



31 May 2006

ASX RELEASE

OPTION TO ACQUIRE ADVANCED MINERAL PROPERTIES IN GHANA

Highlights

Perseus Mining Limited has been granted an option to acquire the Ayanfuri gold mine and surrounding areas on the Ashanti Gold Belt, 25km south west of AngloGold Ashanti's Obuasi mine in Ghana.

The Ayanfuri gold mine produced over 300,000 oz of gold from a shallow oxide heap leach operation which commenced in 1994 – 23 shallow pits were mined, with most production from six granitoid intrusive orebodies ranging from 200m to 500m long and 30m to 120m wide.

Most of the Ayanfuri pits have mineralisation in the floor and limited below pit drilling confirms that gold grades extend to depth.

Remaining Indicated gold resources for four of the deposits within mining leases on the project area are estimated by Perseus to currently total approximately 268,000 oz (see table) and Inferred resources currently total 276,000 ounces.

This prime address on one of the world's major gold belts, along strike of one of the world's largest gold deposits (Obuasi), is under-explored for oxide gold mineralisation on 70% of the project area and there has been very little exploration of the deeper potential, since the Ayanfuri heap leach operation was limited to processing oxide ore and ceased operations when gold prices were around US\$270 per ounce.

Perseus is planning an initial confirmatory and extensional resource drilling program, soil sampling and a detailed airborne magnetic survey over a large portion of the project area. It is considered that there is excellent potential to substantially increase the resource base in the short term, with the view to delineating a mineable deposit and completing a mining feasibility study within twelve months.

The option acquired by Perseus allows it to carry out the exploration and due diligence work to 4 October 2006 before committing to acquire the company holding the rights to the Ayanfuri licences for 2.5 million shares and 2.5 million unlisted options exercisable at 40 cents on or before 28 February 2009, with additional payments due in the event that mining reserve targets are achieved (see details below).

Perseus Mining Limited

ABN 27 106 808 986

30 Ledger Road, Balcatta, Western Australia 6021 PO Box 717 Balcatta WA 6914

Telephone: (618) 9240 6344 Facsimile: (618) 9240 2406

Email address: info@perseus.com Website: www.perseusmining.com

Introduction

Perseus has purchased an option to acquire a company with rights to two mining leases and a prospecting licence at Ayanfuri (the “Ayanfuri Mine Licences”) and the Nsuaem reconnaissance licence and the Dunkwa reconnaissance licence application (together the “Reconnaissance Licences”), covering a project area of 510.6 sq km located 25-65 kms south west of Obuasi on the Ashanti Gold Belt in Ghana. Perseus’s Grumesa project adjoins the optioned project area to the east.

The Ayanfuri Mine Licences incorporate the Ayanfuri mine, which produced 306,400 ounces of gold from multiple open pits and an oxide ore heap leaching circuit between 1994 and 2001.

Perseus believes that the existing Indicated gold resources of about 268,000 ounces can be increased significantly and has planned resource drilling, with concurrent regional exploration in under-explored areas and where there has been no regional exploration for more than 10 years.

The tenement package, when consolidated with the Company’s Grumesa and Kwatechi projects, represents a highly prospective holding in central Ashanti Gold Belt, with 268,000 ounces of Indicated resources and an additional 726,000 ounces of Inferred resources.

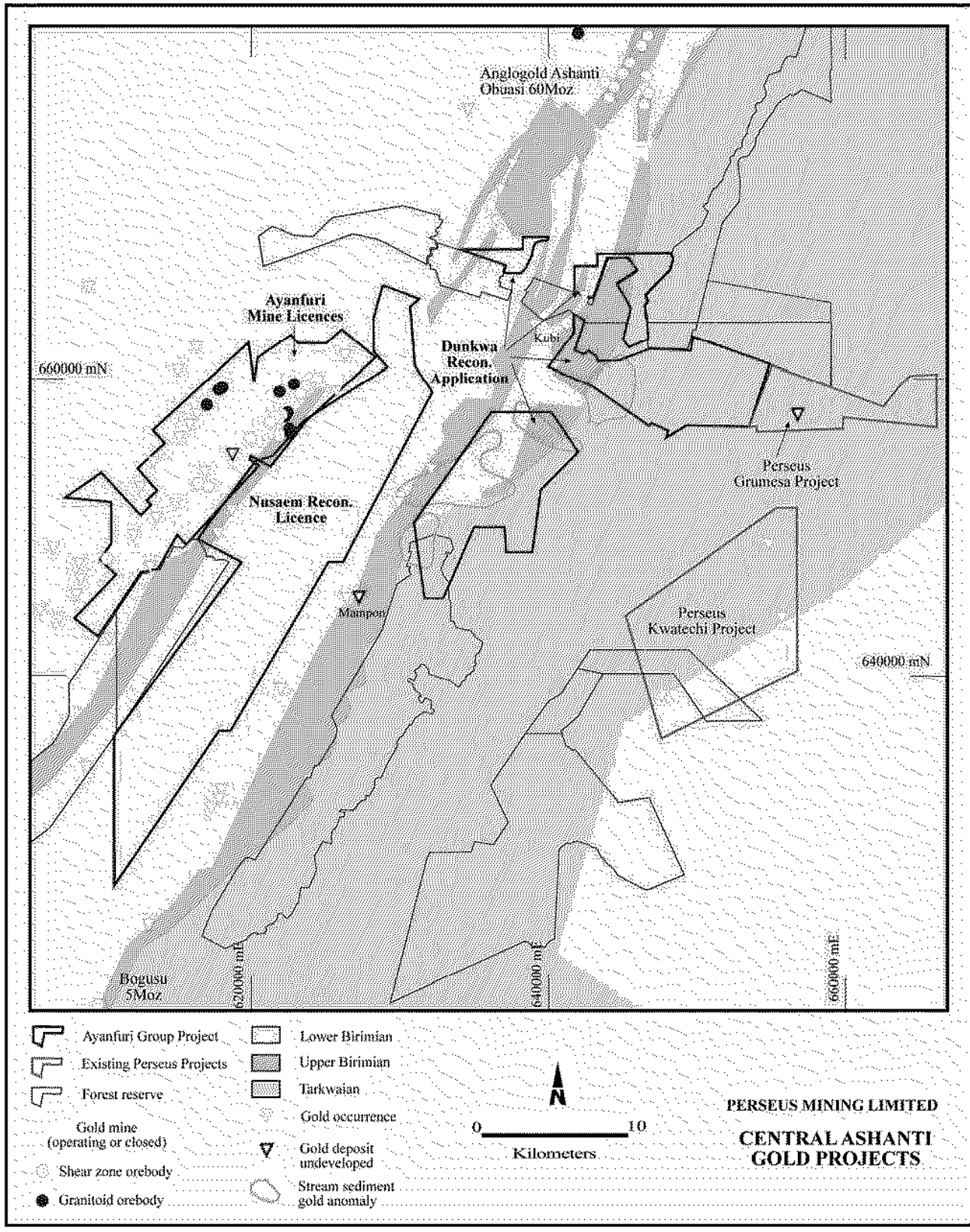
Setting

The Ayanfuri Mine Licences are situated on the Obuasi – Akropong portion of the Ashanti Belt, 25-65km south west of the 60 million ounce Obuasi gold deposit. The Ayanfuri Mine Licences are underlain by Birimian metasediments and metavolcaniclastics which are intruded by intermediate granitoids. The adjoining Reconnaissance Licences cover a broader section of Ashanti belt lithologies including Birimian metasediments, metavolcaniclastics, volcanics and Tarkwaian epiclastics and intrusives.

Gold mineralisation at Ayanfuri occurs in quartz veins, stringers, stockworks and is disseminated in:

- 1) altered metagranodiorite intrusive bodies; and
- 2) typical “Ashanti” style shear zones within metavolcaniclastics.

Oxide mineralisation and unweathered granitoid mineralisation are free milling, whilst shear zone hosted mineralization will probably exhibit a combination of free milling and refractory types typical of western Ashanti belt style gold deposits.



History of the Ayanfuri Area

Considerable exploration and small scale mining was undertaken during the 1898-1901 gold rush, mainly around Princiso and Ataasi. The Ataasi mine produced over 13,000ozs of gold between 1906 and 1908.

Extensive underground development was undertaken at the Bokitiso Gold Mine during the 1920's, resulting in the definition of a resource of 93,000t at 9.5g/t Au.

Cluff Resources plc ("Cluff") (now a wholly owned subsidiary of AngloGold Ashanti (Ghana) Ltd) announced an initial Indicated Resource of 2.56 million tonnes grading 2.41g/t (198,000 ounces) for Ayanfuri in the early 1990's. The inability of Cluff to fund construction of a CIL plant at the time led to the project being developed as a heap leach operation processing only oxide ore. On commencement of mining, stated Measured oxide resources were 6.66Mt at 1.71g/t containing 365,400 ounces of gold and Indicated sulphide resources were 4.77Mt at 1.88g/t containing 288,300 ounces of gold.

The first gold was poured in November 1994 at an initial cash operating cost of US\$145 per ounce. Ashanti Goldfields Corporation Limited ("AGC") acquired the mine in 1996 and production peaked at 58,095 ounces in 1997, falling to 36,316 ounces in 2000 as oxide ore reserves were gradually depleted and operating costs increased to US\$232 per ounce. AGC successfully added to reserves by defining a number of new oxide deposits. The mine was closed in early 2001, when prevailing gold prices were below US\$270 per ounce.

A total of 23 pits were mined typically to depths of 20m to 40m below surface, with most of the ore coming from six granitoid deposits. Total heap leach production at Ayanfuri was 8.15Mt @ 1.55g/t Au for 406,000 ounces, from which 306,400 ounces of gold were recovered.

Principal Deposits

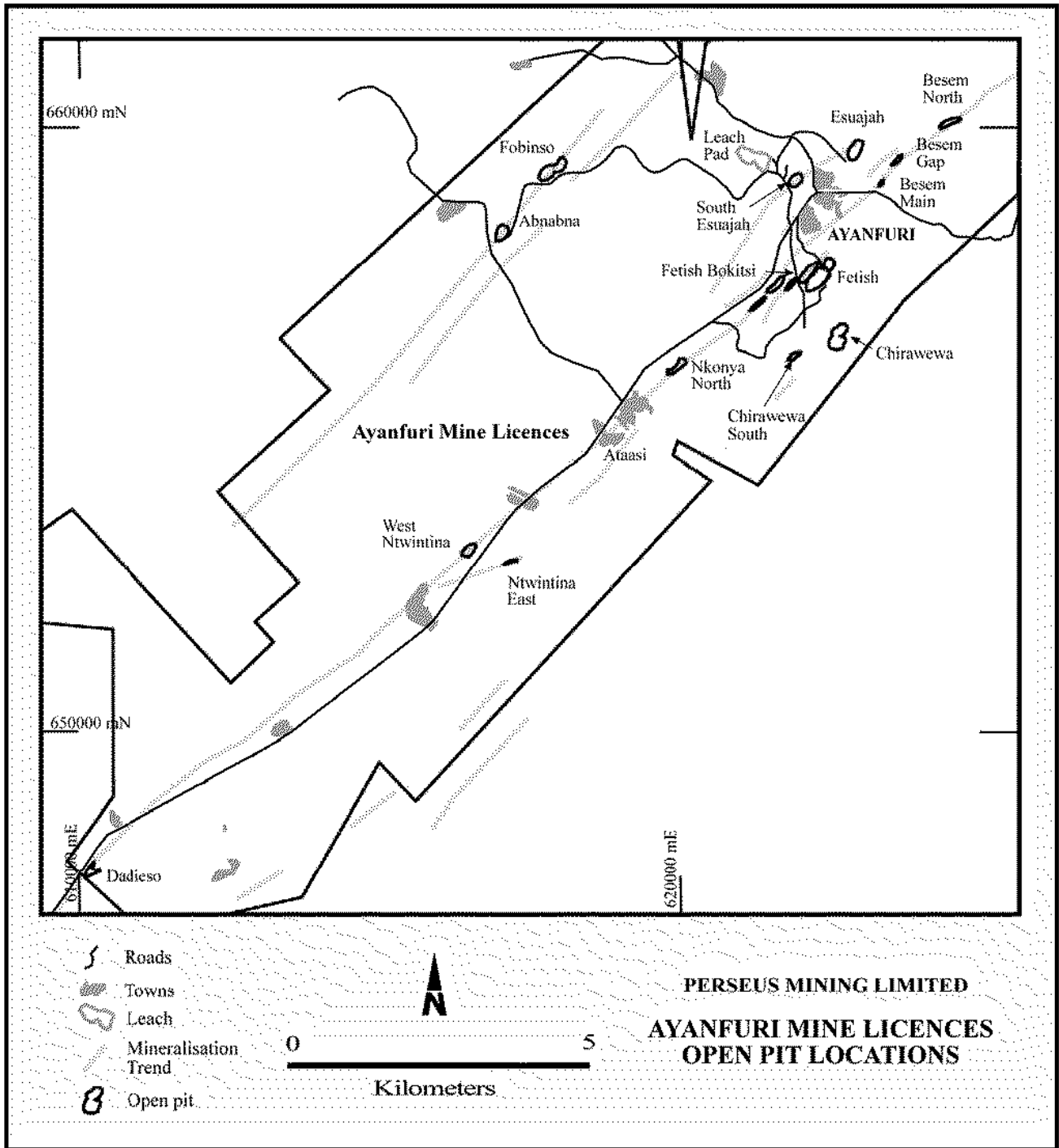
There are six known granitoid and three shear zone deposit groups of note:

Fetish

The Fetish granitoid gold deposit, located east of the high grade Bokitiso shear deposit, was discovered by sampling a cross cut from the old Bokitiso mine. An intercept of 28.34m at 3.69g/t Au was recorded from fresh granite at a depth of 91m.

Cluff drilled a 500m long and 30 to 40m wide footwall zone of a fragmented granitoid intrusive and delineated an oxide material of 2Mt at 1.8g/t Au to about 50m depth and significant sulphide mineralisation. The oxides were mostly mined out in open pits, but the sulphide material was never mined.

The width of mineralisation and the depth potential exhibited by the results from the above mentioned cross cut highlight the sulphide potential of the deposit. Perseus has not yet calculated JORC compliant resources for Fetish.



Chirawewa

Gold mineralisation at Chirawewa, located 1km south of Fetish, is contained within, or is associated with the margins of, a granitoid intrusive. The main Chirawewa deposit extends for 200m and ranges from 20 to 100m in width. The Chirawewa west deposit, located less than 100m further north, is associated with the margins of two additional intrusives.

Oxides extended to a depth of 30 – 55m at Chirawewa and were largely mined out. Cluff estimated oxide material of 1.47Mt @ 1.7g/t Au and substantial sulphide mineralisation was intercepted in drilling, though Perseus has not yet calculated JORC compliant resources for Chirawewa

Esuajah

The Esuajah deposit located 2km north of Fetish, occupied a ridge comprising a 400m long granitoid intrusive which averaged about 100m in width. Cluff delineated and mined oxide resources of 1.9Mt at 1.4g/t Au. Perseus estimates Indicated resources of 2.12Mt at 1.4g/t Au and Inferred resources of 2.3Mt at 1.4g/t Au, but there is potential for substantially larger tonnage of mineralisation in what is a very wide and relatively consistent orebody.

South Esuajah

The South Esuajah granitoid gold deposit, located 1km south west of Esuajah, is a discrete granite intrusive 200m long averaging 40m in width, with a smaller surface expression. Cluff identified an oxide material of 0.8Mt at 2.6g/t Au to about 50m depth and Perseus has estimated remaining Indicated resources of 0.85Mt at 2.15g/t Au and Inferred resources of 1Mt at 1.6g/t Au. South Esuajah is the highest grade of the granitoid deposits at Ayanfuri and there are indications of the deposit widening with depth.

Abnabna

The Abnabna deposit is a 250m long and on average 70m wide granitoid lode located 5km west south west of South Esuajah. Limited oxide material totaling 0.3Mt at 1.7g/t Au was mined from a shallow pit. Remaining Indicated sulphide resources are estimated by Perseus as 1.57Mt at 1.7g/t Au and Inferred resources are estimated as 2Mt at 1.6g/t Au.

Fobinso

The Fobinso granitoid deposit, located 1.3 km north east of Abnabna, extends for 550m strike and averages about 60m in width, though most of the gold is contained within two sub-zones, each 200m long and about 40m wide. About 1Mt at 1.8g/t Au oxide material was mined from two pits. Although sulphide mineralisation was not targeted in drilling, results from the limited number of holes that entered sulphide mineralisation confirm that the Fobinso deposit represents a high priority drill target.

Fetish - Bokitiso

The relatively high grade Bokitiso shear zone deposit was partly mined by AGC and ore was hauled to Obuasi for treatment through a CIL plant. Significant potential remains in a 300m long portion of the Bokitiso shear, where a number of high grade intercepts were recorded below the limit of mining, including 20m at 9g/t Au from 38m and 12m at 6.7g/t from 40m. 600m further south west, another high grade shoot extending for 120m was drilled and only partly mined. Drill intercepts below the pit included 26m at 3.7g/t from 50m to the end of the hole and another drill hole that intercepted 14m at 6.3g/t from 38m, followed by 10m at 3.2g/t from 80m to the end of the hole. Structural modeling of the high grade shoots should assist in understanding the resources potential.

Dadieso

Dadieso was drilled towards the end of the mining operation. Relatively shallow drilling, averaging less than 40m, delineated several zones of mineralisation over an area 1,000m by 300m at the southern limit of the Ayanfuri licence, on an apparent flexure in the main Obuasi – Akropong shear. Shallow mining was undertaken towards the end of the mine life. Intercepts below the pit included 14m at 9.2g/t, 4m at 14.1g/t, 10m at 5.4g/t, 12m at 4.5g/t Au and bottom of hole intercepts of 16m at 4.3g/t and 6m at 12.6g/t Au.

Ataasi

The Ataasi shear zone hosted gold deposit is located proximal to and below the Princiso village. The Ataasi mine produced over 13,000oz of gold between 1906 and 1908 and drilling by AGC delineated gold mineralisation over an open strike of 460m, including numerous narrow high grade intercepts. The deposit was never mined due to the proximity of dwellings, but current gold prices could well make resettlement a viable option.

Existing Indicated and Inferred Mineral Resources – Ayanfuri Mine Licences

Deposit	Indicated			Inferred		
	Tonnes (000s)	g/t Au	Ounces Au	Tonnes (000s)	g/t Au	Ounces Au
Esujah	2,120	1.40	95,200	2,300	1.40	102,000
South Esujah	850	2.15	58,800	1,000	1.60	52,000
Abnabna	1,560	1.70	85,300	2,000	1.60	104,000
Ataasi	340	2.60	28,500	200	2.80	18,000
Totals	4,870	1.71	267,800	5,500	1.56	276,000

Notes

- 1 Report cutoff 0.8g/t Au;
- 2 Based on Cluff and AGC drill data;
- 3 Ordinary kriging adopted for estimation.

Commercial Arrangements

Perseus's subsidiary Kojina Resources Limited ("Kojina") has paid US\$75,000 for an option to purchase all of the issued capital of Stratsys Investments Limited ("Stratsys"), a Ghanaian company which holds the Reconnaissance Licences, and which has entered into an agreement to acquire the Ayanfuri Mine Licences from AngloGold Ashanti (Ghana) Ltd (AGC).

The option is exercisable on or before 4 October 2006, extendable at Kojina's election if Kojina is prevented from drilling on the Ayanfuri Mine Licences or if all relevant approvals for the transfer of the Ayanfuri Mine Licences to Stratsys have not been received. During the option period Kojina will complete its due diligence investigations, including confirmatory and extensional drilling of the existing resources. At completion, Stratsys should have no external liabilities except its commitments under the agreement to purchase the Ayanfuri Mine Licences, as detailed below.

Completion of the contract is conditional on obtaining any government approvals required to transfer the Stratsys shares to Kojina.

The consideration payable to the vendor, Strategic Systems Pty Ltd, to acquire the Stratsys shares is:

- on the exercise of the option or later completion if approvals are required - 2.5 million Perseus shares and 2.5 million unlisted options to acquire Perseus shares, exercisable at 40 cents each on or before 28 February 2009, all subject to voluntary escrow for six months from the date of their issue;
- on announcement of mining reserves on the project of at least 500,000 ounces of gold - a further 2 million Perseus shares and 2 million unlisted options to acquire Perseus shares, exercisable at 60 cents each with a 2 year life; and
- a royalty of 0.25% of gold produced from the Ayanfuri Mine Licences and the Reconnaissance Licences.

Under the contract to purchase the Ayanfuri licences, Stratsys is required to pay AGC:

- US\$125,000 when all government consents validating the transaction are received;
- US\$50,000 on completion of a bankable feasibility study; and
- a royalty on gold production of:
 - 2% if the gold price is below US\$350/oz;
 - 2.5% if the gold price is over US\$350 and below US\$500/oz; and
 - 3% if the gold price exceeds US\$500/oz,

on existing resources on the Ayanfuri Mining Licences, or a royalty at half of those rates on new resources identified by Stratsys on those licences.

Stratsys also assumes all rehabilitation responsibilities for the Ayanfuri Mine Licences, which are estimated by AGC to cost approximately US\$2 million. However, if Perseus were to exercise its option and commence mining operations at some future date, rehabilitation costs and programs would have to be revised and would become an integral part of future mining operations and would thus have to be factored into Perseus's decision to exercise the option.

Conclusion

The Ayanfuri project has the potential to become a producing mine for Perseus within a relatively short period of time, given that there is a mining lease covering all of the existing resources. Subject to completing its due diligence on the Ayanfuri project, Perseus is thus aiming to develop two gold mining operations in close proximity to each other in Ghana, a stable democratic country with a strong mining history. A feasibility study is already in progress at the Grumesa heap leach project, which adjoins the Ayanfuri project.

Perseus is a gold exploration company exploring for large gold deposits within regions that: have numerous "World Class" gold deposits; have significant existing gold production and growing reserve inventories; remain amongst the least explored by modern techniques; and include countries in which the Directors and Perseus staff have substantial experience.






To discuss any aspect of this announcement, please contact Mark Calderwood on calderwoodm@perseusmining.com.au.



Mark Calderwood
Managing Director

The information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Mark Calderwood, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Calderwood is a Director and full-time employee of the Company. Mr Calderwood 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'. Mr Calderwood consents to the inclusion in this report of the matters based on his information in the form and context in which it appears

**PERSEUS MINING LIMITED
AYANFURI
CROSS SECTIONS**

-  Drill hole trace
-  Intercepts metres down hole g/t gold
-  Current pit Limit
-  Granitoid
-  Meta-sediments

