



MEDUSA MINING LIMITED

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ANNOUNCEMENT

27 August 2013

FULL YEAR RESULTS

(ASX & LSE: MML)

Medusa Mining Limited (“Medusa” or the “Company”), presents its financial results for the year ended 30 June 2013, with a Net Profit After Tax of US\$50.2 million.

HIGHLIGHTS OF THE FINANCIAL YEAR:

Financials

- Revenues of US\$100.7 million compared to US\$81.2 million for the previous year, an increase of 28%.

Medusa is an un-hedged gold producer and received an average gold price of US\$1,610 per ounce from the sale of 77,488 ounces of gold for the year (2012: 55,446 ounces at US\$1,658 per ounce);

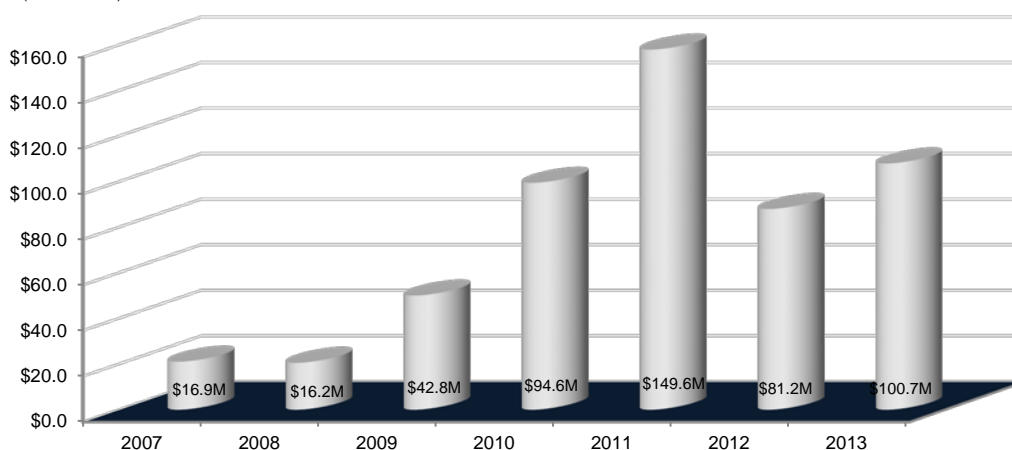
- Earnings before interest, tax, depreciation and amortisation (“EBITDA”) of US\$63.2 million (US\$58.0 million in the previous year), an increase of approximately 9% and includes exploration write off of approximately US\$6.8 million relating to the relinquishment of the Anoling gold project;
- Basic earnings per share (“EPS”) of US\$0.267 on a weighted average basis, based on NPAT of US\$50.2 million (2012: EPS of US\$0.261 based on NPAT of US\$49.2 million), an increase of 2%;
- The Company had total cash and cash equivalent in gold on metal account of US\$7.45 million at year end (2012: US\$51.8 million);
- No dividends were declared nor paid during the year (2012: A\$0.07 per share)

Description	Unit	30 June 2013	30 June 2012	Variance	(%)
Revenues	US\$	US\$100.7	US\$81.2M	US\$19.5M	24%
EBITDA	US\$	US\$63.2M	US\$58.0M	US\$5.2M	9%
NPAT	US\$	US\$50.2M	US\$49.2M	US\$1.0M	2%
EPS (basic)	US\$	US\$0.266	US\$0.261	US\$0.005	2%
Dividend paid	A\$	Nil	A\$0.07	(A\$0.07)	N/A

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Revenues

(US\$ millions)



Operations

Description	Unit	30 June 2013	30 June 2012
Tonnes mined	WMT	364,257	274,185
Ore milled	DMT	309,648	253,138
Head grade	gpt	7.02	8.10
Recovery	%	90%	92%
Gold produced	ounces	62,243	60,595
Cash costs ⁽¹⁾	US\$/oz	\$313	\$261

(1) Net of development costs and includes royalties and local business taxes but no by-product credits

- The Company produced 62,243 ounces of gold for the year, compared to the previous year's gold production of 60,595 ounces, at an average recovered grade of 7.02 g/t gold (2012: 8.10 g/t gold);
- The average cash cost for the year of US\$313 per ounce, was higher than the previous year's average cash costs of US\$261 per ounce due primarily to the treatment of lower grade development ore, higher power costs and operating inefficiencies associated with increasing on-going maintenance associated with the old mill.

Production Guidance for September and December 2013 Quarters

The production guidance for the September and December 2013 quarters is approximately 17,000 ounces and 35,000 ounces respectively. Full year guidance for 2014 will be available once the new Co-O mill is fully commissioned and further development has been completed on Level 8.

New Co-O Mill and Mine Expansion

In November 2010, the Board approved a major expansion of the Co-O Mine and the construction of a new Mill with capacity to produce 200,000 ounces of gold per year based on processing up to 750,000 tonnes per year. The approved Capital Expenditure was estimated at approximately US\$70M for the new mill and mine expansion.

The Environmental Clearance Certificate for 2,500 tonnes per day for the new mill has been granted.

The current status of activities is:

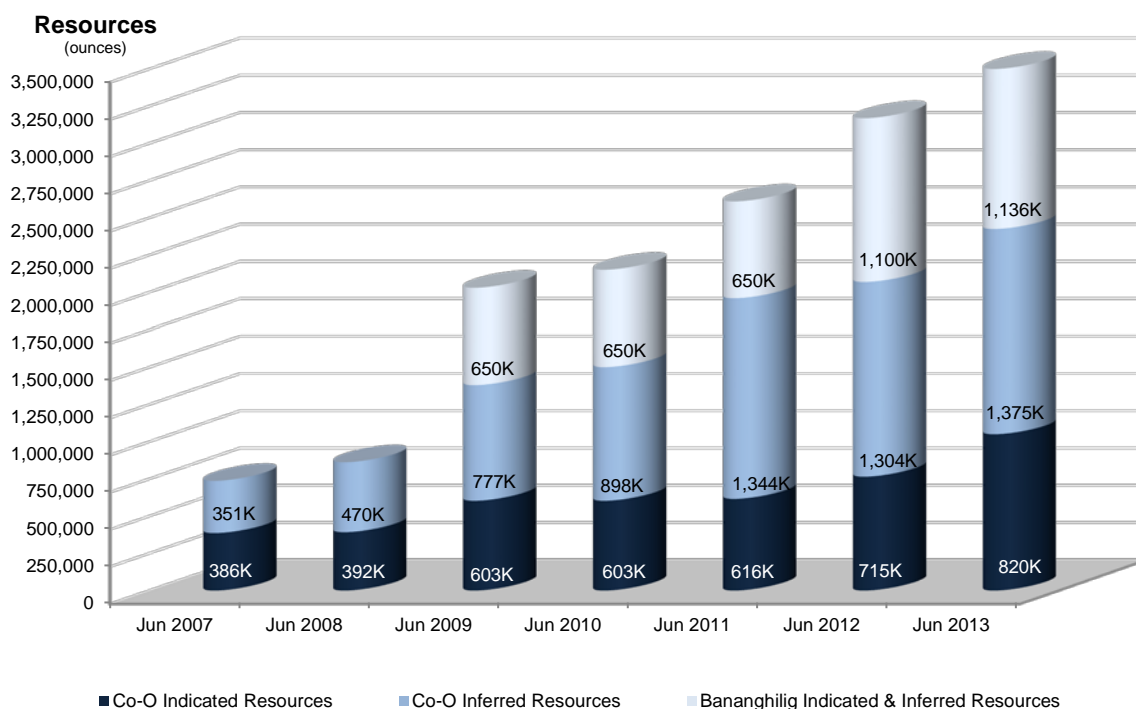
- L8 Shaft (formerly Saga Shaft) operational;
- Commissioning of New Mill nearing completion; and
- New electrical supply systems to the mine and mill operational.

Reserves and Resources

Co-O Reserves	Jun 2013	Jun 2012	Variance
Probable reserves *	570,000	568,000	2,000
Co-O Resources	Jun 2013	Jun 2012	Variance
Indicated resources	820,000	715,000	105,000
Inferred resources	1,375,000	1,304,000	71,000
Bananghilig Resources	Jun 2013	Jun 2012	Variance
Indicated & Inferred resources	1,136,000	1,100,000	36,000
Saugon Resources	Jun 2013	Jun 2012	Variance
Indicated & Inferred resources	15,700	0	15,700

- Gold reserves at Co-O increased marginally to 570,000 ounces (after depletion);
- Co-O's gold resources comprised of 820,000 indicated and 1,375,000 inferred resource ounces, representing increases of 105,000 and 71,000 ounces within the indicated and inferred mining categories respectively and excludes mining depletion for the year;
- Bananghilig's total resources increased by 36,000 ounces to 1,136,000 ounces;
- The initial indicated and inferred resources for Saugon are 15,700 ounces.

(*) "as per JORC 2004"



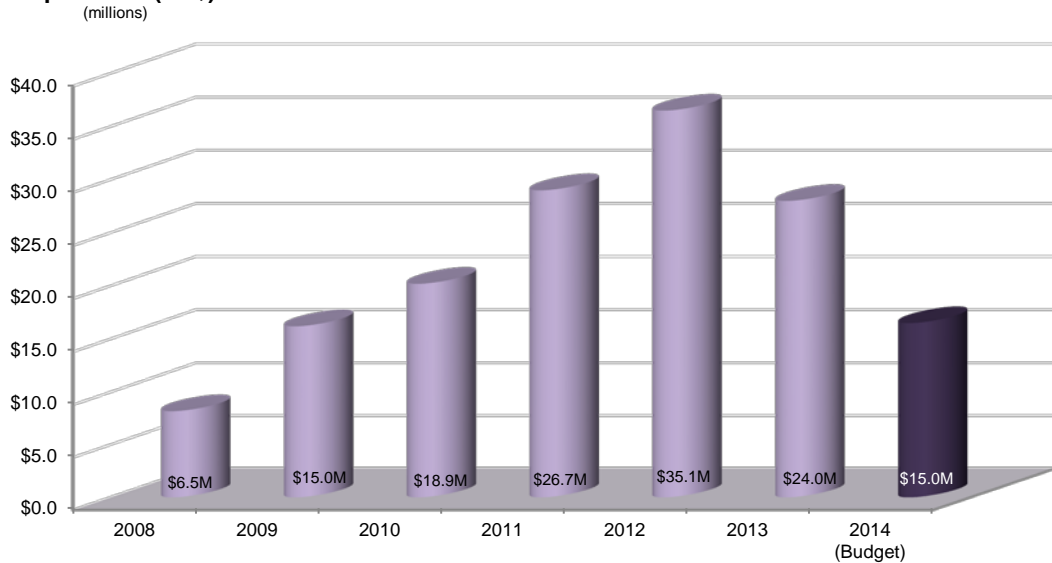
Exploration

- Contiguous tenement package maintained at >800km²;
- The Company wrote off US\$6.8 million in exploration expenditures primarily due to the relinquishment of the Anoling gold project;
- Budgeted exploration for fiscal year 2014 of US\$15.0 million (2013 actual: US\$24.0 million);
- Exploration highlights at **Co-O** include:
 - the global resources pass 2.1 million ounces and are still open at depth, to the east, north and to the west;
 - underground drilling continues to extend mineralisation; and
 - the Conceptual Exploration Target ** for the Co-O Mine of between 3 and 7 million ounces of gold continues to be validated with global resources and mined ounces now totalling in excess of 2.7 million ounces;

** The potential target size and grade of the Co-O Mine is conceptual in nature and there has been insufficient exploration to define a mineral resource. It is also uncertain if further exploration will result in the target being defined as a mineral resource.

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Exploration (US\$)



- At the **Bananghilig** disseminated gold deposit, drilling has converted 766,000 ounces to the Indicated category and 370,000 ounces are in the Inferred category. During the year, the Company announced the discovery of a new zone of gold mineralisation, B2, proximal to the current Bananghilig gold deposit. There is potential for defining a new resource at B2 from continued drilling;
- At **Saugon**, Cube Consulting Pty Ltd completed a resource for the Saugon deposit. A cut-off of 2 g/t was used resulting in an Indicated Resource of 47,000 tonnes at 6.99 g/t gold containing 10,700 ounces and an Inferred Resource of 34,000 tonnes at 4.55 g/t gold containing 5,000 ounces; and
- Induced Polarisation, Resistivity and Ground Magnetics geophysical programme have been completed over **Saugon** and **Lingig** and in progress for the **Co-O** area.

Corporate

Dividend:

No dividends were declared nor paid during the year.

Funding:

With the current subdued gold price and the delay to the commissioning of the new Co-O Mill caused by the situation with Arccon, Medusa has been reviewing the efficiency of its operations and also its costs. As a result of this review, the Company has deemed it prudent to arrange funding facilities with two Philippine banks.

The overdraft facilities available to the Group total Php600 million (approximately US\$14 million) and as reported in the announcement on Quarterly Activities dated 31 July 2013, the Company has drawn down Php120 million (approximately US\$3 million).

For further information please contact:

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JORC COMPLIANCE - CONSENT OF COMPETENT PERSONS

Medusa Mining Limited

Information in this report relating to **Exploration Results** has been reviewed and is based on information compiled by Messrs Geoff Davis and Gary Powell who are members of The Australian Institute of Geoscientists. Mr Davis is the Non-Executive Chairman of Medusa Mining Limited and Mr Powell is a Non-Executive Director and both have sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are 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". Messrs Davis and Powell consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Cube Consulting Pty Ltd

Information in this report relating to **Mineral Resources** has been estimated and compiled by Mark Zammit of Cube Consulting Pty Ltd of Perth, Western Australia. Mr Zammit is a member of The Australasian Institute of Mining & Metallurgy and has sufficient experience that 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 Zammit consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Carras Mining Pty Ltd

Information in this report relating to **Ore Reserves** is based on information compiled by Dr Spero Carras of Carras Mining Pty Ltd. Dr Carras is a Fellow of the Australasian Institute of Mining & Metallurgy and has 30 years of 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". Dr Carras consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DISCLAIMER

This report contains certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Medusa, and its officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements.

Actual results, performance or outcomes may differ materially from any projections and forward-looking statements and the assumptions on which those assumptions are based.

You should not place undue reliance on forward-looking statements and neither Medusa nor any of its directors, employees, servants or agents assume any obligation to update such information.

The complete 2013 Annual Report is available for viewing on our website www.medusamining.com.au

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