

May 10, 2013

# MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended March 31, 2013

This Management's Discussion and Analysis ("MD&A") of Perseus Mining Limited and its controlled entities ("Perseus" or the "Company") is dated May 10, 2013 and provides an analysis of the Company's performance and financial condition for the three months ended March 31, 2013 (the "March 2013 Quarter" or "Quarter").

This MD&A should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended June 30, 2012 (the "2012 Financial Report"), and the Company's audit reviewed consolidated financial statements for the half year ended December 31, 2012. The financial statements (and the financial information contained in this MD&A) comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These documents are available under the Company's profile on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at sedar.com and on the Company's website, <a href="https://www.perseusmining.com">www.perseusmining.com</a>.

This MD&A may contain forward-looking statements that are subject to risk factors set out in a cautionary note contained herein. Examples of some of the specific risks associated with the operations of the Company are set out under "Risk Factors". All monetary amounts are stated in Australian dollars, except as otherwise stated.

#### COMPANY OVERVIEW

Perseus was incorporated in Australia on October 24, 2003. Perseus's corporate office is in Perth, Western Australia. On September 22, 2004, the Company's shares were listed for trading on the Australian Securities Exchange ("ASX") and on February 3, 2010 the Company's shares commenced trading on the Toronto Stock Exchange ("TSX"). The Company's shares are also listed on the German Stock Exchange.

Perseus is a successful integrated gold company whose activities include exploration and evaluation, development and gold production. The Company conducts its activities on under-explored gold belts located in West Africa.

# Its principal assets are:

- A 90% interest in the Edikan Gold Mine ("EGM") (previously referred to as the Ayanfuri gold deposit or the Central Ashanti Gold Project), a gold mine located in Ghana. In July 2009, the Company completed a definitive feasibility study ("DFS") on developing a mine and associated treatment facility for the EGM and based on the positive outcome of that DFS, construction of a gold mine and associated processing facility commenced in June 2010. The first gold pour and the first revenue received from the EGM took place on August 21, 2011 and on September 28, 2011 respectively. Commercial Production was declared on January 1, 2012.
- An 85% interest in the Sissingué gold deposit, a development stage gold project (the "Sissingué Gold Project" or "SGP"). The Sissingué gold deposit was discovered during an exploration programme (the "Tengrela Gold Project") focussed on the Tengrela exploration tenements located in the north of Côte d'Ivoire. In November 2010, the Company completed a DFS on developing an open cut mining operation together with a conventional carbon in leach ("CIL") gold processing plant and related infrastructure based on the Sissingué gold deposit. The Company's 85% interest in the SGP reflects (as if it has been granted) a 10% free carried interest in the mine-owning company 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 current Ivorian Mining Code, and 5% owned by local interests.
- A 90% interest in the Kayeya gold deposit which forms part of the Grumesa Gold Project ("GGP"), an exploration stage gold project located 30 kilometres to the east of the EGM in Ghana. Previous studies indicated that the GGP represents a potential satellite production opportunity to the larger EGM. The Company's 90% interest in the GGP reflects a 10% free carried interest in the mine-owning company which is required to be allocated to the Government of Ghana upon the issue of a mining lease.

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In addition, Perseus owns (i) a 23.0% interest in Burey Gold Limited ("Burey"), an ASX-listed junior exploration company holding a portfolio of gold exploration properties in the Republic of Guinea in West Africa; and (ii) a 23.7% interest (reduced to 20.8% at the date of this report) in Manas Resources Limited ("Manas"), an ASX-listed company that owns a portfolio of gold properties in Central Asia that were sold to Manas by Perseus in mid-2008.

As at the date of this report, Perseus has no long term debt obligations, however, it does retain the right to redraw up to US\$ 100 million under the revised terms of a project finance facility that was fully drawn to US\$85 million on June 23, 2011 and has since been repaid. Associated with the debt facility, the Company has a commitment to deliver 193,000 ounces of gold at a weighted average gold price of US\$1,389 per ounce under outstanding gold hedging contracts. (Refer to the section below titled "Liquidity and Capital Resources").

# **OVERVIEW OF THE MARCH 2013 QUARTER**

#### **Summary**

Gold production of 57,179 ounces during the March 2013 Quarter at Perseus's EGM was a quarterly production record and exceeded the December 2012 Quarter (the "December Quarter") of 51,090 ounces by 12%. Total site cash costs (including production, royalties, development and sustaining capital) of US\$1,132/oz during the Quarter were 7% higher than the December Quarter of US\$1,060/oz. These results keep the production and cost guidance for the six months ending 30 June 2013 of 105-125,000 ounces of gold at an all-in site cost of US\$1,100/oz on track.

Total ore and waste movements of 3,688,301 bank cubic metres ("bcm") for the Quarter was nearly 9% less than the December Quarter of 4,056,246 bcm. Mill head grade at 1.5 g/t was slightly higher than the December Quarter head grade while recovery of 81.2% was slightly under the December Quarter recovery. The average mill throughput rate of 872 dry tonnes per hour ("dtph") was 7.5% above the December Quarter, and in March 2013, following the remediation work done on the primary crusher shaft and core, the average SAG mill throughput rate was 934 dtph, which equates to an annual throughput of 7.5Mt at 91.7% availability, indicating that plans to achieve a throughput rate of 8.0Mtpa by mid-year are progressing well.

During the Quarter early development works expenditure and a commitment to full scale development of the Sissingué gold mine remained temporarily on hold pending the clarification of the fiscal regime that will apply for the duration of the expected life of the mine. The Ivorian Ministry of Mines and Petroleum, in consultation with the mining industry, has drafted a new Mining Code and associated legislation. Based on media reports, the President of Côte d'Ivoire is understood to be planning to sign an executive order giving force to the new law in the June 2013 Quarter.

An updated Mineral Resource estimate for the Sissingué gold deposit prepared by consultants Widenbar and Associates contains a slightly greater number of ounces of total contained gold (i.e. 925,000oz of gold in the Measured and Indicated categories plus a further 291,000oz in the Inferred category) than the previous Mineral Resource estimate.

A total of 40,882 metres ("m") of drilling was completed on Perseus's exploration projects during the Quarter including 7,944m in Ghana and 32,938m in Côte d'Ivoire. Significant drill intercepts were achieved from multiple deposits and prospects.

As at March 31, 2013 Perseus had an available cash balance of A\$38.4 million (excluding A\$9.1 million in escrow) plus 16,237 oz of gold on hand or at the refinery valued at a further A\$25.1 million.

# EGM, Ghana

The EGM is located on the Ayanfuri and Nanankaw mining leases in the Republic of Ghana, in West Africa. These mining leases together, with the adjoining exploration license areas of Grumesa, Kwatechi, Dunkwa, Nsuaem and Nkotumso that are also held by the Company, cover a total area of about 650 square kilometres.

# Mining

A total of 3,688,301bcm of ore and waste was mined during the Quarter, nearly 9% less than in the December Quarter, including 326,615t of oxide ore at 0.7g/t gold and 1,296,779t of transition and primary ore at 1.4g/t gold. During the Quarter, ore stockpiles including both ROM high and low grade ore, plus crushed ore (but not mineralised waste), decreased to 4,100,699t grading 0.6 g/t gold and containing approximately 79,144oz of gold. This included approximately 55% oxide ore and 45% transitional/primary ore, with the weighting of primary ore relative to oxide ore progressively increasing as mining goes deeper in the pits.

In terms of grade, approximately 16% of the stockpiled ore is classified as high grade, containing greater than 0.8g/t gold while 84% of the ore is classified as low grade containing 0.4 to 0.8 g/t gold.

A detailed review of the surveyed volume of the ROM stockpile and the specific gravities assigned to the different ore types contained in the stockpile identified that the quantity of ore on the stockpile has been overstated in previous quarters. A one-off downward adjustment of the stockpile by 673,300 tonnes and US\$7.0M in the stockpile value was made during the Quarter.

**Table 1: Key Production Statistics** 

Parameter	Unit	Mar 2013 Qtr	Dec 2012 Qtr	Sep 2012 Qtr
Total material mined	bcm <sup>1</sup>	3,688,301	4,056,246	4,119,664
	tonnes	7,509,354	8,547,094	8,858,557
Waste to ore strip ratio	bcm:bcm	4.81	5.59	4.66
	tonnes:tonnes	3.63	4.20	3.41
Ore mined				
<ul> <li>Oxide</li> </ul>	tonnes	326,615	152,481	130,004
<ul> <li>Primary</li> </ul>	tonnes	1,296,779	1,492,711	1,878,573
Ore grade mined				
<ul> <li>Oxide</li> </ul>	g/t Au <sup>2</sup>	0.7	1.1	1.0
<ul> <li>Primary</li> </ul>	g/t Au	1.4	1.3	1.2
Ore stockpiles				
<ul> <li>Quantity</li> </ul>	tonnes	4,100,699	4,644,541	4,358,374
<ul> <li>Grade</li> </ul>	g/t Au	0.6	0.8	0.8
Mill throughput	tonnes	1,493,961	1,359,023	1,283,195
Milled head grade	g/t Au	1.5	1.4	1.5
Gold recovery	%	81.2	84.2	87.7
Gold produced	OZ	57,179	51,090	52,610

<sup>1.</sup> Denotes bank cubic metres

# **Processing**

Total mill throughput for the Quarter was 1,493,961t, up 10% on throughput in the December Quarter and up 16% relative to the September 2012 Quarter. Gold production for the Quarter was up 12% quarter-on-quarter with higher throughput and head grade being offset by slightly lower recovery. The average mill throughput rate of 872 dtph was 7.5% above the December Quarter.

The table below sets out crusher and SAG mill performance and utilisation statistics during the Quarter. From this table, a steady trend of improved operational performance is evident, reflecting amongst other things, the effectiveness of the remediation work carried out on the primary crusher during the Quarter.

**Table 2: March Quarter Plant Performance Statistics** 

Description	Unit	Jan-13	Feb-13	Mar-13	Mar Qtr	
Primary Crusher						
Tonnes Crushed <sup>1</sup>	$\mathbf{Wmt}^2$	356,564	409,097	543,911	1,309,572	
Availability	%	51%	66%	89%	69%	
Utilisation	%	85%	82%	69% <sup>4</sup>	77%	
Runtime	%	43%	54%	62%	53%	
Run Time	hrs	318	364	458	1,139	
Throughput rate	wtph	1,123	1,125	1,188	1,149	
SAG Mill						
Tonnes Milled	$Dmt^3$	436,415	472,913	584,633	1,493,961	
Availability	%	89%	87%	86%5	87%	
Utilisation	%	80%	96%	98%	92%	
Run Time	%	71%	83%	84%	79%	
Run Time	hrs	529	559	626	1,714	
Throughput rate	dtph	825	845	934	872	

Notes:

- 1) Excludes ore processed through the oxide circuit.
- 2) Denotes wet metric tonnes.
- 3) Denotes dry metric tonnes.
- 4) Includes three day scheduled shutdown for mill reline.
- 5) Reduced compared to prior months due to crushed ore stockpile being filled to capacity and timing of ore delivery from the pit.

<sup>2.</sup> Denotes grams/tonne of gold

On average in the month of March 2013, the annualised throughput rates for the crusher and the SAG Mill were 7.8MTPA (assuming 75% runtime) and 7.5MTPA (assuming 91.7% run time), respectively. Given that the nameplate capacity for the processing facility is currently 5.5MTPA, the mechanical performance of the plant during the month of March was encouraging and augurs well for achievement of the targeted throughput rate of 8.0 MTPA by mid-year.

During the period, the primary focus of the operation has been on confirming the mechanical capability of the processing circuit by achieving increasingly greater SAG Mill throughput rates.

As indicated in Table 1, the steadily increasing SAG Mill throughput (10% increase relative to December Quarter, 16% increase relative to September Quarter) has resulted in a corresponding but smaller decline in gold recovery rates (3.6% and 7.4% relative to December and September Quarters respectively).

Having confirmed our ability to process ore at elevated throughput rates, efforts in the June 2013 Quarter will focus on fine tuning the metallurgical performance of the mill. Several opportunities exist for improving recoveries, including managing the oxide/transitional/primary ore blend, improving the process water supply, maximising SAG mill performance and optimising the gravity circuit.

The 2009 Definitive Feasibility Study for the EGM predicted the following metallurgical recoveries at a throughput rate of 5.5MTPA:

Oxide Ore	66%
Oxide/Transitional Ore	79%
Primary Ore (West)	91%
Primary Ore (East)	93%

The plan of increasing the throughput rate to 8.0MTPA may coarsen the primary grind size which may marginally reduce gold recovery. Under such circumstances, it is considered likely that the incremental gold production resulting from higher throughput rates will more than offset reduced gold production resulting from lower recoveries.

# Site Operating Costs

During the Quarter, added attention has been given to accurately capturing and allocating all cash costs associated with EGM operation. This has resulted in some slight modifications to cost allocations and the cost reporting which follows. Please refer to Table 3-Key Quarterly Financial Statistics below for detailed statistics.

Total site cash costs1 for the Quarter of US\$1,132/oz were slightly higher than in the December Quarter (US\$1,060/oz) mainly as the result of a number of non-recurring costs being brought to account. Specifically, these one off costs included:

	US\$/oz
• Increased charges associated with the repairs to the Primary Crusher	30
• Back pay of Senior staff salaries to 1 July 2012 following finalisation of a site labour agreement	20
• Back pay of incremental electricity charges following finalisation of an electricity tariff agreement	15
• Back pay of charges associated with the provision of medical/clinic services to site	2
• Back pay of Rise & Fall on catering contract	2
<b>Total Non-Recurring charges</b>	69

When the total site cost for the Quarter of US\$1,132/oz is adjusted for the charges listed above, the adjusted total is reduced to US\$1,063/oz which is in line with the December Quarter cost of US\$1,060/oz and in line with the Half Year cost guidance of US\$1,100/oz

The total site cash costs for the Quarter were based on the following unit production costs which were also inflated by the non-recurring charges referred to previously and were influenced by the quantities of material mined and processed respectively.

Department	Units	Mar Q	Dec Q
Mining	US\$/t material mined	3.57	3.11
Processing	US\$/t ore processed	13.25	9.56
G&A	US\$M per month	2.06	1.39

<sup>&</sup>lt;sup>1</sup> Includes production cost, royalty, development and sustaining capital but not exploration, taxes or corporate overheads

Royalties for the Quarter totalled US\$88/oz. This was lower than in the prior quarter principally due to a decrease in the proportion of gold production that was sold during this period, relative to prior periods. The variance is simply a function of gold shipment schedules and is likely to result in a corresponding increase in royalty in the June Quarter as sales catch up to production.

During the Quarter, a total of US\$181/oz of expenditure was capitalised after bringing to account an adjustment of US\$7.0M in the value the ROM stockpile referred to in the previous section of this report. The specific items capitalised during the Quarter included:

All Amounts in US\$/oz	Mar Q	Dec Q
Investment in Pre-stripping	80	127
Investment in Inventory	102	112
Adjustment of ROM stockpile	(122)	0
Other sustaining Capital	121	97
Total	181	336

For the purposes of cash cost reporting, the change in the cost of the low grade ROM stockpile has not been included. In accordance with accounting principles, this stockpile is valued at Net Realisable Value (NRV) rather than cost of production and as movements in NRV due to gold price fluctuations do not reflect movements in cash, they have not been included in the cash costs. This represents a change in cost reporting relative to prior Quarterly Reports.

Of the 53,618oz of gold that were sold during the Quarter, (December Quarter: 48,080oz) at a weighted average delivered price of US\$1,494/oz, 23,000oz were delivered into forward sales contracts at an average price of US\$1,239/oz with the remaining gold sold at spot prices.

As at the end of the Quarter, Perseus has a total outstanding hedge commitment of 193,000oz of gold to be delivered at a weighted average gold price of US\$1,389/oz in quarterly instalments up to and including December 2015. The delivery commitment for the June 2013 Quarter is 23,000 ounces of gold at an average price of US\$1,246/oz.

**Table 3: Key Quarterly Financial Statistics** 

Parameter	Units	Mar 2013 Qtr	Dec 2012 Qtr	Sep 2012 Qtr
Gold produced	OZ	57,179	51,090	52,610
Total gold sales <sup>1</sup>	OZ	53,618	48,080	50,785
Average sales price	US\$/oz of gold sold	1,494	1,581	1,463
Mining cost	US\$/t material mined	3.57	3.11	2.89
Processing cost	US\$/t ore milled	13.25	9.56	10.61
G & A cost	US\$M / month	2.06	1.39	1.24
Royalties	US\$/oz	88	107	94
Gold Production Cost:				
Cash Cost	US\$/oz	$863^{2}$	617	614
Royalties	US\$/oz	<u>88</u>	<u>107</u>	<u>94</u>
Total production cost	US\$/oz	<u>88</u> 951	724	708
Capital Costs:				
Inventory and Stripping	US\$/oz	60	239	203
Other Capital	US\$/oz	<u>121</u>	<u>97</u>	<u>116</u>
Total capital cost	US\$/oz	181	336	319
Total Site Cost	US\$/oz	1,132	1,060	1,027

#### Notes:

- 1. A gold sale is recognised in Perseus's accounts when the Company's contracted gold refiner, Rand Refineries Limited, takes delivery of gold in the EGM gold room. For accounting purposes, the sales price is the spot price of gold on the day of transfer and subsequently adjusted to reflect the realised gold price.
- 2. Includes \$122/oz attributable to ROM stockpile value adjustment. If this is excluded on the basis of its "once off" nature, the cash cost would reduce to US\$741/oz.

Based on the above, the cash margin generated by the EGM for the March Quarter was US\$362/oz produced and assuming an average A\$:US\$ exchange rate of 1.04 for the period, this resulted in a notional cash surplus of A\$19.9M being generated.

### Sissingué Development Project, Côte d'Ivoire

The SGP is situated within an 885sq km exploration tenement area located in the north of Côte d'Ivoire that is being explored as part of the Tengrela Gold Exploration Project. The tenements are located along the same structural/stratigraphic corridor within the Syama-Boundiali greenstone belt. The SGP lies approximately 150km south-southeast of the Morila gold mine (7Moz) in Mali and 65km west northwest of Randgold's Tongon deposit (4.3Moz) in Côte d'Ivoire.

# Permitting and Fiscal Arrangements

During the Quarter, productive dialogue between the Minister, other officials from the Ministry of Mines, Petroleum and Energy and participants in the Ivorian gold industry, including Perseus, has advanced the drafting of amendments to the Mining Code and associated legislation.

Subsequent to the end of the Quarter, the President of Côte d'Ivoire received the approval of the National Assembly to act on economic and social issues by decree in order to speed up the passage into law of matters of strategic importance to the country such as the new Mining Code. It is expected that a Presidential decree amending the Mining Code will now be issued during the June 2013 Quarter and that Regulations including a pro-forma Mining Convention, may then be published setting out the fiscal terms that will apply to the development of mining projects in Côte d'Ivoire.

When the above measures have been implemented Perseus will be in a position to make a decision on proceeding to full scale development of the Sissingué Gold Project.

# Project Approval & Funding

During the Quarter, the Company re-confirmed its capacity to fully fund the development of the Sissingué Gold Project using a mix of cash drawn from existing cash reserves, future cash flow from the EGM and proceeds of up to US\$100m available under its undrawn line of credit supplied in equal parts by Macquarie Bank Limited and Credit Suisse AG.

The downward movement in the gold price following the end of the Quarter has the potential to impact Perseus's internally generated cash flows. The Company's financing capability will be re-assessed at the time of the anticipated project development decision to confirm that the project remains fully funded.

# Plant Design and Procurement

An Australian engineering firm, GR Engineering Services, in conjunction with the Perseus's Projects Team, has completed the process portion of the Sissingué plant design and about 99% of the total detailed design. Letters of intent have been issued for major equipment and tender packages for fabrication and construction works are being prepared.

Ninety percent of the SAG mill supply contract value has been invoiced and paid in accordance with the achievement of milestones set out in the contract with Outotec Pty Ltd. Delivery of the SAG mill's components is complete and these are currently in store in Abidjan pending delivery to the Sissingué mine site.

# Early Site Works

Limited "early works" have been conducted during the Quarter pending resolution of fiscal terms with the Government. The one exception to this has been the task of compensating land users for loss of their crops, which has been completed as a sign of good faith as it involves relatively modest sums of money and will facilitate access to the mine site when an acceptable resolution of fiscal terms is reached. Discussions on land compensation have also been progressed as far as possible pending clarification of ownership rights applying to village elders.

#### Updated Mineral Resource Estimate for the Sissingué Mineral Deposit

Following an infill drilling programme targeting the Sissingué mineral deposit, an updated Mineral Resource estimate has been prepared by Widenbar and Associates ("Widenbar") in accordance with the JORC Code -2004 Edition. A summary of the current Mineral Resource estimate calculated using a 0.60 g/t gold cut-off grade follows below in Tables 4 and 5.

**Table 4 Measured and Indicated Mineral Resources** 

Weathering	Measured Resources			Indica	Indicated Resources			Measured + Indicated Resources		
Domain	Quantity Mt	Grade g/t gold	Gold Ounces	Quantity Mt	Grade g/t gold	Gold Ounces	Quantity Mt	Grade g/t gold	Gold Ounces	
Oxides	925,000	1.6	48,000	4,600,000	1.2	171,000	5,520,000	1.2	218,000	
Transition	600,000	2.0	39,000	1,300,000	1.3	56,000	1,900,000	1.6	95,000	
Fresh	2,700,000	2.5	217,000	8,850,000	1.4	394,000	11,560,000	1.6	612,000	
Total	4,225,000	2.2	305,000	14,750,000	1.3	620,000	18,980,000	1.5	925,000	

**Table 5 – Inferred Mineral Resources** 

Weathering	Inferred Resources					
Domain	Quantity Mt	Grade g/t gold	Gold Ounces			
Oxides	950,000	1.0	31,000			
Transition	650,000	1.0	21,000			
Fresh	5,400,000	1.4	239,000			
Total	7,000,000	1.3	291,000			

The key differences between the revised Mineral Resource estimate shown above and the Company's previously published 2010 Mineral Resource estimate (that was prepared by Runge Limited ("Runge") in September 2010) include:

- a) A significant increase in the number of sample composites within the mineralised domains increasing from 7,751 2m composites in the September 2010 estimate to 18,303 2m composites in the revised estimate.
- b) The top cuts have been reduced from a range of 10-175g/t Au in the 2010 estimate to 4-30g/t Au in the revised estimate. The effect of the reduction in the top cuts within the main group of deposits has reduced the mean grade of composites by about 30% from 1.81g/t to 1.27g/t Au.
- c) The lower cut-off grade for reporting Mineral Resources has been increased from 0.5g/t to 0.6g/t Au.

The differences in terms of tonnes, grade and contained gold between the revised Mineral Resource estimate and the previously reported Mineral Resource estimate are summarised in Tables 6 and 7 below.

It is critical to note that the published Widenbar Mineral Resource estimate and the Runge Mineral Resource estimate were prepared using cut off grades of 0.6g/t gold and 0.5g/t gold respectively. This makes a direct comparison of the two estimates a little problematic however, the data shown above indicates that while the total amount of gold contained in the Measured and Indicated Mineral Resource has not materially changed compared to the previous Mineral Resource estimate, (total tonnes have increased by approximately 22%, grade has decreased by approximately 21% due largely to the lower top cut applied and contained ounces have decreased by approximately 1%), the proportion of the Mineral Resource in the Measured category has materially increased (320%) giving an even higher level of confidence that the Mineral Resource can be economically mined than was previously held.

Furthermore, the tonnage of Mineral Resources in the Inferred category has increased by only 1% but contained ounces of gold have increased by 21% in this category due to an increase in grade. This also indicates the potential for further increases to the Measured and Indicated category of Mineral Resources as further drill results come to hand.

Based on the Company's analysis, a comparison of the Widenbar and Runge Mineral estimates using the same cut-off grade (namely 0.6g/t gold) results in a negligible change in Measured plus Indicated Mineral Resources but an 18% increase in Inferred Mineral Resources. If the cut-off grade in each case is reduced to 0.5g/t gold, the difference between the two estimates decrease with Widenbar's Mineral Resource estimates exceeding Runge's equivalent estimate by 3% and 32% in the case of Measured plus Indicated Mineral Resources and Inferred Mineral Resources, respectively.

Table 6 - Comparison of Measured + Indicated Mineral Resource Estimates

Date	Author	Cut-Off	Measured Resources		Indicated 1	Indicated Resources		Measure + Indicated Resources		
		Grade	Quantity	Grade g/t	Quantity	Grade g/t	Quantity	Grade g/t	Gold	
		g/t gold	Mt	gold	Mt	gold	Mt	gold	Ounces	
2 Sep 10	Runge Ltd	0.5	930,000	3.1	14,600,000	1.8	15,530,000	1.9	940,000	
22 Mar 13	Widenbar	0.6	4,225,000	2.2	14,750,000	1.3	18,980,000	1.5	925,000	

Table 7 - Comparison of Inferred Mineral Resource Estimates

Date	Author	Cut-Off	Infe	rred
		Grade Quantity g/t gold Mt		Grade g/t gold
2 Sep 10	Runge Ltd	0.5	6,941,000	1.1
22 Mar 13	Widenbar	0.6	7,000,000	1.3

### Mine Design

Work on the re-design of the Sissingué open pit based on the updated Mineral Resource estimate is currently in progress and will be completed in the June 2013 Quarter. Details of the new mine plan will be announced to the market along with all other relevant details of the project operating parameters and economics as part of Perseus's announcement to proceed with development of the Sissingué Gold Project.

### **Exploration**

### EGM, Ghana

The Company completed 6,796 meters of drilling at the EGM (10,792 metres in December Quarter) and adjoining licenses during the March Quarter. The drilling consisted of 2,091m of deeper resource infill drilling below the AF-Gap and Fobinso production pits, 1,271m of geotechnical drilling on the Esuajah North deposit plus 3,434m of exploration RC drilling on the Pokukrom prospect located 7 to 8 kilometers northeast of the Esuajah North deposit.

There were no assays returned from drilling at EGM during the Quarter.

Significant drill intercepts returned from initial scout exploration RC drilling at the Pokukrom prospect on the Nsuaem Prospecting License are as follows.

NSRC050 - 10m at 2.1g/t Au from surface NSRC057 - 8m at 1.3g/t Au from 6m

Assays from the follow-up RC program at Pokukrom are pending. If results continue to be encouraging, a program of tighter infill RC drilling will follow.

The Company's Measured and Indicated Mineral Resource base at EGM is now 5.6Moz of gold and the Inferred Mineral Resource base is 1.7Moz before adjustment for mining depletion and is tabulated below in Tables 8 and 9. The Company's Proven and Probable Ore Reserves at EGM are as shown in Table 10.

Table 8: Measured and Indicated Mineral Resources - EGM

Deposit	Measured Resources <sup>1</sup>			Indicated Resources <sup>1</sup>			Measured + Indicated Resources		
	Quantity Mt	Grade g/t gold	Gold Ounces	Quantity Mt	Grade g/t gold	Gold Ounces	Quantity Mt	Grade g/t gold	Gold Ounces
Abnabna/AFGap/									
Fobinso	49.4	1.2	1,850,000	23.2	0.9	666,000	72.6	1.1	2,515,000
Esuajah South	8.3	1.8	482,000	6.2	1.7	336,000	14.5	1.8	818,000
Esuajah North	17.2	0.9	498,000	15.4	0.8	422,000	32.7	0.9	920,000
Fetish	8.8	0.9	255,000	20.6	1.1	717,000	29.4	1.0	972,000
Chirawewa	-	-	_	4.5	1.1	167,000	4.5	1.1	167,000
Bokitsi	-	-	-	2.6	2.5	212,000	2.6	2.5	212,000
Mampong	-	-	-	-	-	-	-	-	-
Dadieso	-	-	-	-	-	-	-	-	-
Total	83.7	1.1	3,085,000	72.5	1.1	2,520,000	156.3	1.1	5,604,000

<sup>1</sup> Last updated in March 2012 and does not allow for mining depletion.

Table 9: Inferred Mineral Resources - EGM

	Inferred Resources <sup>1</sup>						
Deposit	Quantity	Grade	Gold				
	Mt	g/t gold	Ounces				
Abnabna/AF Gap/Fobinso	11.1	1.0	362,000				
Esuajah South	5.3	1.3	224,000				
Esuajah North	6.3	0.8	168,000				
Fetish	7.5	1.0	248,000				
Chirawewa	8.7	0.9	249,000				
Bokitsi	1.6	1.7	89,000				
Mampong	6.9	0.9	210,000				
Dadieso	3.2	1.6	161,000				
Total	50.6	1.1	1,711,000				

<sup>1</sup> Last updated in March 2012

Table 10: Ore Reserves - EGM

Daniella	Proven Ore Reserves <sup>1</sup>			Probable Ore Reserves <sup>1</sup>			Proven d			
Deposit	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	W:O <sup>2</sup> Ratio
Abnabna-Fobinso	37.3	1.2	1,397	11.7	0.8	320	49.0	1.1	1,717	2.9
Esuajah South	7.2	1.8	422	1.0	2.1	71	8.2	1.9	493	9.0
Esuajah North	12.7	0.9	376	4.4	0.9	125	17.1	0.9	502	1.9
Fetish	7.4	0.9	222	8.4	1.3	354	15.9	1.1	576	3.4
ROM Stockpiles				3.6	0.8	90	3.6	0.8	90	-
Total	64.6	1.2	2,417	29.2	1.0	961	93.8	1.1	3,378	3.4

#### Notes:

- 1 0.4g/t gold cut-off applied to Abnabna-Fobinso and 0.5g/t gold cut-off applied to other deposits.
- 2 Inferred Mineral Resources totalling 1.41Mt at 1.2g/t gold is considered as waste.
- 3 Last updated in August 2012 and allows for material mined to June 30, 2012.

### Kayeya Deposit, Grumesa License, Ghana

A 1,198m core drilling program on the Grumesa license to provide material for metallurgical test work, to test for extensions to mineralisation in the Kayeya deposit and to better understand the geological controls on mineralisation was completed during the Quarter. As part of the program, three deeper (>300m) holes were drilled along the axis of the synform in order to determine if the grade of the mineralization improves at depth.

Significant drill intercepts received from drilling at Grumesa during the Quarter are as follows.

GRDD004 - 8m at 2.7g/t Au from 25.4m and 12m at 1.0g/t from 61m

GRDD005 - 29.6m at 1.2g/t Au from 15.4m

GRDD006 - 24.45m at 1.2g/t Au from 24.65m

GRDD007 - 25m at 1.1g/t Au from 16m GRDD008 - 21.1m at 1.1g/t Au from 14.9m

GRDD0111<sup>1</sup> - 12.1m at 1.2g/t Au from 218.9m

 $GRDD0121^1 \quad \text{-} \quad 5m \text{ at } 1.3g/t \text{ Au from } 90m, \ 13.4m \text{ at } 1.0g/t \text{ Au from } 145.6m \text{ and } 7m \text{ at } 1.3g/t \text{ Au from } 145.6m \text{ and } 120m \text{ at } 1.3g/t \text{ Au from } 145.6m \text{ and } 120m \text{ at } 1.3g/t \text{ Au from } 120m \text{ at } 1.3g/t \text{ at$ 

GRDD0131<sup>1</sup> - Assays are still pending.

# Tengréla Gold Project (Including Sissingué Deposit) – Côte d'Ivoire

The Company completed 32,938 metres of drilling in Côte d'Ivoire during the March Quarter (24,564 metres December Quarter), with 2,650m of RC and 272.5m of diamond drilling on the Sissingué deposit to complete the extensional drilling program commenced last year.

<sup>&</sup>lt;sup>1</sup> Deeper drill holes.

Several anomalous intercepts from extensional drilling of the Sissingué deposit were returned as listed below.

SD296 · 1.05m at 13.5g/t Au from 110.9m

and 11m at 1.2g/t Au from 122m

SD300 - 4.9m at 3.5g/t Au from 190.75m

and 12.35m at 1.5g/t Au from

217.9m

SD302 - 12m at 1.9g/t Au from 51.7m and

- 1.3m at 7.8g/t Au from 186.4m

SD310 6.55m at 2.5g/t Au from 195.45m

and 1m at 10.7g/t Au from 200m

### Mbengué License, Côte d'Ivoire

The Mbengué exploration license application was formally granted by Cabinet on December 19, 2012, as was the Napié and Mahale license applications. The licenses are valid for three years with up to two renewals of two years each.

First pass exploration air core and RC drilling continued on the Mbengué license with 6,015m drilled during the Quarter. In addition, a program of auger drilling was commenced to refine soil geochemistry targets for drill testing and to test areas of subdued geochemistry in areas of likely regolith masking. Auger drill holes averaged approximately 7m depth and a total of 10,871m of auger was drilled at Mbengué during the Quarter with results pending.

Significant drill intercepts returned during the Quarter from the first pass air core/RC testing of the Kanadi anomaly on the Mbengué license are tabulated below.

MKAC195 - 8m at 1.5g/t Au from 20m MKAC203 - 12m at 1.4g/t Au from 48m

# Napié License, Côte d'Ivoire

First pass RAB exploration drilling continued on the Napié license during the Quarter with a total of 7,568m of RAB drilled to evaluate extensive soil anomalism delineated on the license. Grab samples from quartz float situated in areas of soil anomalism have returned up to 59.4g/t, 23.7g/t, 14.0g/t and 10.0g/t.

Several significant drill intercepts were returned from drilling on the Napié license, as follows.

NGRB024 - 16m at 2.1g/t Au from 4m NGRB111 - 12m at 0.9g/t Au from 4m NGRB112 - 16m at 0.8g/t Au from surface

# Mahalé License, Côte d'Ivoire

A program of auger drilling was also conducted on the Mahalé license during the Quarter to refine soil anomalism for follow up drill testing with 5,561m of auger drilled. Assay results are pending.

Table 11: Ore Reserves – SGP

	<b>Proved Reserves</b>			Proba	ble Reserv	ves	Proved & Probable Reserves		
Ore type	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
Oxide/Transition	-	-	-	3.4	2.1	224	3.4	2.1	224
Primary	-	-	-	6.3	2.1	433	6.3	2.1	433
Total	-	-	-	9.7	2.1	657	9.7	2.1	657

Notes:

- 1) Reserve estimated by Coffey Mining using a pit design based on a US\$950/oz gold price optimisation.
- All Measured and Indicated Mineral Resources in pit designs designated as Probable Ore Reserves, Inferred Mineral Resources considered as waste.
- 3) A mining dilution of 5% was applied at a grade of 0.0g/t. In addition, a mining ore loss of 3% was assumed.
- 4) The Probable Ore Reserve as estimated in the DFS was estimated at a 0.55g/t gold cut-off.

# COMPANY OUTLOOK FOR THE QUARTER ENDING JUNE 30, 2013

Based on current work schedules for the Quarter ending June 30, 2013 the Company plans to:

### Edikan Gold Mine

- Production and cost guidance for the six months ending June 2013 of 105-125,000 ozs of gold at an all-in site production cost of US\$1,100/oz remains unchanged;
- Fine tune plant metallurgical performance and maximise SAG mill throughput;
- Continue expansion of plant capacity to 8.00MTPA;
- Continue training of operating and maintenance staff;
- Optimise Edikan mine planning to maximise available high grade ore feed for the SAG mill;
- Continue exploration for additional Mineral Resources.

# Sissingué Gold Project

- Negotiate terms of a Mining Convention;
- Prepare for commitment to full scale development;
- Update mine plan based on updated Mineral Resource estimate;
- Continue exploration for additional Mineral Resources.

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# **Business Development**

• Continue to investigate opportunities for expanding the Company's inventory of Mineral Resources and Ore Reserves by identifying, investigating and, where appropriate, acquiring tenement holdings in West Africa through direct application to government authorities, joint venture activities or acquisition from existing holders.

# OVERALL FINANCIAL PERFORMANCE OF THE COMPANY

The financial performance of the Company will be affected by the operation of the EGM and development and future operation of the SGP and GGP as well as ongoing exploration and evaluation activities being conducted on its properties. The financial performance of the Company is closely linked to the gold price following the commencement of commercial production at the EGM and, potentially, the SGP and GGP. The gold price also affects the economic viability of the Company's other projects and prospects. To protect against changes in gold price the Company has entered a number of hedging contracts, including put options and forward sales contracts which are discussed in further detail below under "Financial Instruments and Related Risks".

The Company reports its financial results in Australian dollars (AUD or \$). However, the Company's costs and funding are currently incurred and sourced in several currencies including AUD, United States dollars (USD), Canadian dollars (CAD), Ghanaian Cedis, and CFA francs. Furthermore, for the EGM or any of the Company's other projects that commence commercial production, metals sales revenue will be denominated in USD. Fluctuations in the rates of exchange between the AUD and the currencies in which the Company transacts business may therefore significantly affect the results of operations of the Company and are discussed further below under "Financial Instruments and Related Risks".

The exploration, evaluation, development and operation of the Company's properties may require substantial additional financing. Failure to obtain sufficient financing in the future may result in delay or indefinite postponement of the exploration, evaluation, development or operation of any or all of the Company's properties. There can be no assurance that bank financing, equity capital or other types of financing will be available when needed or that, if available, the terms of such financing will be acceptable to the Company. See "*Risk Factors*" for a further discussion of these and other risk factors associated with the Company and an investment in the Company's shares.

### DISCUSSION OF OPERATING RESULTS

The operating results for the eight most recent quarters are as follows:

Operating Results <sup>1</sup> for the three months ended	Mar 31 2013	Dec 31 2012	Sep 30 2012	Jun 30 2012	Mar 31 2012	Dec 31 2011	Sept 30 2011	Jun 30 2011
Total revenue and other income	77.254	71.992	75.187	84.553	60.960	7.549	3.067	0.315
Net profit / (loss) after tax	(0.892)	15.109	17.388	19.053	19.722	12.907	0.779	(5.097)
Basic profit / (loss) per share (cents)	(0.23)	2.96	3.20	3.01	4.41	2.96	0.18	(1.38)

<sup>&</sup>lt;sup>1</sup>All amounts shown above are in millions of Australian dollars except as otherwise indicated

The operating results for the March 2013 Quarter included revenue earned from the sale of precious metals (March 2013 Quarter: \$77.238 million; March 2012 Quarter: \$66.374 million) less the cost of the goods sold (March 2013 Quarter: \$66.364 million; March 2012 Quarter: \$31.090 million). The increase in total income, from \$71.992 million at the December 2012 Quarter to \$77.254 million at the March 2013 Quarter, is a result of an increase in gold production (March 2013 Quarter: 57,179 oz; December 2012 Quarter: 51,090 oz) slightly offset by lower average sales prices (March 2013 Quarter: US\$1,494/oz of gold sold; December 2012 Quarter: US\$1,581/oz of gold sold).

In addition, the result includes interest income (March 2013 Quarter: \$0.016 million; March 2012 Quarter: \$0.226 million), depreciation and amortisation (March 2013 Quarter: \$4.964 million; March 2012 Quarter: \$5.500 million), administration and corporate overheads (March 2013 Quarter: \$1.465 million; March 2012 Quarter: \$1.913 million). In the March 2013 Quarter a foreign exchange loss (\$1.192 million) was incurred (March 2012 Quarter: loss of \$5.640 million) that arose from an appreciation of the AUD relative to the USD during the period (March 31, 2013: 1.0423; December 31, 2012: 1.0374; September 30, 2012: 1.0381; June 30, 2012: 1.0161).

# DISCUSSION OF FINANCIAL CONDITION

The quarter-on-quarter movements in the financial position of the Company over the last eight quarters are shown below.

Financial Position <sup>1</sup> as at:	Mar 31 2013	Dec 31 2012	Sep 30 2012	Jun 30 2012	Mar 31 2012	Dec 31 2011	Sept 30 2011	Jun 30 2011
Cash and cash equivalents	38.409	39.674	108.758	105.497	117.120	131.455	53.561	96.462
Total Assets	520.820	519.653	561.896	528.971	531.544	507.721	407.739	382.598
Total Liabilities	117.685	128.696	220.325	169.103	201.204	196.120	207.815	170.213
Net Assets	403.135	390.957	341.571	359.868	330.340	311.601	199.924	212.385

<sup>&</sup>lt;sup>1</sup>All amounts shown are in millions of dollars

#### Total Assets

Total assets have increased in the March 2013 Quarter by \$1.167 million (December 2012 Quarter decrease of 42.243 million; September 2012 Quarter increase of \$32.925 million; June 2012 Quarter decrease of \$2.573 million). The March Quarter increase is due to an increase in non-current assets of \$11.223 million offset by a decrease in current assets of \$10.056 million. Details of movements in specific accounts follow.

# Cash and cash equivalents

At March 31, 2013, the Company had available cash or cash equivalent resources of \$38.409 million plus a further \$9.054 million of restricted funds on deposit securing environmental obligations. This cash balance represents a decrease relative to the position as at December 31, 2012 (\$39.674 million plus restricted cash of \$9.097 million), September 30, 2012 (\$108.758 million plus restricted cash of \$8.641 million) and June 30, 2012 (\$105.497 million plus restricted cash of \$2.212 million). The decrease in cash reserves of \$1.265 million during the three month period ended March 31, 2013 is due to payments associated with capital work in progress and operation of the EGM, development at SGP, purchase of other fixed assets, payments for exploration and administration activities; offset by the sale of gold and silver during the period.

The net decrease in cash reserves of \$1.265 million during the March 2013 Quarter is discussed in some detail in the "Discussion on Cash flows".

### Receivables

At March 31, 2013 the Company's current receivables were \$16.043 million (December 31, 2012: \$11.406 million; September 30, 2012: \$9.520 million; June 30, 2012: \$10.507 million) while non-current receivables amounted to \$44.184 million (December 31, 2012: \$40.860 million; September 30, 2012: \$36.848 million; June 30, 2012: \$29.563 million). The increase in current receivables during the three months to March 31, 2013 relative to prior periods is as a result of the timing of gold sales and the receipt of the debtor payments while the increase in non-current receivables in this period is due to an increase in a VAT refund from the Ghana Revenue Authority.

### Inventory

At March 31, 2013 the Company held inventories of \$45.818 million (December 31, 2012: \$59.165 million; September 30, 2012: \$50.747 million; June 30, 2012: \$37.335 million). The net decrease in inventory during the March 2013 Quarter (\$13.347 million) relative to the position at December 31, 2012, is the result of a write off of low grade stockpiles to net realisable value and a decrease in high grade ore stockpiles with an offsetting increase in materials and supplies on hand.

# Property, plant and equipment

At March 31, 2013, the Company recognised on its balance sheet a total of \$181.620 million for property, plant and equipment ("PP&E") (December 31, 2012: \$177.818 million; September 30, 2012: \$167.383 million; June 30, 2012: \$162.044 million).

The Company capitalised \$8.329 million of expenditure on PP&E during the March 2013 Quarter before expensing depreciation of \$2.334 million. Due to the devaluation of the USD against AUD, a \$2.193 million foreign exchange loss was recorded against PP&E during the March 2013 Quarter as the majority of these assets are recorded in USD in the subsidiary companies' accounts and are translated into AUD on consolidation.

### Mine Properties

At March 31, 2013 the Company recognised mine properties of \$133.476 million on its Balance Sheet (December 31, 2012: \$131.170 million; September 30, 2012: \$124.690; June 30, 2012: 125.732 million). During the March 2013 Quarter, \$5.526 million of expenditure on Mine Properties (most of which relates to a deferred waste accounting entry) has been capitalised and \$2.630 million of amortisation has been expensed. In addition, the net devaluation of the USD

against AUD during the period referred to above gave rise to \$0.590 million foreign exchange loss being recorded against mine properties.

#### Exploration and evaluation expenditure

At March 31, 2013 the Company recognised mineral interest acquisition and exploration expenditure of \$39.497 million on its Balance Sheet (December 31, 2012: \$37.370 million; September 30, 2012: \$32.708 million; June 30, 2012: \$29.125 million). The year on year movement in capitalised exploration and evaluation expenditure reflects the extensive exploration programmes conducted by the Company in recent years.

The Company capitalised \$2.366 million of exploration and evaluation expenditure incurred on its Ghanaian and Ivorian exploration tenements during the March 2013 Quarter (\$4.543 million in the December 2012 Quarter; \$2.598 million in the September 2012 Quarter; \$2.907 million in the June 2012 Quarter) before recording a foreign exchange loss of \$0.239 million in the March 2013 Quarter.

#### Other assets

At March 31, 2013 the Company recognised prepayments of \$11.713 million on its balance sheet (December 31, 2012: \$12.128 million; September 30, 2012: \$7.986 million; June 30, 2012: \$5.618 million), of which \$10.665 million is classified as current and \$1.048 million is classified as non-current. The decrease in prepayments during the three months ended March 31, 2013 reflects the normal commercial activity associated with the EGM, and the unwinding of borrowing costs following the reclassification from borrowings to prepayments in the prior Quarter.

### Total Liabilities

As at March 31, 2013, the Company had liabilities totalling \$117.685 million compared to \$128.696 million at December 31, 2012, \$220.325 million at September 30, 2012 and \$169.103 million at June 30, 2012. In the three month period since December 31, 2012 the changes in total liabilities are attributable to decreases in non-current liabilities of \$13.266 million and an increase in current liabilities of \$2.255 million. Details of movements in specific accounts follow.

### **Payables**

During, the three months ending March 31, 2013 amounts owed to creditors, relating mainly to the operation of the EGM, increased to \$47.701 million from a total outstanding at December 31, 2012 of \$42.197 million, at September 30, 2012 of \$42.451 million and at June 30, 2012 of \$31.732 million.

On a quarter on quarter basis, creditors at March 31, 2013 are \$5.504 million higher than at the end of the December 2012 Quarter. The increase relative to the December 2012 Quarter reflected an administrative delay in the timing of payments of outstanding invoices in the March 2013 Quarter.

#### Provision

A provision of \$6.893 million as at March 31, 2013 for future rehabilitation work relating mainly to both old and new mining activity at EGM, was \$0.084 million less than the amount provided for at December 31, 2012 of \$6.977 million (September 30, 2012: \$6.728 million; June 30, 2012: \$6.865 million). The change during the three month period ended March 31, 2013 reflects an appreciation of the AUD against the USD during the period, as highlighted above.

#### Derivative financial instruments

As at March 31, 2013 the Company held forward sales contracts for 193,000 ounces of gold and recorded a liability of \$40.267 million (December 31 2012: 216,000 ounces of gold with a recorded liability of \$66.371 million; September 30 2012: 230,000 ounces of gold with a recorded liability of \$95.030 million; June 30 2012: 190,000 ounces of gold with a recorded liability of \$67.123 million) on its balance sheet. The movement in mark-to-market value has been recorded as equity while \$25.173 million (December 31, 2012: \$37.993 million; September 30, 2012: \$43.285 million; June 30, 2012: \$32.836 million) of the liability has been classified as a current liability as these forward contracts settle within twelve months of balance date; the balance of \$15.095 million (December 31, 212: \$28.378 million; September 30, 2012: \$51.745 million; June 30, 2012: \$34.287 million) has been classified as a non-current liability. The liability in each case reflects the difference in value of the hedge contracts on the respective balance dates relative to the value of the contracts on the date of inception of hedge accounting.

#### Borrowings

The total borrowings at March 31, 2013 remained at nil. The decrease in total borrowings at March 31, 2013 (nil) and December 31, 2012 (nil) relative to September 30, 2012 (\$59.176 million) and June 30, 2012 (\$60.264 million) is the result of the scheduled debt repayment of US\$9.0 million and the repayment of the remaining balance outstanding (US\$54.0 million) of the facility during the December 2012 Quarter.

#### DISCUSSION ON CASHFLOWS

The eight most recent quarter-on-quarter movements in the cash flow of the Company are as shown below.

Cash flows <sup>1</sup> for three months ended	Mar 31 2013	Dec 31 2012	Sept 30 2012	Jun 30 2012	Mar 31 2012	Dec 31 2011	Sept 30 2011	Jun 30 2011
Operating activities	15.053	6.130	25.675	21.641	25.163	(1.829)	(1.908)	(1.622)
Investing activities	(15.576)	(13.658)	(19.745)	(23.446)	(26.206)	(6.857)	(46.579)	(52.249)
Financing activities	(0.128)	(60.729)	-	(10.664)	(8.240)	85.010	2.343	81.689

All amounts shown are in millions of dollars

After considering the effects of foreign exchange movements, the Company's cash balance decreased by \$1.266 million during the March 2013 Quarter while in the corresponding period in 2012 cash decreased by \$14.335 million.

Operating activities, during the March 2013 Quarter, resulted in total cash receipts of \$69.636 million (December 2012 Quarter: \$72.090 million) from the sale of precious metals produced at the EGM and \$0.016 million (December 2012 Quarter: \$0.061 million) from bank interest that were offset by administration expenses and production expenses at EGM of \$52.304 million (December 2012 Quarter: \$64.522 million) and borrowing costs of \$0.295 million (December 2012 Quarter: \$1.500 million), giving a net cash inflow for Operating Activities during the period of \$15.053 million (December 2012 Quarter: \$6.130 million). This net cash inflow was \$10.110 million less than the corresponding amount in March Quarter in 2012 when net inflows associated with Operating Activities totalled \$25.163 million. In the March 2012 Quarter, there were cash receipts of \$51.330 million from the sale of precious metals produced at the EGM. Interest received in the March 2012 Quarter was \$0.222 million and administration expenses and production expenses were \$26.389 million.

Investing activities during the March 2013 Quarter included development expenses at EGM and SGP of \$12.702 million (December 2012 Quarter: \$8.880 million), payments for exploration activities in Ghana and Cote d'Ivoire of \$2.617 million (December 2012 Quarter: \$4.043 million), investment in fixed assets of \$0.257 million (December 2012 Quarter: \$0.331 million) and a payment for a bank guarantee of nil (December 2012 Quarter: \$0.403 million), that generated a net cash outflow of \$15.576 million (December 2012 Quarter: \$13.658 million). In the corresponding Quarter in 2012, investing activities included development of EGM (\$26.006 million), exploration associated with the EGM and SGP (\$7.319 million), investment in fixed assets (\$0.997 million), payments for borrowing costs (\$0.976 million) and advances to third parties (\$0.169 million) offset by funds received for gold sales capitalised to development of \$9.261 million, resulting in a net cash outflow associated with investing activities of \$26.206 million.

Financing activities in the March 2013 Quarter gave rise to a net cash outflow of \$0.128 million (December 2012 Quarter: outflow of \$60.729 million). By contrast during the March 2012 Quarter, a debt repayment of US\$11.0 million to lenders of the project debt facility occurred, giving rise to a payment of \$10.577 million, which was offset by a cash inflow of \$2.401 million when options to acquire ordinary shares in the Company were exercised.

# LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2013, the Company's cash and cash equivalents amounted to \$38.409 million (December 31, 2012: \$39.674 million; September 30, 2012 \$108.758 million; June 30, 2011: \$105.497).

The Company does not currently have a working capital deficiency. The Company has sufficient amounts of cash and cash equivalents in the short term to maintain capacity, meet its planned growth and fund development activities. As previously stated, the Company's short to medium term plans include the progressive expansion of the processing capacity of the EGM processing facility, permitting and development of the SGP, expansion of the Company's mineral resources through rapid exploration of existing ground, and the acquisition of prospective new projects, all of which require significant levels of funding. The Company's ability to generate sufficient amounts of cash and cash equivalents in the long term (if required) to maintain capacity, meet planned growth and fund development of activities depends on its ability to generate sufficient cash from the EGM and failing that, to raise additional funds from the debt or capital markets.

The Company's liquidity is expected to fluctuate with production from the EGM and the price of gold. The Company's ability to raise funds from the debt or capital markets will be affected by, among other things, global economic conditions (including the price of gold). As described in detail below, the Company's liquidity will also be negatively affected in the event there is a breach of the Facility Agreement (as defined below) which is not waived and upon which the lenders may demand repayment of the outstanding balance of the project loan facility which at March 31, 2013 was undrawn (December 31, 2012: undrawn; September 30, 2012: US\$63 million; June 30, 2012: US\$63 million; March 31, 2012: US\$74 million; June 30, 2011: US\$85 million). In such event, the Company would seek replacement financing and to the extent it was unsuccessful, it would use existing cash and cash equivalents to satisfy the demand.

Such a sequence of events could potentially cause development of the SGP to be delayed as existing cash and cash equivalents are planned to be used to partially fund the SGP development. To the extent sufficient funds could not be accessed to repay the project loan facility, the lenders would be entitled to realize on their security interest in the EGM.

For a description of the balance sheet conditions or income or cash flow that may affect liquidity, please see the section below under "Commitments".

During the last three financial years, both the debt and equity capital markets have been used as sources of funding by the Company. As discussed above, the Company completed a 28.75 million share fundraising during the December 2011 Quarter. The Company received nil during the March 2013 Quarter (Nil in the December 2012 Quarter; Nil in the June 2012 Quarter; \$2.401 million in the March 2012 Quarter; \$0.752 million in the December 2011 Quarter; \$2.343 million in the September 2011 Quarter; \$1.478 million in the June 2011 Quarter; \$9.230 million during the June 2011 Full Year) from the exercise of options to purchase ordinary shares in the Company pursuant to its Share Option Plan. During the June 2011 quarter, the Company drew \$80.211 million under its project debt facility. There can be no assurance however that the Company will be successful in raising additional funds, as and when required, from the debt or capital markets in the future. See "*Risk Factors*".

The project debt facility agreement (the "Facility Agreement") contains covenants and imposes restrictions on the Company's ability to complete certain transactions. For example, the Facility Agreement requires that the Company maintain certain financial ratios and prohibits the Company from incurring additional indebtedness or entering into hedging arrangements beyond that specifically permitted. The Facility Agreement also contains (i) certain conditions precedent to the drawing down of funds, which were either satisfied or waived, and (ii) certain conditions subsequent, some of which remain outstanding. The Company has previously received waivers of breaches of, and extensions for satisfaction of, non-financial conditions to the Facility Agreement. In particular, the Company has received waivers in respect of breaches of, and extensions to the time required for satisfaction of, the conditions subsequent that: (i) the Company enter into a term sheet in respect of a power supply agreement for the Edikan Gold Mine on or before December 31, 2011 (as extended); (ii) the Company use its best endeavours to complete a reorganization of its subsidiaries by December 31, 2011 (as extended); (iii) the Company grants additional security in favour of the lenders by December 31, 2011 (as extended) in the event the reorganization has not been completed by then; (iv) there is parliamentary ratification of the Edikan mining leases and stability agreement by December 31, 2011 (as extended); (v) the Company execute a foreign exchange retention account agreement with the Republic of Ghana, the Bank of Ghana, the lenders and a financial institution in Ghana by December 31, 2011 (as extended). While the Company is currently in compliance with the terms of the Facility Agreement and believes it will be able to satisfy the foregoing conditions subsequent in the prescribed time, it may require one or more waivers or extensions from the lenders in the future. A breach by the Company of certain provisions of the Facility Agreement, unless waived, will constitute an event of default, entitling the lenders to accelerate the payment of amounts due there under. The project loan is effectively secured by all (or substantially all) of the Company's interest in the Edikan Gold Mine. An obligation to repay the amount owing under the project loan before its stated maturity could have an adverse effect on the Company and its financial position. As at March 31, 2013 no amounts were drawn under the facility.

During the December 2012 Quarter, the Company executed a Deed of Amendment and Restatement (the "Amending Deed") which documented amendments to the Facility Agreement that had the effect of converting the project debt facility into a revolving line of credit. In addition, the Amending Deed provides for an increase in the facility limit to US\$100 million, with the availability limit decreasing over time to zero as at December 28, 2015. The facility margin has been revised to 4.0 percent per annum and the Commitment fee has been reduced to 1.75 percent per annum. Permitted uses of funds drawn under the facility have been amended to allow for repayment of intercompany loans owed by Perseus Mining (Ghana) Limited to Perseus.

As at March 31, 2013 a total of 193,000 ounces of gold (December 31, 2012: 216,000 ounces of gold) had been hedged under gold forward sale contracts for settlement from June 2013 to December 2015 at an average sale price of US\$1,389 per ounce. The inception of this hedging was initially a pre-requisite for Perseus to be able to draw the full US\$85 million debt facility in the June 2011 Quarter. A further total of 70,000 ounces of gold was sold forward in the September 2012 Quarter, following the successful restructure, extension and up-sizing of the debt facility. A total of 107,000 ounces of gold has been delivered under forward sales contracts up to and including March 31, 2013, leaving the outstanding balance of gold hedging at 193,000 ounces of gold. This hedging represents approximately 20% of the Company's total forecast gold production to the end of 2015 and approximately 5% of the gold contained in the Company's currently defined total Ore Reserves. In addition, options granting Perseus the right but not the obligation to sell 37,500 ounces of gold at US\$850 per ounce in the period from April 2013 to December 2013 are held as at March 31, 2013 as part of the Company's financial risk management strategy.

As at the date of this MD&A the Company had no material commitments for future capital expenditure over and above those that arise in the normal course of business. In future quarters, subject to achieving satisfactory progress on the permitting of the SGP, commitments for capital expenditure associated with the development of the SGP, whose cost is currently estimated as US\$145 million, (including US\$30 million associated with the construction of an HV power line

which will not be completed at the time of commencement of commercial production) may be incurred. As noted above, the Company intends to use its existing cash reserves to partly fund the development of the SGP. The balance of the capital required to meet future commitments associated with the development of the SGP will be drawn from cash expected to be generated from the EGM operation and the revolving line of credit referred to above. There are no known trends or expected fluctuations that are expected to change the mix of funds used for this purpose.

# **COMMITMENTS**

The following table sets forth information regarding the Company's contractual obligations as at March 31, 2013. The Company has no long term debt, finance lease obligations, operating leases or purchase obligations except as indicated below.

	Less than 1 Year	1 - 3 Years	4 - 5 Years	After 5 years
Exploration expenditure <sup>1</sup> (US\$M)	0.950	0.875	0.875	1.000
Rent of corporate premises	0.375	0.795	0.421	-
Total (US\$M)	1.325	1.670	1.296	1.000

Notes:

# FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The principal financial instruments used by the Company as at March 31, 2013 are cash, receivables, payables and prepayments. As a result of the use of these financial instruments, the Company is exposed to credit risk, liquidity risk and market risk.

#### 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 Company 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. There has been no significant change in the Company's exposure to credit risk or its objectives and policies for managing these risks during the March 2013 Quarter.

#### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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 Company's reputation.

The Company 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.

#### Market Risk

The Company 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 Company enters into forward commodity price derivatives, details of which are discussed in "Liquidity and Capital Resources" above.

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future 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 Company is also exposed to foreign exchange risk arising from the translation of its foreign operations, the Company's investments in its subsidiaries are not hedged as those currency positions are considered to be long term in nature. There has been no significant change in the Company's exposure to currency risk or its objectives and policies for managing these risks during March 2013 Quarter. In November 2012 the Company fully repaid its project finance facility. Consequently, it presently has no borrowings at variable rates and it is only subject to a fixed percentage commitment fee on the undrawn revolving line of credit. There has not been a change in the Company's exposure to interest rate risk during the March 2013 Quarter compared to the December 2012 Quarter. The Company's objectives and policies for managing these risks have not changed during the March 2013 Quarter.

<sup>(1)</sup> The Company's mineral rights in Ghana and Côte d'Ivoire are subject to nominal statutory expenditure commitments on exploration activities and its mineral lease fees are paid annually, in advance.

# OFF BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements as at March 31, 2013.

### TRANSACTIONS WITH RELATED PARTIES

Remuneration (including salaries, Directors' fees and the issue of share options) was paid or is payable to the Directors of the Company in the normal course of business. The Company pays its non-executive Directors consulting fees for extra services, if any, performed outside of normally expected non-executive duties. These transactions are made on commercial terms and conditions and at market rates.

Secretarial and corporate service fees paid or payable to Corporate Consultants Pty Ltd, a company in which the company secretary, Mr Susmit Shah, has a beneficial interest, totalled \$107,230 during the March 31, 2013 Quarter compared to \$108,124 in the corresponding Quarter ending March 31, 2012.

The Company has no ongoing contractual or other commitments arising from transactions with any of the related parties referred to above.

# CRITICAL ACCOUNTING 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 entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting will, by definition, seldom equal the actual results. Each critical accounting estimate is discussed below.

# (i) Exploration and evaluation expenditure

In accordance with accounting policy note 1(n) in the June 2012 Financial Report, 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.

# (ii) Impairment of assets

In accordance with accounting policy note 1(g) in the June 2012 Financial Report, in determining whether the recoverable amount of each cash generating unit is the higher of fair value less costs to sell or value-in-use against which asset impairment is to be considered, the Company undertakes future cash flow calculations which are based on a number of critical estimates and assumptions including, for its assets under construction, forward estimates of:

- a) Mine life including quantities of 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) Estimated future commodity prices;
- d) Future costs of production;
- e) Future capital expenditure;
- f) Future exchange rates; and/or
- g) Discount rates applicable to the cash generating unit.

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.

#### (iii) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees and directors by reference to the fair value of the equity instruments as at the date at which they are granted. The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes option pricing model and taking into account the terms and conditions upon which the instruments were granted. Differences in estimated future stock price volatility, interest rates and other factors can have a material effect on the calculation of share-based compensation expense and derivative values. As such, the values derived may change significantly from period to period and are subject to significant uncertainty. The Company recorded a total share-based compensation expense of nil for the Quarter ended March 31, 2013 (\$0.245 million for the Quarter ended December 31, 2012; nil for the Quarter ended September 31, 2012; \$(0.429) million for the Quarter ended June 30, 2012 as a result of options lapsing due to vesting conditions not being met and \$1.528 million for the twelve months ended June 30, 2012).

The share based payment expense for the Quarter ended March 31, 2013 was nil compared to \$0.622 million for the March 2012 Quarter.

#### (iv) Restoration and rehabilitation provisions

As set out in accounting policy note 1(t) in the June 2012 Financial Report, 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 discount rate. Additionally current provisions are based on the assumption that no significant changes will occur in either relevant Federal or State/Prefect 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.

#### (v) Derivative financial instruments

The Company 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 accounting policy note 1(1) in the June 2012 Financial Report. 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 and as such are compliant with the hedge effectiveness requirements of AASB 139.

### (vi) Taxes

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 Company will generate taxable earnings in future periods, 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 Company 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 Company operates could limit the ability of the Company to obtain tax deductions in future periods.

# (vii) Commercial production

The Company assesses the stage of each mine under construction to determine when a mine moves into the production stage being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of a plant and its location. The Company considers various relevant criteria to assess when the production phase is considered to commence and all related amounts are reclassified from 'Mines under construction' to 'Mine properties' and 'Property, plant and equipment'. Some of the criteria used will include but are not limited to, the following:

- a) Level of capital expenditure incurred compared to the original construction cost estimates;
- b) Completion of a reasonable period of testing of the mine plant and equipment;
- c) Ability to produce metal in saleable form (within specifications); and
- d) Ability to sustain ongoing production of metal.

When a mine development / construction project moves into the production stage, the capitalisation of certain mine development / construction costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation / amortisation commences.

### (viii) Unit-of-production method of depreciation / amortisation

The Company 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.

# (ix) Deferred stripping expenditure

The Company defers advanced stripping costs incurred during the production stage of its operations. This calculation requires the use of judgements and estimates such as estimates of tonnes of waste to be removed over the life of the mining area and economically recoverable reserves extracted as a result. Changes in a mine's life and design will usually result in changes to the expected stripping ratio (waste to ore reserves ratio). Changes in other technical or economical parameters that impact reserves will also have an impact on the life of mine ratio even if they do not affect the mine's design. Changes to the life of mine are accounted for prospectively.

#### (x) Inventory

Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based in 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 expected processing method. Stockpile tonnages are verified by periodic surveys.

#### (xi) Reserves and resources

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company 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.

# CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

In the March 2013 Quarter, the Company reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after July 1, 2012. All of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning July 1, 2012 were adopted and they did not have any impact on the current period or any prior period, and is not likely to affect future periods.

# **OUTSTANDING SECURITIES DATA**

At March 31, 2013 the Company had issued 457,962,088 shares (December 31, 2012: 457,962,088; September 30, 2012: 457,962,088 shares; June 30, 2012: 457,962,088 shares), 2,770,000 options (December 31, 2012: 2,870,000; September 30, 2012: 3,730,000; June 30, 2012: 4,470,000) and 3,251,611 performance rights (December 31, 2012: 600,000; September 30, 2012: nil; June 30, 2012: nil).

The following is a summary of the Company's capital structure as at the date of this MD&A:

Ordinary shares 457,962,088
Options over unissued shares 2,770,000
Performance rights over unissued shares 3,199,700

Since March 31, 2013 and up to the date of this MD&A, the Company has not issued any shares, options or performance rights.

#### CONTROLS AND PROCEDURES

The Company maintains appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable. The Company continues to review and develop internal controls, including disclosure controls and procedures for financial reporting that are appropriate for the nature and size of the Company's business.

### Disclosure Controls and Procedures

The Company's disclosure controls and procedures ("DCP") are designed to provide reasonable assurance that all relevant information relating to the Company is communicated to the Company's senior management and information required to be disclosed in its annual filings, interim filings and other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the specified time period. Access to material information regarding the Company is facilitated by the small size of the Company's senior management team and workforce. The Company is continuing to develop appropriate DCP for the nature and size of the Company's business.

As at March 31, 2013, the Chief Executive Officer and Chief Financial Officer, with participation of the Company's management, concluded that there were no material weaknesses in the design of DCP at that date or changes to the Company's DCP during the March 2013 Quarter which have materially affected, or are considered to be reasonably likely to materially affect, the Company's disclosure or its DCP.

### Internal Controls over Financial Reporting

Internal controls over financial reporting ("ICFR") are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Board is responsible for ensuring that management fulfils its responsibilities in this regard. The Audit Committee is in turn responsible for ensuring the integrity of the reported information through its review of the Company's interim and annual financial statements. There has been no change in the Company's ICFR during the March 2013 Quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. As at March 31, 2013, the Chief Executive Officer and Chief Financial Officer, have concluded that there is no material weakness relating to the design of the Company's ICFR.

### Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any DCP or ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion between two or more people, or by unauthorized override of the control. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

The Company's Chief Executive Officer and Chief Financial Officer have not limited the scope of their design of DCP and ICFR to exclude controls, policies and procedures of any proportionately consolidated entity, variable interest entity or business acquired within the preceding 12 months.

# CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws. This forward-looking information may include but is not limited to information with respect to the Company's plans respect the EGM and the TGP, the estimation of ore reserves and mineral resources, realization of ore reserve and resource estimates, the timing and amount of future production, costs of production, capital expenditures, costs and timing of development of the TGP, mine life projections, the ability to secure required permits, the results of future exploration and drilling, the adequacy of financial resources and business and acquisition strategies. Often, this information includes words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking information is based on assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management of the Company believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. Assumptions have been made by the Company regarding, among other things: the price of gold, continuing commercial production at the Edikan Gold Mine without any material disruption, the receipt of required governmental approvals, the accuracy of capital and operating cost estimates, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used by the Company. Although management believes that the assumptions made by the Company and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate.

By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the risks set out below under the heading "Risk Factors".

Although Perseus has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. Perseus undertakes no obligation to reissue or update forward-looking information as a result of new information or events after the date of this MD&A, except in accordance with applicable securities laws. All forward-looking information disclosed in this document is qualified by this cautionary statement.

# **RISK FACTORS**

Some of the risks and other factors that could cause actual results to differ materially from those expressed in the forward-looking information contained in this MD&A, as well as risk factors generally facing the Company, include, but are not limited to:

- risks related to the Company's compliance with restrictions and covenants in the Facility Agreement;
- risks associated with the price of gold;
- risks related to potential development of the SGP;
- risks related to capital cost increases at the SGP;
- risks related to operating and capital cost increases at the EGM;
- risks related to the availability of additional financings as and when required;
- the risk of unrest and political instability in West Africa;
- risks related to the periodic renewal of the Company's various exploration and exploitation permits;
- risks related to global economic conditions;
- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations;
- · risks related to negative operating costs flow;
- results of initial feasibility, pre-feasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations:
- risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined;
- mining and operating risks, including risks related to accidents, equipment breakdowns, labour disputes (including work stoppages and strikes) or other unanticipated difficulties with or interruptions in exploration and development;
- the potential for delays in exploration or development activities or the completion of feasibility studies;
- risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses;
- risks related to interest rate and foreign exchange rate fluctuations;
- the uncertainty of profitability based upon the cyclical nature of the industry in which the Company operates;
- the risk of changes to fiscal terms or operating approval conditions;
- · risks related to environmental regulation and liability; and
- other risks and uncertainties related to the Company's prospects, properties and business strategy.

A detailed discussion of these and other factors that may affect the Company's prospects, actual results, performance, achievements or financial position is contained in the Company's Annual Information Form dated June 30, 2012.

### TECHNICAL DISCLOSURES

The information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Kevin Thomson, who is a Professional Geoscientist with the Association of Professional Geoscientists of Ontario. Mr Thomson is an employee of the Company. Mr Thomson has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and to qualify as a "Qualified Person" under National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). Mr Thomson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Mr Thomson verified the data disclosed, including sampling, analytical and test data underlying the information contained herein. For a description of Perseus' data verification process, quality assurance program and quality control measure applied, the type of analytical or testing procedures utilized, sample size, name and location of testing laboratories, the effective date of the mineral resource and ore reserve estimates contained herein, details of the key assumptions, parameters and methods used to estimate the mineral resources and ore reserves set out in this report any known environmental, political, legal, title, or other risks that could materially affect the potential development of the mineral resources or ore reserves, readers are directed to the technical report entitled "Technical Report - Central Ashanti Gold Project, Ghana" dated May 30, 2011 and the technical report entitled "Technical Report - Tengrela Gold Project, Côte d'Ivoire" dated December 22, 2010 in relation to the Edikan Gold Mine (formerly Central Ashanti Gold Project) and the Tengrela Gold Project respectively.