purchase and sale of investments are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

When securities classified as financial assets at fair value through other comprehensive income are sold, the accumulated fair value adjustments recognised in other comprehensive income are not reclassified to profit or loss as gains and losses on sale of Financial assets at fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss in the year in which they arise. Changes in value of non-monetary securities classified as financial assets at fair value through other comprehensive income are recognised in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 16.

(ii) Impairment

The group assesses at the end of each year whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities financial assets at fair value through other comprehensive income, a significant or prolonged decline in the fair value of a security below its cost is considered an indicator in determining whether the security is impaired. If any such evidence exists for financial assets at fair value through other comprehensive income, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised – remaining in other comprehensive income.

Notes to the Financial Statements

For the year ended 30 June 2019

9. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2019 \$'000	2018 \$'000
Plant and equipment – at cost	360,003	341,916
Accumulated depreciation	(187,793)	(127,126)
	172,210	214,790
Reconciliation of plant and equipment:		
Balance at the beginning of the year	214,790	122,059
Additions	885	92
Transferred from assets under construction	3,078	117,269
Depreciation	(53,409)	(30,844)
Disposals	(877)	-
Translation difference movement	7,743	6,214
Carrying amount at the end of the year	172,210	214,790
Assets under construction – at cost	246,502	202,532
Reconciliation of assets under construction:		
Balance at the beginning of the year	202,532	177,563
Additions	39,101	72,424
Transferred to property, plant and equipment	(3,078)	(117,269)
Transferred to mine properties	(3,663)	(112,393)
Transferred from exploration	2,320	177,566
Asset written off	-	(7,189)
Translation difference movement	9,290	11,830
Carrying amount at the end of the year	246,502	202,532
Total property, plant and equipment net book value	418,712	417,322

The \$7.2 million asset write off in the prior year relates to a SAG mill that was originally intended to be utilised in a previous design of the Sissingué plant. That plant design was superseded making the SAG mill obsolete. Failure to secure a buyer for the asset resulted in a write-off.

Notes to the Financial Statements

For the year ended 30 June 2019

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECOGNITION & MEASUREMENT

(i) Assets under construction

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified as 'assets under construction', and disclosed as a component of property, plant and equipment.

All subsequent expenditure incurred in the construction of a mine by, or on behalf of the group, is accumulated separately for each area of interest in which economically recoverable reserves have been identified. This expenditure includes net direct costs of construction and borrowing costs capitalised during construction. On completion of development, all assets included in 'assets under construction' are reclassified as either 'plant and equipment' or 'mine properties'.

(ii) Property, plant and equipment

Land and buildings and all other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Land is not depreciated.

Property, plant and equipment directly engaged in the crushing and milling operations are depreciated over the shorter of expected economic life or over the remaining life of the mine on a units-of-production basis. Assets which are depreciated on a basis other than units-of-production method are typically depreciated on a straight-line basis over their estimated useful lives as follows:

Item	Estimated useful life (years)
Plant and equipment	3-10
Buildings	20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each year. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

(iii) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating value in use, a pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs of disposal is the amount the cash generating unit can be sold to a knowledgeable and willing market participant in an arm's length transaction, less the disposal costs. In estimating fair value less costs of disposal, discounted cash flow methodology is utilised, and a post-tax discount rate is used.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generated units). The group has three cash generating units, Edikan Gold Mine, Sissingué Gold Mine and the Yaouré Gold Project. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each year.

Notes to the Financial Statements

For the year ended 30 June 2019

10. MINE PROPERTIES

	Consolidated	
	2019 \$'000	2018 \$'000
Mine properties – at cost	626,494	580,538
Accumulated depreciation	(393,733)	(276,406)
	232,761	304,132
Reconciliation of mine properties		
Balance at the beginning of the year	304,132	254,240
Additions	13,975	28,101
Transferred from assets under construction	3,663	112,393
Amortisation	(101,200)	(88,740)
Impairment	-	(10,151)
Translation difference movement	12,191	8,289
Carrying amount at the end of the year	232,761	304,132

Commercial production at Sissingué was declared with effect from 31 March 2018. All pre-commercial production operational expenditure during the ramp up of the mine until commercial production commencement was capitalised to mine properties. There were no pre-commercial production gold bullion sales at Sissingué.

The \$10.2 million impairment expense in the prior year relates to the impairment of the Sissingué CGU. This impairment resulted from an update to the life of mine plan, a decrease in gold price assumptions and an increase in the discount rate applied.

The significant estimates and judgements underpinning impairment are detailed at note 2.

Notes to the Financial Statements

For the year ended 30 June 2019

10. MINE PROPERTIES (CONTINUED)

RECOGNITION & MEASUREMENT

(i) Mine Properties

Accumulated mine development costs (classified as either 'plant and equipment' or 'mine properties') are depreciated/amortised on a unit of production basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of mine, in which case the straight line method is applied. The units of measure for amortisation of mine properties is tonnes of ore mined and the amortisation of mine properties takes into account expenditures incurred to date. The EGM and SGM mine properties work in progress is assessed at the end of every month and when the work is completed it is transferred to mine properties and then amortised.

The units of measure for depreciating mine related plant and equipment is tonnes of ore processed.

(ii) Deferred stripping costs

The group incurs waste removal costs (stripping costs) during the development and production phases of its surface mining operations. During the production phase, stripping costs (production stripping costs) can be incurred both in relation to the production of inventory in that period and the creation of improved access and mining flexibility in relation to ore to be mined in the future. The former are included as part of the costs of inventory, while the latter are capitalised as a stripping activity asset, where certain criteria are met. Once the group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset. The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of 'Mine properties' in the statement of financial position. This forms part of the total investment in the relevant cash generating unit, which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

Significant judgements and estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the group's mining properties. The group estimates its Ore Reserves and Mineral Resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body and this requires complex geological judgements to interpret data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, goodwill, provision for rehabilitation, recognition of deferred assets, and depreciation and amortisation charges.

Notes to the Financial Statements

For the year ended 30 June 2019

11. MINERAL INTEREST ACQUISITION AND EXPLORATION EXPENDITURE

	Consolidated	
	2019 \$'000	2018 \$'000
Mineral interest acquisition and exploration – at cost	17,405	9,607
Reconciliation		
Balance at the beginning of the year	9,607	183,956
Additions	9,699	6,265
Transferred to assets under construction	(2,320)	(177,566)
Exploration costs written off	(144)	(5,772)
Translation difference movement	563	2,724
Carrying amount at the end of the year	17,405	9,607

The expenditure above relates principally to exploration and evaluation activities. The ultimate recoupment of this expenditure is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. The write-off of \$0.1 million as at 30 June 2019 was mainly attributable to the non-discovery of commercially viable deposit at the Nsuaem prospect in Ghana, whilst the write-off of \$5.8 million as at 30 June 2018 was mainly attributable to the non-discovery of commercially viable deposits at the Mbengué and Napie prospects in Côte d'Ivoire.

RECOGNITION & MEASUREMENT

Exploration and evaluation expenditures in relation to each separate area of interest with current tenure are carried forward to the extent that:

- (i) such expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
- (ii) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

In the event that an area of interest is abandoned or, if facts and circumstances suggest that the carrying amount of an exploration and evaluation asset is impaired then the accumulated costs carried forward are written off in the year in which the assessment is made.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified as 'assets under construction'.

Significant judgements and estimates

Management determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. In determining this, assumptions, including the maintenance of title, ongoing expenditure and prospectivity are made.

Notes to the Financial Statements

For the year ended 30 June 2019

12. PAYABLES AND PROVISIONS

		Consolidated	
		2019 \$'000	2018 \$'000
Current			
Trade creditors and accruals	(i)	67,484	98,047
Employee benefits		2,010	2,017
		69,494	100,064

Terms and conditions relating to the above financial instruments:

(i) Trade and other creditors are non-interest bearing and are normally settled on 30-day terms.

Risk exposure

Information about the group's exposure to risk is provided in note 16.

Non-current			
Provision for rehabilitation work		18,776	18,060
Employee benefits		746	619
		19,522	18,679
Balance at the beginning of the year		18,060	18,574
Increased / (decreased) obligations during the year		36	(1,172)
Rehabilitation expenditure during the year		(257)	(194)
Unwinding of discount		101	58
Translation difference movement		836	794
Balance at the end of the year		18,776	18,060
Employee benefits		746	619
Total non-current provisions		19,522	18,679

The provision for rehabilitation work relates to the EGM in Ghana, SGM in Côte d'Ivoire and the historical heap leach operations at Yaouré in Côte d'Ivoire. The timing of settlement of these obligations cannot be established with any certainty. The group has commenced mining the EGM project area and many of the old pits identified for rehabilitation work will be subject to new mining. The group has also commenced mining the SGM project area. The provision related to the EGM, SGM and YGP has been reviewed and updated in line with the additional development that has occurred since June 2018.

Notes to the Financial Statements

For the year ended 30 June 2019

12. PAYABLES AND PROVISIONS (CONTINUED)

RECOGNITION & MEASUREMENT

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(ii) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured as the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the year. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

(iii) Employee benefits

(a) Short term obligations

Liabilities for short-term employee benefits expected to be wholly settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(b) Other long-term employee benefit obligations

The liability for long service leave which is not expected to be wholly settled within 12 months of the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments. Consideration is given to expected future wage and salary level, experience of employees' departures and periods of service. Expected future payments are discounted using market yields at the end of the year on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(c) Retirement benefit obligations

Contributions are made by the group to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

(iv) Rehabilitation provision

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the year, in which case the amount is included in the cost of production for the year. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

Significant judgements and estimates

Restoration and Rehabilitation provision

The value of the current restoration and rehabilitation provision is based on a number of assumptions including the nature of restoration activities required and the valuation at the present value of a future obligation that necessitates estimates of the cost of performing the work required, the timing of future cash flows and the appropriate risk free discount rate. Additionally, current provisions are based on the assumption that no significant changes will occur in relevant legislation covering restoration of mineral properties. A change in any, or a combination, of these assumptions used to determine current provisions could have a material impact to the carrying value of the provision.

Notes to the Financial Statements

For the year ended 30 June 2019

13. DEFERRED TAX

	Consolidated	
	2019 \$'000	2018 \$'000
Deferred tax asset	15,760	27,493
Set off of deferred tax liabilities of entity pursuant to set off provisions	(15,760)	(27,493)
Net deferred tax asset	-	-
Deferred tax liability	57,577	72,609
Set off of deferred tax assets of entity pursuant to set off provisions	(15,760)	(27,493)
Net deferred tax liability	41,817	45,116
(a) The deferred tax asset balance comprising of temporary differences attributable to:		
Employee benefits	31	66
Cashflow hedges	2,131	-
Other	769	1,319
Tax losses	12,828	26,108
Net deferred tax asset	15,759	27,493
(b) Movement in the deferred tax asset:		
Opening balance at 1 July	27,493	47,498
Credited to the income statement	(15,358)	(21,775)
Charged to equity – hedging reserve	2,131	-
Foreign exchange	1,493	1,770
Closing balance at 30 June	15,759	27,493
(c) The deferred tax liability comprises temporary differences attributable to:		
Property, plant and equipment	24,750	27,961
Mine properties in use	31,576	42,509
Exploration and evaluation	1,251	-
Cash flow hedges	-	2,139
Net deferred tax liability	57,577	72,609
(d) Movement in the deferred tax liability:		
Opening balance at 1 July	72,609	83,428
Credited to the income statement	(17,309)	(16,121)
Credited / (charged) to equity – hedging reserve	(1,518)	1,942
Foreign exchange	3,795	3,360
Closing balance at 30 June	57,577	72,609

Notes to the Financial Statements

For the year ended 30 June 2019

13. DEFERRED TAX (CONTINUED)

RECOGNITION & MEASUREMENT

Deferred income tax is provided in full, using the balance sheet full liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affect neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

14. INTEREST BEARING LIABILITIES

		Consolidated	
		2019 \$'000	2018 \$'000
Current			
Interest-bearing loan facility	(i)	7,831	32,632
		7,831	32,632
Non-current			
Interest-bearing loan facility	(i)	36,996	52,383
		36,996	52,383
Reconciliation of liabilities arising from financing activities:			
Balance at the beginning of the year		85,015	19,514
Cashflows		(43,846)	61,392
Translation difference movement		3,658	4,109
Carrying amount at the end of the year		44,827	85,015

(i) The loan agreement for the US\$40 million Sissingué project debt facility provided by Macquarie Bank Limited was executed in the prior year and the facility was also fully drawn in the prior year. Subsequent to the first principal repayment of US\$2.0 million in June 2018, another US\$26.5 million was repaid in the current year. The amount outstanding on the facility was US\$11.5 million as at 30 June 2019.

A US\$30.0 million revolving line of credit by Macquarie is also available to improve flexibility in terms of managing working capital and fund high potential exploration activities in Ghana. US\$5 million was repaid and the amount drawn as at 30 June 2019 was US\$20.0 million.

Notes to the Financial Statements

For the year ended 30 June 2019

14. INTEREST BEARING LIABILITIES (CONTINUED)

Secured liabilities and assets pledged as security

The debt and hedge facilities provided by Macquarie Bank Limited to Perseus Mining Ghana Limited ("PMGL") are secured by a guarantee and indemnity from the company covering all money due under the facilities as well as mortgages over certain of the company's assets including its shares in Kojina Resources Ltd ("Kojina") and receivables under intercompany loan arrangements with subsidiaries. In addition, the security package includes fixed and floating charges over all of the assets and undertakings of both Kojina and PMGL including a first ranking mortgage over the EGM tenements.

The debt and hedge facilities provided by Macquarie Bank Limited to Perseus Mining Côte d'Ivoire SA ("PMCI") are secured by a guarantee and indemnity from the company covering all money due under the facilities as well as mortgages over certain of the company's assets including its shares in Occidental Gold Pty Ltd ("Occidental") and receivables under intercompany loan arrangements with subsidiaries. In addition, the security package includes fixed and floating charges over all of the assets and undertakings of both Occidental and PMCI including a first ranking mortgage over the Sissingué Gold Mine tenement.

During the year, documentation for a new US\$150 million revolving corporate cash advance facility was signed with a consortium of three international banks comprising of Macquarie Bank Limited from Australia, Nedbank Limited (acting through its Nedbank Corporate and Investment Banking Division) from South Africa and Société Générale of France. Subject to satisfaction of conditions precedent, first drawdown of the facility is expected to occur in the September 2019 quarter.

Risk exposures and fair value measurements

Information about the group's exposure to interest rate and foreign currency changes is provided in note 16.

RECOGNITION & MEASUREMENT

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the year.

Notes to the Financial Statements

For the year ended 30 June 2019

15. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated	
	2019 \$'000	2018 \$'000
Current assets		
Cash flow hedge asset	-	5,076
	-	5,076
Non-current assets		
Cash flow hedge asset	-	24
	-	24
Current liabilities		
Cash flow hedge liability	8,508	-
	8,508	-
Non-current liabilities		
Cash flow hedge liability	1,603	-
	1,603	-

The group is party to derivative financial instruments in the normal course of business in order to hedge exposure to future price and currency fluctuations in the primary commodity markets in which it operates. This is done in accordance with the group's financial risk management policies.

Forward metal contracts – cash flow hedges:

The group uses cash flow designated USD forward metal contracts to hedge movements in USD precious metal prices on its anticipated sales of gold. At 30 June 2019 there were cash flow designated hedge contracts in place for 54,000 ounces of gold with settlements scheduled between September 2019 and September 2020 with a weighted average price of US\$1,290.53/oz. The portion of the gain or loss on these hedging instruments that are determined to be an effective hedge are recognised and retained directly in equity. The ineffective portion will be recognised in the statement of comprehensive income.

The amount reclassified during the year to revenue in the income statement was a gain of \$5.5 million (30 June 2018: \$0.8 million loss).

Spot deferred sales contracts

At 30 June 2019, the group held spot deferred sales contracts for a further 220,000 ounces of gold at an average sales price of US\$1,301 per ounce.

It is management's intention to settle each contract through physical delivery of gold and as such, the spot deferred sale contracts do not meet the criteria of financial instruments for accounting purposes. This is referred to as the "own use" exemption. Accordingly, the contracts will be accounted for as sale contracts with revenue recognised once the gold has been delivered.

Risk exposures and fair value measurements

Information about the group's exposure to credit risk, price risk and liquidity risk related to the undiscounted cash flow exposure from derivative contracts is provided at note 16.

Notes to the Financial Statements

For the year ended 30 June 2019

15. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

RECOGNITION & MEASUREMENT

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting. The group has applied AASB 9 retrospectively, with an initial application date of 1 July 2018.

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost or fair value through other comprehensive income (OCI). The classification is based on two criteria: the group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the group's business model was made as of the date of initial application, 1 July 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact on the group. The group continued measuring at fair value all financial assets previously held at fair value under AASB 139 and classified the assets as available for sale financial assets. According to AASB 9, such assets are classified and measured as financial assets at fair value through profit or loss.

The adoption of AASB 9 has fundamentally changed the group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. As such, if a loss allowance is required to be recognised for expected credit losses on financial assets, the financial assets shall be measured at fair value through other comprehensive income.

The group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the group's financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Liabilities in this category are classified as current liabilities if they are expected to be settled within 12 months; otherwise they are classified as non-current.

(ii) Fair value measurement

The group measures derivatives at fair value at each balance-sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

(iii) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value at the end of each year. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At the inception of a hedge transaction, the group formally designates and documents the hedge relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedge items.

Under AASB 139, all gains and losses arising from the group's cash flow hedging relationships were eligible to be subsequently reclassified to profit or loss. However, under AASB 9, gains and losses arising on cash flow hedges of forecast purchases of non-financial assets need to be incorporated into the initial carrying amounts of the non-financial assets. This change only applies prospectively from the date of initial application of AASB 9 and has no impact on the presentation of comparative figures.

The fair values of various derivative financial instruments used for hedging purposes are disclosed as above. Movements in the hedging reserve in shareholders' equity are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Notes to the Financial Statements

For the year ended 30 June 2019

15. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Where forward contracts are entered into and continue to be held for the purpose of receipt or delivery of a physical commodity in accordance with expected purchase, sale or usage requirements, the contracts are outside of the scope of AASB 9 and are therefore off-balance sheet.

(i) Fair value hedges

Changes in fair value of derivatives that are designated and qualify as fair value hedges are recorded in the comprehensive income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of derivative contracts are recognised in the statement of comprehensive income within "Revenue" with a corresponding offsetting amount to the carrying amount of the asset or liability being the fair value movement of the hedged asset or liability. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income as other income or expense.

(ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss related to the ineffective portion is recognised immediately in profit or loss within other income or expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of derivative contracts is recognised in the statement of comprehensive income within "revenue". However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the statement of comprehensive income.

Significant judgements and estimates

The group makes judgements on the effectiveness of all derivative financial instrument entered into, including forward metal contracts, metal options and foreign currency option contracts in accordance with the above accounting policy. Management's assessment is that, unless otherwise disclosed, the derivatives have been highly effective in offsetting changes in the fair value of the future cash flows against which they have been designated.

Notes to the Financial Statements

For the year ended 30 June 2019

16. FINANCIAL RISK MANAGEMENT

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the group as at 30 June 2019 and 30 June 2018.

As at 30 June 2019	Loans and receivables / amortised cost \$'000	Fair value through other comprehensive income (equity instruments) \$'000	Fair value through other comprehensive income (cash flow hedge) \$'000
Financial assets			
Receivables	8,667	-	-
Derivative financial instruments	-	-	-
Total current	8,667	-	-
Receivables	7,162	-	-
Financial assets at fair value through other comprehensive income	-	444	-
Derivative financial instruments	-	-	-
Total non-current	7,162	444	-
Total financial assets	15,829	444	-
Financial liabilities			
Payables	67,484	-	-
Interest-bearing liabilities	7,831	-	-
Derivative financial instruments	-	-	8,508
Total current	73,315	-	8,508
Interest-bearing liabilities	36,996	-	-
Derivative financial instruments	-	-	1,603
Total non-current	36,996	-	1,603
Total financial liabilities	112,311	-	10,111

Notes to the Financial Statements

For the year ended 30 June 2019

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

As at 30 June 2018	Loans and receivables / amortised cost \$'000	Fair value through other comprehensive income (equity instruments) \$'000	Fair value through other comprehensive income (cash flow hedge)) \$'000
Financial assets			
Receivables	21,876	-	-
Derivative financial instruments	-	-	5,076
Total current	21,876	-	5,076
Receivables	12,857	-	-
Financial assets at fair value through other comprehensive income	-	1,400	-
Derivative financial instruments	-	-	24
Total non-current	12,857	1,400	24
Total financial assets	34,733	1,400	5,100
Financial liabilities			
Payables	98,047	-	-
Interest-bearing liabilities	32,632	-	-
Total current	130,679	-	-
Interest-bearing liabilities	52,383	-	-
Total non-current	52,383	-	-
Total financial liabilities	183,062	-	-

The group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and equity price risk. The group therefore has an overall risk management program that focuses on the unpredictability of financial and precious metal commodity markets and seeks to minimise potential adverse effects on the financial performance of the group.

The group uses different methods to measure different types of risk to which it is exposed including sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk. The group then uses derivative financial instruments such as forward metal and forward metal option contracts to hedge certain risk exposures.

Financial risk management is carried out by the finance area of the group under policies approved by the board of directors with identification, evaluation and hedging of financial and commodity risks being undertaken in close co-operation with the group's operating units. The board provides written principles for overall risk management as well as written policies covering specific areas such as use of derivative financial instruments and investment of excess liquidity.

Notes to the Financial Statements

For the year ended 30 June 2019

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market Risk

(i) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, West African CFA franc and Ghanaian cedi. Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The group is also exposed to foreign exchange risk arising from the translation of its foreign operations, the group's investments in its subsidiaries are not hedged as those currency positions are considered to be long term in nature. In addition, the parent entity has intercompany receivables from its subsidiaries denominated in US Dollars which are eliminated on consolidation. The gains or losses on re-measurement of these intercompany receivables from US Dollars to Australian Dollars are not eliminated on consolidation as those loans are not considered to be part of the net investment in the subsidiaries.

The group's exposure to foreign currency risk at the end of the year, expressed in Australian dollars, was as follows:

Market Risk Table	2019					
	USD \$'000	ZAR \$'000	CFA \$'000	EUR \$'000	GHS \$'000	GBP \$'000
Financial Assets						
Cash and cash equivalents	11,220	-	-	734	8,170	-
Receivables	4,268	-	-	-	2,408	-
Total Assets	15,488	-	-	734	10,578	-
Financial Liabilities						
Payables	(18)	25	-	66	6,568	5
Derivative financial instruments	10,111	-	-	-	-	-
Financial liabilities at fair value	-	-	-	-	-	-
Interest-bearing liabilities	44,827	-	-	-	-	-
Total Liabilities	54,920	25	-	66	6,568	5

Notes to the Financial Statements

For the year ended 30 June 2019

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market Risk Table	2018					
	USD \$'000	ZAR \$'000	CFA \$'000	EUR \$'000	GHS \$'000	GBP \$'000
Financial Assets						
Cash and cash equivalents	10,242	-	-	2	1,472	206
Receivables	11,102	-	-	-	19,320	-
Derivative financial instruments	5,100	-	-	-	-	-
Total assets	26,444	-	-	2	20,792	206
Financial Liabilities						
Payables	78	287	-	475	2,829	25
Financial liabilities at fair value	-	-	-	-	-	-
Interest-bearing liabilities	85,015	-	-	-	-	-
Total liabilities	85,093	287	-	475	2,829	25

Sensitivity

The following table summarises the sensitivity of financial instruments held at balance date to movement in the exchange rate of the AUD to the USD with all other variables held constant and the AUD to the GHS with all other variables held constant, including the impact of the foreign exchange movement on the inter-company loan of \$383.4 million (2018: \$261.2 million). The sensitivity is based on management's estimate of reasonably possible changes over a financial year.

	Change in USD rate	Impact on profit or loss before tax and equity \$'000
2019	+10%	(36,265)
	-10%	44,324
2018	+10%	(20,941)
	-10%	25,595

	Change in GHS rate	Impact on profit or loss before tax and equity \$'000
2019	+10%	(365)
	-10%	446
2018	+10%	(1,633)
	-10%	1,996

The group's exposure to other foreign exchange movements is not material.

Notes to the Financial Statements

For the year ended 30 June 2019

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Price risk

The group is exposed to commodity price risk for its future gold production. These risks are measured using sensitivity analysis and cash flow forecasting and to manage exposures the group enters into forward commodity price derivatives. The group's policy is to hedge no more than 40% of anticipated gold sales in the subsequent 12 months and no more than 30% of anticipated gold sales in the 12 months subsequent to that first 12 months.

At the end of the year, the group had a total of 45,500 ounces of forward metal contracts in place over approximately 16% of anticipated monthly gold production from 1 July 2019 through to 30 June 2020, 8,500 ounces of forward metal contracts in place over approximately 3% of anticipated monthly gold production from 1 July 2020 through to 30 June 2021.

When necessary these contracts may be rolled over into new contracts at maturity, subject to counterparty credit approval. The group also held 220,000 spot deferred sales contracts that will be rolled out from 2020 to 2022 and represent 20% of anticipated gold production over that period. Balance date exposures and further details of current commodity price derivatives are provided at note 15.

Sensitivity

The following table summarises the sensitivity of the fair value of instruments held at balance date to movements in the forward gold price, with all other variables held constant.

	Increase / decrease in gold prices	Impact on profit or loss before tax \$'000	Impact on equity before tax \$'000
2019	+10%	-	(21,150)
	-10%	-	493
2018	+10%	-	(16,778)
	-10%	-	26,899

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's debt obligations which have floating interest rates. At the end of the year the group's interest rate risk exposure and the weighted average interest rate for each class of financial assets and liabilities was:

Notes to the Financial Statements

For the year ended 30 June 2019

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

30 June 2019	Weighted average effective interest rate	Fixed interest rate \$'000	Floating interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Financial assets:					
Cash and cash equivalents	0.9%	-	20,524	104,882	125,406
Security deposit	1.0%	2,795	1,423	4,367	8,585
Net exposure to cash flow interest rate risk		2,795	21,947	109,249	133,991
Financial liabilities:					
Interest-bearing liabilities	6.3%	-	44,827	-	44,827
Net exposure to cash flow interest rate risk		-	44,827	-	44,827

30 June 2018					
Financial assets:					
Cash and cash equivalents	0.7%	-	10,956	20,210	31,166
Security deposit	1.6%	8,322	2,733	1,802	12,857
Net exposure to cash flow interest rate risk		8,322	13,689	22,012	44,023
Financial liabilities:					
Interest-bearing liabilities	6.6%	-	85,015	-	85,015
Net exposure to cash flow interest rate risk		-	85,015	-	85,015

Sensitivity

If interest rates were to move up by 1% with all other variables held constant, then the pre-tax impact on the group's profit as well as total equity would be a movement of \$0.1million (30 June 2018: \$0.6 million), a 1% decrease would be a movement of \$0.1 million (30 June 2018: \$0.6 million).

Notes to the Financial Statements

For the year ended 30 June 2019

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted under a financial instrument resulting in a financial loss to the group and arises from deposits with banks and financial institutions, favourable derivative financial instruments as well as credit exposures to customers including outstanding receivables and committed transactions. For banks and financial institutions, only independent parties with a minimum credit rating of 'A' are accepted.

The carrying amount the group's financial assets, represents the maximum credit exposure.

The group restricts the exposure to credit losses on derivative instruments it holds by entering into master netting arrangements with major counterparties with whom a significant volume of transactions are undertaken.

Such an arrangement provides for a single net settlement of all financial instruments covered by the agreement in the event of default on any one contract. Master-netting arrangements do not result in an offset of balance-sheet assets and liabilities unless certain conditions for offsetting under AASB 132 apply.

Although master-netting arrangements may significantly reduce credit risk, it should be noted that:

- (i) Credit risk is eliminated only to the extent that amounts due to the same counterparty will be settled after the assets are realised; and
- (ii) The extent to which overall credit risk is reduced may change substantially within a short period because the exposure is affected by each transaction subject to the arrangement.

At 30 June 2019, master netting arrangements reduced the credit risk on contracts that have a fair value of \$10.1 million (2018: \$6.5 million).

Liquidity Risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, that as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows, matching maturity profiles of financial assets and financial liabilities, and by ensuring that surplus funds are generally only invested in instruments that are tradable in highly liquid markets or that can be relinquished with minimal risk of loss.

Notes to the Financial Statements

For the year ended 30 June 2019

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Consolidated 30 June 2019	Less than 6 months \$'000	6 months – 1 year \$'000	1 – 2 years \$'000	2 – 5 years \$'000	Greater than 5 years \$'000	Total contractual cash flows \$'000
Non-derivatives						
Payables	71,407	-	-	-	-	71,407
Interest-bearing liabilities	1,423	6,408	36,996	-	-	44,827
Total	72,830	6,408	36,996	-	-	116,234
Derivatives						
Derivative financial instruments	-	-	-	-	-	-
Total	-	-	-	-	-	-

30 June 2018

Non-derivatives						
Payables	98,047	-	-	-	-	98,047
Interest-bearing liabilities	2,193	35,087	55,820	-	-	93,100
Total	100,240	35,087	55,820	-	-	191,147
Derivatives						
Derivative financial instruments	-	-	-	-	-	-
Total	-	-	-	-	-	-

Notes to the Financial Statements

For the year ended 30 June 2019

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair values

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 30 June 2019:

	Consolidated			
	2019		2018	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets:				
Cash	125,406	125,406	31,166	31,166
Receivables	8,667	8,667	21,876	21,876
Derivative financial instruments	-	-	5,076	5,076
Total current	134,073	134,073	58,118	58,118
Receivables	7,162	7,162	12,857	12,857
Financial assets at fair value through other comprehensive income	444	444	1,400	1,400
Derivative financial instruments	-	-	24	24
Total non-current	7,606	7,606	14,281	14,281
Total financial assets	141,678	141,678	72,399	72,399
Financial liabilities:				
Payables	67,484	67,484	98,047	98,047
Derivative financial instruments	8,508	8,508	-	-
Total current	75,992	75,992	98,047	98,047
Derivative financial instruments	1,603	1,603	-	-
Total non-current	1,603	1,603	-	-
Total financial liabilities	77,595	77,595	98,047	98,047

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities
- Level 2 Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)
- Level 3 Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

For financial instruments that are recognised at fair value on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year.

There were no transfers between categories during the year.

Notes to the Financial Statements

For the year ended 30 June 2019

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table presents the group's financial instruments measured and recognised at fair value at 30 June 2019 and 30 June 2018.

30 June 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets:				
Financial assets at fair value through other comprehensive income	444	-	-	444
Derivative financial instruments	-	-	-	-
Total	444	-	-	444
Financial liabilities:				
Derivative financial instruments	-	10,111	-	10,111
Total	-	10,111	-	10,111

30 June 2018				
Financial assets:				
Financial assets at fair value through other comprehensive income	1,400	-	-	1,400
Derivative financial instruments	-	5,100	-	5,100
Total	1,400	5,100	-	6,500
Financial liabilities:				
Derivative financial instruments	-	-	-	-
Total	-	-	-	-

Valuation techniques

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and FVOCI securities) is based on quoted market prices at the end of the year. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties and forward rate curves of the underlying commodity. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Notes to the Financial Statements

For the year ended 30 June 2019

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

Specific valuation techniques used to value financial instruments include;

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the year.
- Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The net fair value of cash and cash equivalents and non-interest bearing financial assets and liabilities of the group approximate their carrying values. The carrying values (less impairment provision if provided) of trade receivables and payable are assumed to approximate their fair values due to their short-term nature.

RECOGNITION & MEASUREMENT

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Fair value measurement

The group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is either:

- Expected to be realised within 12 months after the year-end
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the year-end

All other assets are classified as non-current.

A liability is current when either:

- It is due to be settled within 12 months after the year-end
- There is no unconditional right to defer the settlement of the liability for at least 12 months after year-end

The group classifies all other liabilities as non-current.

Significant judgements and estimates

Measurement of fair values

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Equity price risk

The group's investments in Manas and Amani, which are classified as financial assets at fair value through other comprehensive income, is susceptible to market price risk arising from uncertainties about future values of the investment securities. At the reporting date, the exposure to listed equity securities at fair value was \$0.4 million (30 June 2018: \$1.4 million). A decrease of 10% on the share price of Manas could have a negative impact of approximately \$0.04 million on the income or equity attributable to the group and a decrease of 10% on the share price of Amani could have a negative impact of approximately \$4,546, depending on whether the decline is prolonged. An increase of 10% in the value of the listed securities would impact equity by \$0.04 million for Manas and \$4,546 for Amani but would not have an effect on the profit or loss.

Notes to the Financial Statements

For the year ended 30 June 2019

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital management

Management controls the capital of the group in order to ensure that the group can fund its operations in an efficient and timely basis and continue as a going concern. Due to the funding provided by Macquarie, the group is required to hold a minimum liquid assets balance of US\$15.0 million. Management effectively manages the group's capital by assessing the group's cash projections up to twenty-four months in the future and any associated financial risks. Management will adjust the group's capital structure in response to changes in these risks and in the market. There have been no changes in the strategy adopted by management to control the capital of the group since the prior year.

A US\$40.0 million project debt facility that was used to finance the completion of the development of Sissingué was fully drawn in the prior year. Subsequent to the first principal repayment of US\$2.0 million in June 2018, another US\$26.5 million was repaid in the current year. The amount outstanding on the facility was US\$11.5 million as at 30 June 2019.

A US\$30.0 million revolving line of credit by Macquarie is also available to improve flexibility in terms of managing working capital and fund high potential exploration activities in Ghana. US\$5 million was repaid and the amount drawn as at 30 June 2019 was US\$20.0 million.

On 28 June 2019, the group signed documentation for a revolving cash advance facility. Subject to the satisfaction of certain customary conditions, up to US\$ 150 million can be used for general corporate purposes, including the refinancing of US\$31.5 million of existing project loans and in due course, funding the development of Perseus's third gold mine, the Yaouré Gold Mine in Côte d'Ivoire.

Notes to the Financial Statements

For the year ended 30 June 2019

17. ISSUED CAPITAL AND RESERVES

	Consolidated	
	2019 \$'000	2018 \$'000
(a) Issued and paid-up share capital		
1,167,447,147 (2018: 1,034,826,432) ordinary shares, fully paid	776,564	720,943

	Consolidated			
	2019		2018	
	\$'000	Number	\$'000	Number
Balance at the beginning of the year	720,943	1,034,826,432	720,739	1,033,217,813
Transaction costs arising from issue of securities	(77)	-	-	-
Vesting and exercise of performance rights on 2 March 2018	-	-	-	750,000
Vesting and exercise of performance rights on 13 April 2018	-	-	-	400,000
Vesting and exercise of performance rights on 18 January 2019	-	2,400,000	-	-
Vesting and exercise of performance rights on 23 January 2019	-	100,000	-	-
Share placement at issue price of \$0.44 pursuant to the exercise of warrants	55,698	130,120,715	204	458,619
Issued and paid-up share capital	776,564	1,167,447,147	720,943	1,034,826,432
Balance at the end of the year	776,564	1,167,447,147	720,943	1,034,826,432

RECOGNITION & MEASUREMENT

Ordinary shares are classified as equity and incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. If the company reacquires its own equity instruments for the purpose of reducing its issued capital, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of tax) is recognised directly in equity.

Notes to the Financial Statements

For the year ended 30 June 2019

17. ISSUED CAPITAL AND RESERVES (CONTINUED)

(b) Performance rights

The consolidated entity measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they were granted. The fair value of options granted is determined using a Black-Scholes model and the fair value of performance rights granted is determined using a Monte Carlo simulation model. Refer to Note 24 for further details.

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends as declared and, in the event of winding up of the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

(d) Nature and purpose of reserves

A summary of the transactions impacting each reserve has been disclosed in the statement of changes in equity.

Share-based payments reserve

The share-based payments reserve is used to record the fair value of options and performance rights issued but not exercised.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity along with Perseus's share of the movement in its associate's foreign currency translation reserve.

Non-controlling interest's reserve

The non-controlling interest's reserve records the difference between the fair value of the amount by which the non-controlling interests were adjusted to record their initial relative interest and the consideration paid.

Hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

Asset revaluation reserve

The asset revaluation reserve is used to record the revaluation of the investment in Manas and Amani to market value as the investment is designated as financial assets at fair value through other comprehensive income.

18. ACCUMULATED LOSSES

Movements in accumulated losses were as follows:

	Consolidated	
	2019 \$'000	2018 \$'000
Balance at beginning of financial year	(68,567)	(42,714)
Profit / (loss) attributable to the owners of the parent	6,991	(25,853)
Balance at end of financial year	(61,576)	(68,567)

Notes to the Financial Statements

For the year ended 30 June 2019

19. SUBSIDIARIES

Name of subsidiary	Notes	Place of incorporation	Consolidated entity interest 2019 (%)	Consolidated entity interest 2018 (%)
Parent entity				
Perseus Mining Limited	(a)	Australia		
Subsidiaries				
Occidental Gold Pty Ltd ⁽ⁱ⁾	(a)	Australia	100	100
Centash Holdings Pty Limited ⁽ⁱⁱ⁾	(a)	Australia	100	100
Perseus Burkina Holdings Pty Ltd	(a)	Australia	100	100
Perseus Canada Ltd	(a)	Canada	100	100
Sun Gold Resources Ltd	(b)	Ghana	100	100
Kojina Resources Ltd ⁽ⁱⁱⁱ⁾	(b)	Ghana	100	100
Amara Mining Limited ^(iv)	(f)	UK	100	100
Perseus Côte d'Ivoire Limited ^(v)	(f) (g)	UK	100	-
(i) Subsidiaries of Occidental Gold Pty Ltd				
Occidental Gold SARL	(c)	Côte d'Ivoire	100	100
Perseus Mining Côte d'Ivoire SA	(c) (e)	Côte d'Ivoire	86	86
(ii) Subsidiaries of Centash Holdings Pty Ltd				
Perex SARL	(c)	Côte d'Ivoire	100	100
Perseus Services SARL	(c)	Côte d'Ivoire	100	100
(iii) Subsidiary of Kojina Resources Ltd				
Perseus Mining (Ghana) Limited	(b) (d)	Ghana	90	90
(iv) Subsidiaries of Amara Mining Limited				
Amara Mining (Burkina) Limited	(f) (h)	UK	-	100
Amara Mining (Sierra Leone) Limited	(f) (h)	UK	-	100
Amara Mining (Côte d'Ivoire) Limited ^(v)	(f)	UK	100	100
(v) Subsidiaries of Amara Mining (Côte d'Ivoire) Limited				
Perseus Yaouré SARL	(c)	Côte d'Ivoire	100	100
Yaouré Mining SA	(c)	Côte d'Ivoire	90	90
(vi) Subsidiaries of Perseus Côte d'Ivoire Limited				
Perseus Mining Yaouré SA	(c) (i)	Côte d'Ivoire	100	-

Notes:

(a) Audited by PriceWaterhouseCoopers Australia.

(b) Audited by PriceWaterhouseCoopers Ghana.

(c) Audited by PriceWaterhouseCoopers Côte d'Ivoire.

(d) For key financial information of Perseus Mining (Ghana) Limited which has a non-controlling interest. The entity accounts for the majority of the Ghana reporting segment.

(e) The 86% interest in the Perseus Mining Côte d'Ivoire SA reflects a 10% free carried interest which is required to be allocated to the Government of Côte d'Ivoire in consideration of the issue of an Exploitation Permit pursuant to the Ivorian Mining Code, and 4% owned by local interests.

For key financial information of PMCI which has a non-controlling interest, refer to note 1. Perseus Mining Côte d'Ivoire SA accounts for the majority of the Côte d'Ivoire reporting segment.

(f) Audited by BDO United Kingdom.

(g) Shelf company acquired on 25 March 2019.

(h) Liquidated on 10 May 2019.

(i) Incorporated on 27 May 2019. In July 2019, a 10% free carried interest was allocated to the Government of Côte d'Ivoire pursuant to the Ivorian Mining Code.

Notes to the Financial Statements

For the year ended 30 June 2019

20. PARENT ENTITY DISCLOSURES

Statement of financial position	Parent	
	2019 \$'000	2018 \$'000
Assets		
Current assets	61,622	12,710
Non-current assets	705,050	692,886
Total assets	766,672	705,596
Liabilities		
Current liabilities	1,966	1,378
Non-current liabilities	544	447
Total liabilities	2,510	1,825
Equity		
Issued capital	776,583	720,943
(Accumulated losses) / retained earnings	(35,546)	(38,158)
Asset revaluation reserve	(4,621)	(4,265)
Share-based payments reserve	27,746	25,251
Total equity	781,162	703,771
(Loss) / profit for the year	2,612	(3,141)
Other comprehensive (loss) / income	-	-
Total comprehensive (loss) / income	2,612	(3,141)

Contingent liabilities of the parent entity:

There were no contingent liabilities of the parent entity at 30 June 2019.

Commitments for the acquisition of property, plant and equipment by the parent entity:

Plant and equipment		
Within one year	-	-
One year or later and not later than five years	-	-
Later than five years	-	-

Commitments for operating lease by the parent entity:

Operating lease		
Within one year	275	269
One year or later and not later than five years	794	1,070
Later than five years	-	-

Notes to the Financial Statements

For the year ended 30 June 2019

20. PARENT ENTITY DISCLOSURES (CONTINUED)

RECOGNITION & MEASUREMENT

The financial information for the parent entity, Perseus Mining Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Perseus Mining Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share-based payments

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

21. RELATED PARTY DISCLOSURES

(a) Identity of related parties

The consolidated entity has a related party relationship with its subsidiaries (see note 19) and with its key management personnel (refer below).

(b) Transactions with other related parties

The consolidated entity had no transactions with any other related party during the year ended 30 June 2019.

(c) Key management personnel compensation

The key management personnel compensation included in 'Employee benefits expenses' and 'Share based payments' is as follows:

	Consolidated	
	2019 \$'000	2018 \$'000
Short-term employee benefits	3,856	3,987
Long-term employee benefits	61	60
Post-employment benefits	171	204
Share-based payments	1,021	798
	5,109	5,049

Details of remuneration disclosures are provided in the remuneration report on pages 47 to 66.

Notes to the Financial Statements

For the year ended 30 June 2019

22. REMUNERATION OF AUDITORS

	Consolidated	
	2019 \$'000	2018 \$'000
Amounts received or due and receivable by Ernst & Young Australia for:		
Audit or review of the financial report of the entity and any other entity in the group	-	-
Non-statutory audit services in relation to the entity and any other entity in the group	-	5,839
Amounts received or due and receivable by PricewaterhouseCoopers Australia for:		
Audit or review of the financial report of the entity and any other entity in the group	107,538	100,000
Non-statutory audit services in relation to the entity and any other entity in the group	-	-
Amounts received or due and receivable by overseas PricewaterhouseCoopers firm for:		
Audit or review of the financial report of the entity and any other entity in the group	95,000	85,000
Non-statutory audit services in relation to the entity and any other entity in the group	7,042	5,223
Amounts received or due and receivable by overseas BDO for:		
Audit or review of the financial report of the entity and any other entity in the group	11,381	42,819
Non-statutory audit services in relation to the entity and any other entity in the group	28,099	28,263
	249,060	267,144

Notes to the Financial Statements

For the year ended 30 June 2019

23. CASH FLOWS FROM OPERATING ACTIVITIES RECONCILIATION

	Consolidated	
	2019 \$'000	2018 \$'000
Reconciliation of the loss from ordinary activities to net cash provided in operating activities		
Profit / (loss) from ordinary activities after income tax	7,578	(24,906)
Add back non-cash items:		
Depreciation and amortisation	153,257	119,584
Foreign currency gain	(15,537)	(5,707)
Gain on derivative financial instruments	-	(157)
Loss / (gain) on disposal of property, plant and equipment	790	(311)
Loss on disposal of financial assets at fair value through other comprehensive income	555	-
Share based payments	2,400	1,716
Impairment and write-offs	144	24,334
Write down of receivable	347	335
Borrowing costs	5,898	2,797
Unrealised derivative loss	72	1,412
Change in operating assets and liabilities:		
(Increase) / decrease in net tax balances	(1,787)	10,346
Increase in inventories	(1,555)	(80,148)
Decrease / (increase) in receivables	17,185	(3,187)
Decrease / (increase) in other assets	3,808	(8,473)
(Decrease) / increase in payables	(27,155)	30,422
Increase in provision	224	234
Net cash from operating activities	146,224	68,291

Notes to the Financial Statements

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24. SHARE BASED PAYMENTS

Performance Rights Plan

Performance rights were issued to directors and employees of the company under the terms of the company's Performance Rights Plan approved by shareholders in November 2017 as disclosed in the remuneration report under the heading "LTI". These performance rights were issued at nil consideration and each performance right will convert to an ordinary share upon satisfaction of vesting criteria.

The following table illustrates the number and movements in performance rights during the year under the Plan:

Grant date	End of measurement period	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at the end of the year	Vested and exercisable at end of the year
2019				Number	Number	Number	Number	Number	Number
20-Nov-15	30-Jun-18	31-Dec-18	Nil	500,000	-	-	(500,000)	-	-
12-Oct-16	30-Jun-18	31-Dec-18	Nil	333,333	-	-	(333,333)	-	-
12-Oct-16	30-Jun-19	31-Dec-19	Nil	333,333	-	-	-	333,333	-
25-Nov-16	30-Jun-18	30-Jun-25	Nil	533,333	-	-	(533,333)	-	-
25-Nov-16	30-Jun-19	30-Jun-26	Nil	533,333	-	-	-	533,333	-
25-Nov-16	31-Dec-18	30-Jun-19	Nil	5,000,000	-	(2,500,000)	(2,500,000)	-	-
3-Aug-17	30-Jun-20	31-Dec-20	Nil	8,508,334	-	-	(150,000)	8,358,334	-
24-Nov-17	30-Jun-20	31-Dec-20	Nil	2,233,334	-	-	-	2,233,334	-
28-Nov-18	31-Dec-21	31-Dec-28	Nil	-	733,333	-	-	733,333	-
7-May-19	31-Dec-21	31-Dec-28	Nil	-	6,758,333	-	-	6,758,333	-
27-Jun-19	31-Dec-21	31-Dec-28	Nil	-	5,000,000	-	-	5,000,000	-
				17,975,000	12,491,666	(2,500,000)	(4,016,666)	23,950,000	-

2018				Number	Number	Number	Number	Number	Number
1-Jan-15	31-Dec-17	30-Jun-18	Nil	250,000	-	(125,000)	(125,000)	-	-
1-Jul-15	30-Jun-17	31-Dec-17	Nil	3,725,000	-	-	(3,725,000)	-	-
20-Nov-15	30-Jun-17	31-Dec-17	Nil	800,000	-	-	(800,000)	-	-
20-Nov-15	30-Jun-18	31-Dec-18	Nil	500,000	-	-	-	500,000	-
12-Oct-16	30-Jun-17	31-Dec-17	Nil	1,116,668	-	-	(1,116,668)	-	-
12-Oct-16	30-Jun-18	31-Dec-18	Nil	333,333	-	-	-	333,333	-
12-Oct-16	30-Jun-19	31-Dec-19	Nil	333,333	-	-	-	333,333	-
25-Nov-16	30-Jun-18	30-Jun-25	Nil	533,333	-	-	-	533,333	-
25-Nov-16	30-Jun-19	30-Jun-26	Nil	533,333	-	-	-	533,333	-
25-Nov-16	31-Dec-17	30-Jun-18	Nil	1,525,000	-	(1,025,000)	(500,000)	-	-
25-Nov-16	31-Dec-18	30-Jun-19	Nil	5,300,000	-	-	(300,000)	5,000,000	-
3-Aug-17	30-Jun-20	31-Dec-20	Nil	-	8,958,334	-	(450,000)	8,508,334	-
24-Nov-17	30-Jun-20	31-Dec-20	Nil	-	2,233,334	-	-	2,233,334	-
				14,950,000	11,191,668	(1,150,000)	(7,016,668)	17,975,000	-

Notes to the Financial Statements

For the year ended 30 June 2019

24. SHARE BASED PAYMENTS (CONTINUED)

The weighted average exercise price of all performance rights granted was nil.

The fair value of the equity-settled performance rights granted under the Performance Rights Plan is estimated as at the date of grant using a Monte Carlo model taking into account the terms and conditions upon which the performance rights were granted. The following table lists the inputs to the model used for the performance rights in existence during the year ended 30 June 2018 and 30 June 2019.

Grant date	Exercise price	Expected life of performance rights (years)	Price of underlying shares at grant date	Volatility (%) – Perseus share price	Volatility (%) – peer group range	Dividends expected on shares	Risk-free interest rate (%) – range	Performance period
01/01/2015	Nil	3.0	\$0.26	217.2%	52.0% – 113.3%	Nil	2.11%	01/01/2015 – 31/12/2017
01/07/2015	Nil	2.0	\$0.42	86.8%	42.2% – 98.2%	Nil	1.92%	01/07/2015 – 30/06/2017
20/11/2015	Nil	2.0	\$0.42	71.9%	42.5% – 83.4%	Nil	1.92%	01/07/2015 – 30/06/2017
20/11/2015	Nil	3.0	\$0.42	74.0%	50.6% – 82.7%	Nil	1.95%	01/07/2015 – 30/06/2018
17/08/2016	Nil	0.9	\$0.53	77.9%	0.7% – 86.5%	Nil	1.57%	01/07/2016 – 30/06/2017
17/08/2016	Nil	1.9	\$0.53	78.8%	48.7% – 170.0%	Nil	1.57%	01/07/2016 – 30/06/2018
12/10/2016	Nil	0.7	\$0.48	78.8%	3.9% – 85.1%	Nil	1.57%	01/07/2016 – 30/06/2017
12/10/2016	Nil	1.7	\$0.48	78.2%	48.9% – 169.4%	Nil	1.57%	01/07/2016 – 30/06/2018
12/10/2016	Nil	2.7	\$0.48	79.8%	49.5% – 143.2%	Nil	1.52%	01/07/2016 – 30/06/2019
25/11/2016	Nil	0.6	\$0.54	80.8%	3.6% – 89.9%	Nil	1.57%	01/07/2016 – 30/06/2017
25/11/2016	Nil	1.1	\$0.54	75.1%	3.7% – 79.4%	Nil	1.57%	01/07/2016 – 31/12/2017
25/11/2016	Nil	1.6	\$0.54	78.6%	49.9% – 168.4%	Nil	1.57%	01/07/2016 – 30/06/2018
25/11/2016	Nil	2.1	\$0.54	78.9%	47.4% – 167.0%	Nil	1.52%	01/07/2016 – 31/12/2018
25/11/2016	Nil	2.6	\$0.54	78.3%	49.0% – 132.7%	Nil	1.52%	01/07/2016 – 30/06/2019
03/08/2017	Nil	2.9	\$0.29	48.6%	5.0% – 78.1%	Nil	1.90%	01/07/2017 – 30/06/2020
24/11/2017	Nil	2.6	\$0.33	78.0%	1.2% – 82.8%	Nil	1.90%	01/07/2017 – 30/06/2020
28/11/2018	Nil	3.1	\$0.36	71.6%	40.8% – 95.0%	Nil	2.09%	01/01/2019 – 31/12/2021
7/5/2019	Nil	2.7	\$0.44	60.0%	40.8% – 82.1%	Nil	1.27%	01/01/2019 – 31/12/2021
27/6/2019	Nil	2.5	\$0.59	53.5%	38.2% – 90.8%	Nil	0.89%	01/01/2019 – 31/12/2021

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24. SHARE BASED PAYMENTS (CONTINUED)

The expected life of the performance rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumptions that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. Refer to table 5 of the remuneration report for the fair value of the performance rights at the grant date.

RECOGNITION & MEASUREMENT

Share based compensation benefits are provided to employees, consultants and contractors via the Perseus Mining Limited Employee Option Plan and the Performance Rights Plan.

The fair value of options or performance rights granted under the Perseus Mining Limited's Employee Option Plan or the Performance Rights Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options or performance rights granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specific vesting conditions are to be satisfied. At the end of each year, the group revises its estimate of the number of options or performance rights that are expected to become vested. The employee benefit expense recognised each year takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to equity.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified.

In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Notes to the Financial Statements

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25. SUMMARY OF OTHER SIGNIFICANT ACCOUNTING POLICIES

Other significant accounting policies adopted in the preparation of these consolidated financial statements are set out in relevant sections of the notes and below. These policies have been consistently applied to all the years presented, unless otherwise stated. Where necessary, comparative information has been restated to conform with changes in presentation in the current year.

(a) Basis of preparation

New and amended Standards and Interpretations adopted by the group

In the year ended 30 June 2019, the group reviewed and has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective from 1 July 2018, including:

(i) AASB 9 Financial Instruments

The group has adopted AASB 9 with effect from 1 July 2018 and the following illustrates the impact of this standard to the group.

Financial assets and liabilities

The classification of financial assets and financial liabilities have not changed under AASB 9 as current accounting treatment is consistent with this new standard. The group's investments in Amani and Manas have been renamed "Financial assets at fair value through other comprehensive income" from "Available for sale financial assets", however the substance of the accounting treatment remains unchanged.

Hedge accounting

The changes to hedge accounting under this new standard do not have an impact on the group as previous accounting treatment is consistent with this new standard.

Impairment

The new model for determining impairment based on expected credit losses has not had an impact on the group as sales are to a large international institution with a strong credit rating, there has been no history of default and receivables are short-term in nature. However, the expected credit loss model for impairment does affect the intercompany loans between group companies, this does not affect the consolidated disclosures but does impact the parent entity disclosures.

Accounting standards and interpretations issued but not yet effective

At the date of the authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the group. Management anticipates that all of the relevant pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement.

(i) AASB 16 Leases

AASB 16 replaces AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases – Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The Standard will provide a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The new Standard introduces three main changes:

- Enhanced guidance on identifying whether a contract contains a lease;
- A completely new leases accounting model for lessees that require lessees to recognise all leases on balance sheet, except for short-term leases and leases of low value assets; and
- Enhanced disclosures.

Lessor accounting will not significantly change.

Notes to the Financial Statements

For the year ended 30 June 2019

25. SUMMARY OF OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The application date of this standard is 1 July 2019 and management has commenced assessment of its impact on the group. Management has focused on the identification of which areas of the standard which will impact the group the most. The focus of current analysis is a review of contracts currently in place with an aim to ascertain if there will be any change to how these are accounted under this new standard and how this will impact the financial reporting of the group.

At this stage of the review of the impact of this standard, it is anticipated that as at 1 July 2019 there will be a recognition of right-of-use assets of approximately \$2.0 million as well as lease liabilities of approximately \$2.0 million, that have a term greater than 12 months that are currently classified as operating leases. As a result of the recognition of these lease assets and liabilities, it is anticipated that there will be an additional depreciation expense of approximately \$0.5 million and interest charges of approximately \$0.1 million on lease liabilities compared to what is recognised under the current standard for the year ending 30 June 2020. Furthermore, a decrease in the general and administrative costs and/or production costs of approximately \$0.7 million is also anticipated during the 30 June 2020 financial year to correspond to this. The group will apply the standard from its mandatory adoption date of 1 January 2019.

The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Perseus Mining Limited (the 'company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including special purpose entities) controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity.

Subsidiaries are fully consolidated from the date in which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognised within equity attributable to owners of the parent entity.

Notes to the Financial Statements

For the year ended 30 June 2019

25. SUMMARY OF OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Foreign currency transactions and balances

(i) Functional and presentation currency

Items included in the financial statements of each entity within the group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position are translated at the closing rate at the balance date;
- income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Notes to the Financial Statements

For the year ended 30 June 2019

25. SUMMARY OF OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the translation reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The functional currencies of the Perseus Mining Limited's overseas subsidiaries are as follows:

Jurisdiction	Entity	Functional currency
Ghana	Kojina Resources Limited	United States dollars (USD)
	Sun Gold Resources Limited	United States dollars (USD)
	Perseus Mining (Ghana) Limited	United States dollars (USD)
Côte d'Ivoire	Occidental Gold Sarl	CFA ¹ francs (XOF)
	Perex Sarl	CFA ¹ francs (XOF)
	Perseus Mining Côte d'Ivoire SA	CFA ¹ francs (XOF)
	Perseus Services Sarl	CFA ¹ francs (XOF)
	Perseus Yaouré Sarl	CFA ¹ francs (XOF)
	Yaouré Mining SA	CFA ¹ francs (XOF)
	Perseus Mining Yaouré SA	CFA ¹ francs (XOF)
United Kingdom	Amara Mining Limited	United States dollars (USD)
	Amara Mining (Burkina) Limited	United States dollars (USD)
	Amara Mining (Sierra Leone) Limited	United States dollars (USD)
	Amara Mining (Côte d'Ivoire) Limited	United States dollars (USD)
	Perseus Côte d'Ivoire Limited	United States dollars (USD)
Canada	Perseus Canada Ltd	Canadian dollars (CAD)

¹ Communauté Financière d'Afrique (Financial Community of Africa)

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or other payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Notes to the Financial Statements

For the year ended 30 June 2019

26. CONTINGENCIES

Tax

Consistent with industry practice in Ghana, PMGL is currently undergoing a direct tax audit in connection with the periods from 30 June 2010 to 30 June 2017. Various matters are currently being discussed as part of the audit process and to date the GRA has not issued PMGL with a formal report on its findings. Based on management's understanding of the matters currently under discussion they do not believe that the group will ultimately have any material exposure as a result of the current tax audit.

There were no other known contingent liabilities identified at 30 June 2019.

27. COMMITMENTS

(a) Exploration expenditure commitments

With respect to the group's mineral property interests in Ghana and Côte d'Ivoire, statutory expenditure commitments specified by the mining legislation are nominal in monetary terms. However, as part of mineral licence application and renewal requirements, the group submits budgeted exploration expenditure. In assessing subsequent renewal applications, the mining authorities review actual expenditure against budgets previously submitted. The group's budget expenditures for future years are shown below. These amounts do not become legal obligations of the group and actual expenditure may and does vary depending on the outcome of actual exploration programs, and the costs and results from those programs.

	Consolidated	
	2019 \$'000	2018 \$'000
Within one year	3,500	6,400
One year or later and not later than five years	3,600	800
Later than five years	-	-
	7,100	7,200

(b) Capital commitments

The group is responsible for all rehabilitation of the EGM mining leases, which are currently estimated to cost approximately US\$9.0 million and a provision has been recorded for this at balance date. The group is also responsible for the rehabilitation of the SGM mining lease, which is currently estimated to cost approximately US\$2.7 million and a provision has been recorded for this at balance date. The group is also responsible for the rehabilitation of the historical heap leach operations at Yaouré in Côte d'Ivoire, which are currently estimated to cost approximately US\$1.5 million and a provision has been recorded for this at balance date.

(c) Operating lease commitments

The company leases office premises under normal commercial arrangements. The lease is for a period of 6.5 years beginning 1 October 2016. The company is under no legal obligation to renew the lease once the lease term has expired.

Notes to the Financial Statements

For the year ended 30 June 2019

27. COMMITMENTS (CONTINUED)

Future minimum lease payments payable under non-cancellable operating leases at 30 June 2019 are as follows:

	Consolidated	
	2019 \$'000	2018 \$'000
Within one year	434	296
One year or later and not later than five years	1,267	1,070
	1,701	1,366

Total operating lease expenditure was \$0.3 million for the year ended 30 June 2019 (30 June 2018: \$0.3 million).

(d) Gold delivery commitments

	Gold for physical delivery oz	Contracted sales price US\$ / oz	Value of committed sales \$'000
Within one year	220,000	1,301	286,220
Later than one but not later than five years	-	-	-

The 200,000 spot deferred sales contracts will be rolled out from 2020 to 2022 and represent 20% of anticipated gold production over the period.

The counterparty to the physical gold delivery contracts is Macquarie Bank. Contracts are settled by the physical delivery of gold as per the contract terms. The contracts are accounted for as sale contracts with revenue recognised once gold has been delivered to the scheduled counterparties. The physical gold delivery contracts are considered a contract to sell a non-financial item and therefore do not fall within the scope of AASB 9 financial Instruments: Recognition and Measurement. Hence, no derivatives are recognised. The contracted sales price is rounded to the nearest dollar.

28. EVENTS OCCURRING AFTER THE END OF THE YEAR

Since the end of the financial year and to the date of this report no matter or circumstance has arisen that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years other than:

- 1) On 9 July 2019, 866,666 performance rights that had previously been issued to employees were vested under the terms of the Perseus's Performance Rights Plan, of which 533,333 were subsequently exercised; and
- 2) The Edikan revolving working capital debt facility balance was fully repaid on 11 July 2019 from US\$20.0 million as at 30 June 2019.

Directors' Declaration

1. In the opinion of the directors of Perseus Mining Limited (the 'company'):
 - (a) The financial statement and notes for the financial year ended 30 June 2019 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year then ended on that date; and
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001*; and
 - (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
 - (c) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 25.
2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2019.



J A Quartermaine
Managing Director

Dated at Perth, 28 August 2019

Auditor's Independence Report

to the Directors of Perseus Mining Limited Statements



Independent auditor's report

To the members of Perseus Mining Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Perseus Mining Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the statement of financial position as at 30 June 2019
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if

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Auditor's Independence Report

to the Directors of Perseus Mining Limited Statements



individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall Group materiality of \$9.7 million, which represents approximately 1% of the Group's total assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- As the Group was only operating and earning revenue for the year from two of its three key assets, we chose total assets as the materiality benchmark rather than profit before tax. The current state of the Group's mining operations show several major projects in different stages of their mine life. As a result, the Group is undertaking significant capital investment across all assets within its portfolio, being related to expansion and process optimisation at producing projects or completing feasibility, exploration and development works at the remaining sites. As a result, assets, and not profitability, can be considered the key driver of the business at this stage and the primary focus of the users of the financial statements. The use of total assets as a benchmark provides a level of materiality, which, in our view, is appropriate for the audit having regard to the expected requirements of users of the Group's financial report.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds for entities of this nature.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group produces gold from its Edikan Gold Mine and Sissingue Gold Mine operations, located in Ghana and Cote d'Ivoire, respectively. It is also currently undertaking mine development activities at its Yaouré mine site in Cote d'Ivoire. The accounting processes are structured around a Group finance function at its head office in Perth. Our audit procedures were predominantly performed in Perth where many of the corporate and group operations functions are centralised, with support from component auditors in Ghana and Cote d'Ivoire.

Auditor's Independence Report

to the Directors of Perseus Mining Limited Statements



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of impairment of non-current assets</p> <p>(Refer to note 9 - Property, Plant & Equipment of \$418.7 million, and note 10 - Mine Properties of \$232.8 million)</p> <p>At 30 June 2019, the Group's non-current assets consisted of \$418.7m of Property, Plant and Equipment and \$232.8m of Mine Properties assets. These assets are required to be assessed for indicators of impairment in accordance with the Group accounting policy at each reporting date. Where impairment indicators are identified, the applicable Cash Generating Unit (CGU) is required to be assessed for impairment.</p> <p>Due to identification of impairment indicators at 30 June 2019, being the Group carrying amount of the net assets (approximately A\$784 million) being more than the market capitalisation as at 30 June 2019 (A\$683 million), the Group performed an impairment testing assessment over the Edikan, Sissingue and Yaouré CGUs.</p> <p>Following the identification of a possible impairment indicator, the Group applied fair value less costs of disposal (FVLCoD) methodology for each CGU to assess the recoverable amount.</p> <p>The Edikan, Sissingue and Yaouré CGU's were not considered impaired by the Group at 30 June 2019 due to the recoverable amount calculated under FVLCoD, exceeding the carrying amount of the respective CGU's assets.</p>	<p>We performed the following procedures, amongst others:</p> <ul style="list-style-type: none">• Considered the Group's assessment of impairment indicators identified.• Developed an understanding of the preparation of the discounted cash flow models used to assess the recoverable amount of the Group's CGUs (the impairment models), being FVLCoD.• Considered if the impairment model methodology used for each CGU was consistent with the basis of preparation required by Australian Accounting Standards.• Assessed whether the division of the Group's property, plant and equipment, mine properties and exploration and evaluation assets into CGUs, which are the smallest identifiable groups of assets that can generate largely independent cash inflows, was consistent with our knowledge of the Group's operations and internal Group reporting.• Assessed whether the CGUs included assets, liabilities and cash flows directly attributable to each CGU.• Considered if estimating 'fair value less costs of disposal' was an appropriate basis upon which to infer the recoverable amount of each CGU.• Tested if the impairment models used for each CGU appropriately included the likely transaction costs associated with selling the CGU.

Auditor's Independence Report

to the Directors of Perseus Mining Limited Statements



Key audit matter

We focused on this matter because :

- the financial significance of a possible impairment charge to the statement of comprehensive income in the current year,
- the valuation techniques used by the Group to assess impairment are complex, and require a large number of estimates and inputs into the valuation models, and
- calculating the recoverable value of each CGU involves significant judgement by the Group in estimating:
 - forecast gold prices, production quantities and production costs, and
 - the discount rate used.

How our audit addressed the key audit matter

- Compared the key assumptions used in the impairment models to historical results, economic or industry forecasts.
- Evaluated selected inputs and assumptions in the impairment models, such as forecast production, operating and cash outflows used against the most up-to-date budgets and business plans formally approved by the Board.
- Evaluated the Group's historical ability to forecast future cash flows by comparing budgets with reported actual results for the past three years for Edikan and 15 months for Sissingue (being the length of commercial production for this mine).
- Involved our valuation experts to assess the reasonableness of the inputs to the discount rate and forecast gold price used with reference to market prices and external objective evidence where available.
- Compared total forecast production quantities over the remaining life of the Sissingue and Edikan mine sites to the Group's latest published mineral reserves statements.
- Performed tests of mathematical accuracy of the impairment models calculations.
- Performed sensitivity analysis around the key assumptions used within the impairment models and the discount rate used
- Evaluated the adequacy of the disclosures made in Note 2, including those regarding the key estimates/assumptions, in light of the requirements of the Australian Accounting Standards.

Auditor's Independence Report

to the Directors of Perseus Mining Limited Statements



Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Corporate Directory and the Directors' Report (including Review of Operations). We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

Auditor's Independence Report

to the Directors of Perseus Mining Limited Statements



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 47 to 66 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the remuneration report of Perseus Mining Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in dark ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in dark ink that appears to read 'Craig Heatley'.

Craig Heatley
Partner

Perth
28 August 2019

Mineral Concession Interests

At 12 September 2019

Concession name and type	Registered Holder	File/Permit Number	Perseus's current equity interest	Maximum equity interest capable of being earned	Notes 1
Location - Ghana					
Edikan Gold Mine (EGM) Leases - Ayanfuri mining lease - Nanankaw mining lease	Perseus Mining (Ghana) Ltd ("PMGL")	ML6/15 ML3/2	90%	90%	2,3
Dadieso Prospecting Licence	Perseus Mining (Ghana) Ltd	PL6/15	90%	90%	2,3
Nsuaem Prospecting Licence	Perseus Mining (Ghana) Ltd	PL3/26	90%	90%	2
Dunkwa Prospecting Licence	Perseus Mining (Ghana) Ltd	PL3/27	90%	90%	2, 10
Grumesa-Awisam Prospecting Licence	Sun Gold Resources Limited	PL2/30	90%	90%	4
Kwatechi Prospecting Licence	Tropical Exploration and Mining Company Limited	PL3/64	16%	76%	5, 6
Location - Côte d'Ivoire					
Sissingué Exploitation Permit	Perseus Mining Côte d'Ivoire S.A.	PE39	86%	86%	4,7, 8,9
Yaouré Exploitation Permit	Perseus Mining Yaouré S.A.	PE50	90%	90%	
Yaouré West Exploration Permit	Perseus Yaouré s.a.r.l.	PR 615	90%	90%	
Mahalé Exploration Permit	Occidental Gold s.a.r.l. (Occidental)	PR 259	90%	90%	13
M'Bengué East Exploration Permit	Occidental Gold s.a.r.l. (Occidental)	PR 272	90%	90%	14
Napié Exploration Permit	Occidental Gold s.a.r.l. (Occidental)	PR 281	80%	80%	12
Minignan Exploration Permit	Perex s.a.r.l.	PR 787	90%	90%	
Kounahiri Exploration Permit	Générale des Mines et Carrières (GEMICA) s.a.r.l.	PR455	83%	86.5%	11

Mineral Concession Interests

At 12 September 2019

Notes:

1. The Governments of Ghana and Côte d'Ivoire are entitled to a 10% equity interest in mining companies owning projects. Perseus's quoted equity is after allowance for that national interest, which occurs when a new project company is established prior to commencement of mining. Production royalties are payable to the Governments of Ghana (5%) and Côte d'Ivoire (3-6% depending on the gold price).
2. A royalty of 0.25% of gold produced from the Edikan Gold Mine ("EGM") Licences and the Dadieso, Nsuaem and Dunkwa Licences is payable pursuant to the contract to purchase PMGL.
3. Under the terms of the contract to purchase the EGM Licences and the Dadieso Licence, PMGL is required to pay a 1.5% royalty on gold production.
4. A royalty of 0.5% of the value of minerals recovered from the licence is payable to the vendors of the exploration licence.
5. The Company has the right to earn a 76% interest in the property by funding the development of the project to profitable production. Joint venture partners, Tropical and Leo Shield, each retain a 7% interest which is convertible to a 1.25% net smelter royalty at the option of those parties within 30 days of completion of a feasibility study. The Company can withdraw from the joint venture at any time and is required to pay US\$3,600 to Tropical annually whilst it remains in the joint venture.
6. The Company has been advised by Ghana Minerals Commission that this property has been forfeited on the grounds that a renewal offer had not been accepted; however the Company believes that the offer letter sent to the joint venture partner was not received and the decision is under appeal.
7. The joint venture partner was free carried to production with costs subsequently recoverable by Perseus from production revenue.
8. A royalty of US\$0.80 per ounce of gold produced from the licence is payable.
9. The exploitation permit is valid until 6 August 2022 and may be extended.
10. The Dunkwa licence is in the process of being split into three separate licences, to be named Dunkwa, Ahinforoso and Betenase. Perseus intends to surrender Dunkwa and Ahinforoso. An option agreement has been entered into with a Ghanaian subsidiary of Canadian explorer Asante Gold Limited in respect of the Betenase licence. Under the option agreement, Asante has the option to purchase the Betenase licence for a consideration of US\$1 million and a 0.75% net smelter royalty. In addition, Asante will assume the obligation to pay the royalty referred to in note 2 above in respect of the area of the former Dunkwa licence now covered by the Betenase licence.
11. The Company has a before-government 93% interest in Kounahiri and has the option to acquire half (i.e. 3.5%) of GEMICA's interest at any time for US\$ 1,000,000. The 10% statutory Government interest will be assigned from Perseus's interest, thereby reducing Perseus's interest to a maximum of 86.5%.
12. Local joint venture partner AAIF has a 10% participating interest in Napié, free-carried to feasibility study completion, at which time AAIF can elect to dilute, sell its interest or revert to a 5% Net Profits Interest. Perseus subsidiary Occidental has also entered into a farm-in agreement with Australian explorer Mako Gold Limited pursuant to which Mako has the right to earn up to a pre-government 75% interest in the permit by sole funding until completion of a feasibility study. The Government equity in a mining company will come proportionally from the interests of Occidental and Mako.
13. Occidental has applied to convert the Mahalé Exploration Permit into an Exploitation Permit so that the Fimbiasso East and West deposits can be processed through the Sissingué gold plant. This application remains pending.
14. Occidental has entered into a farm-in agreement with Australian explorer Manas Resources Limited pursuant to which Manas has the right to earn up to a pre-government 70% interest in the permit by sole funding US\$2 million in exploration expenditure, after which both parties may contribute in proportion to their respective equities or dilute. The parties will contribute the 10% Government equity in a production company in proportion to their joint venture interests.

Mineral permits and licences in which Perseus has an interest are subject to renewal from time to time in accordance with the relevant legislation of the governing jurisdiction and Perseus's compliance therewith.

Additional Shareholder Information

The shareholder information set out below was applicable as at 12 September 2019.

SUBSTANTIAL SHAREHOLDERS

Holdings of substantial shareholders as advised to the Company are set out below.

Name of Holder	Number of Ordinary Shares
Franklin Resources, Inc and associates	98,578,828
Van Eck Associates Corporation and associates	65,784,219

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

Size of Holding	Number of Holders
1 to 1,000	1,088
1,001 to 5,000	1,516
5,001 to 10,000	766
10,001 to 100,000	1,496
100,001 and over	388
	5,254

The number of shareholdings comprising less than a marketable parcel was 833.

VOTING RIGHTS

The voting rights attaching to ordinary shares are governed by the Constitution. On a show of hands every person present who is a member or representative of a member shall have one vote and on a poll, every member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held.

Twenty Largest Shareholders	Number of Shares	% Held
HSBC Custody Nominees (Australia) Limited	366,725,278	31.4
JP Morgan Nominees Australia Pty Limited	325,307,094	27.9
Citicorp Nominees Pty Limited	98,365,224	8.4
CDS & Co	57,027,500	4.9
Nortrust Nominees Limited	43,389,355	3.7
National Nominees Limited	29,276,300	2.5
BNP Paribas Noms Pty Ltd <DRP>	13,318,297	1.1
Vidacos Nominees Limited	10,967,820	0.9
BNP Paribas Nominees Pty Ltd < IB AU Noms Retails Client DRP>	10,378,302	0.9
Mr Meng Luo & Mrs Lan Liu <superfund>	8,620,000	0.7
BNP Paribas Nominees Pty Ltd <Agency Lending DRP>	6,996,188	0.6
HSBC Custody Nominees (Australia) Limited <GSCO ECA>	6,241,166	0.5
HSBC Custody Nominees (Australia) Limited <AC 2>	6,109,085	0.5
Tsou Enterprise Pty Ltd	5,500,892	0.5
UBS Nominees Pty Ltd	4,462,226	0.4
Woodross Nominees Pty Ltd	3,705,599	0.3
John Berenberg Gossler & Co KG	3,591,868	0.3
Mr Richard Arthur Lockwood	3,135,000	0.3
State Street Nominees Limited	2,567,315	0.2
Mrs Kristin Phillips & Mr Justin Gare	2,052,254	0.2
	1,007,736,763	86.3



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