MEDUSA

MEDUSA MINING LIMITED

ABN 60 099 377 849

and Controlled Entities

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2020

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This report should be read in conjunction with Medusa's Annual Report for the year ended 30 June 2020 and any announcements made by the Company during the interim reporting period, as it does not include all the notes of the type normally included in an annual financial report.

Appendix 4D

Half Year Report
For the 6 months ended 31 December 2020

Name of entity

MEDUSA MINING LIMITED

ABN or equivalent company reference	Half yearly (tick)	Preliminary final (tick)	Half year/ financial ended ("current period")
60 099 377 849	√		**31 December 2020**

Results for announcement to the market

Revenues and profits:				US$'000
Revenues from ordinary activities	up	51%	to	113,653
Profit from ordinary activities after tax attributable to members	up	65%	to	40,108
Net profit for the period attributable to members	up	65%	to	40,108

Dividends:

Interim dividend	Amount per security	Franked amount per security
- Current period	Nil	Nil
- Previous period (half year ended 31 Dec 2019)	Nil	Nil

On 24 February 2021, after the 31 December half year financial statements were authorised for release, the Board of Directors declared an unfranked interim dividend of AUD$0.05 for each fully paid ordinary share.

The Record Date for determining entitlement to the dividend is 18 March 2021;

The Ex-dividend Date will be 17 March 2021;

Payment Date for dividends will be 31 March 2021;

There is no Foreign Conduit Income attributed to the dividend and the Company does not have any Dividend Reinvestment Plan in operation.

Net tangible assets per share:

The net tangible assets per share as at 31 December 2020 was US$0.810 (31 December 2019: US$0.613)

Change in control of entities:

There has been no change in control, either gained or loss during the current period.

Associates and Joint Venture entities:

The Consolidated Entity did not have a holding in any associates or joint venture entities during the period.

CHAIRMAN'S REPORT

Dear Shareholder,

In what has been a challenging period for businesses globally, it is pleasing to be able to provide shareholders with an update on the Company's progress over the half year period to 31 December 2020 ("Half Year"). During this period we made positive achievements in production, cost reduction and cash generation.

Underground mining at our Co-O operations largely continued as planned during the Half Year and saw a 13% increase in gold production to 54,438 ounces at an All-In-Sustaining-Cost of US$1,057 per ounce (2019 Half Year: 48,307 ounces at US$1,147 per ounce). This strong performance was underpinned by a head grade of 7.34 g/t gold, some 30% higher than the corresponding previous period.

Cash increased during the Half Year by US$40.0 million or 103% to US$78.9 million at an EBITDA margin of US$1,264 per ounce produced.

The Company maintains its FY2021 production guidance of 90,000 to 95,000 ounces at an AISC of between US$1,200 to US$1,250 per ounce.

As was communicated this time last year, a comprehensive study was undertaken to find an infrastructure solution to underpin long-term future production at Co-O. The study found that construction of a decline would be the best option, and while Board approval was granted, COVID-19 related travel and work restrictions inhibited international contractors from commencing construction. The Company is currently in discussions with experienced professional Filipino consultants/contractors to complete the necessary work. Minor infrastructure projects continued to progress, with development of internal winzes and shaft structure refurbishment progressing well, along with ongoing improvements to the underground mine dewatering system and primary ventilation.

The easing of local COVID-19 restrictions during the Half Year allowed the Company to continue its strategy to expand and replace Mineral Resources and Ore Reserves. Regional exploration was undertaken over the period with Phase 4 of the Royal Crowne Vein drilling program continuing. A series of significant high-grade results were returned and this drilling will continue into the second half of FY2021 with the aim of expanding the current resource.

Underground in-mine drilling continued to test extensions to the mineralised vein system orebody between Levels 10 and 16 which continues to build confidence in the lower levels of the mine. The establishment of new drilling positions on Level 12 in the second half to facilitate testing further down-dip positions.

The Company continues to maintain high levels of community engagement and environmental performance by meeting, and in some cases exceeding, all requirements of the Philippine Department of Environment and Natural Resources, with participation in numerous health, education and environmental programs with local communities and the regional government.

Enhancement of safety outcomes remains the highest priority for the business after recording two fatalities during the period.

In February 2021, subsequent to the end of the period, highly regarded mining executive and Australian businessman Jeffery McGlinn joined the Board as a Non-Executive Director. Jeffery has built several successful businesses and has been involved in a number of mining related businesses in the Asia-Pacific mining industry, giving him a very relevant skillset to add to the Medusa Board. We look forward to him having an important role in the future leadership of the business.

While we are not yet through the challenging conditions brought about by the pandemic, the dedication and resilience shown by our employees and management teams in both the Philippines and Perth over the period is something to be proud of. I would like to thank all our people for their contribution, as well as shareholders for their ongoing support.

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2020 and the review report thereon:

DIRECTORS

The Directors of the Company at any time during or since the end of the half-year are:

Name	Period of Directorship
Non-Executives:	
Mr Andrew Teo (Non-Executive Chairman/ Interim CEO)	since 15 Feb 2010
Mr Roy Daniel	since 25 Nov 2015
Mr Simon Mottram	since 11 Jun 2020
Mr Jeffery McGlinn	appointed 16 Feb 2021
Executives:	
Mr Raul Villanueva (retired)	24 Jan 2013 to 29 Oct 2020

FINANCIALS

Description	Unit	Dec 2020	Dec 2019	Variance	%
Revenues	US$	$113.7M	$75.5M	$38.2M	51%
EBITDA	US$	$69.0M	$34.8M	$34.2M	98%
NPAT	US$	$40.1M	24.4M	$15.7M	64%
EPS (basic)	US$	$0.193	$0.117	$0.076	65%

Revenues of US$113.7 million, an increase of 51% from US$75.5 million in the previous corresponding period ("pcp"). This increase in revenues of US$38.2 million is primarily attributable to both improved grades and a higher gold price received on the sale of gold.

Medusa is an un-hedged gold producer and received an average gold price of US$1,896 per ounce from the sale of 55,471 ounces of gold for the half-year to December 2020 (pcp: 47,449 ounces at US$1,484 per ounce).

Earnings before interest, tax, depreciation and amortisation ("EBITDA") of US$69.0 million, up 98% from EBITDA of US$34.8 million in the pcp.

NPAT of US$40.1 million, up 64% on NPAT of US$24.4 million from pcp.

Basic earnings per share ("EPS") up 65% to US$0.193 from pcp EPS of US$0.117.

The Company had total cash and cash equivalent of US$78.9 million at 31 December 2020 (pcp: US$24.6 million).

During the half year:

- Depreciation of fixed assets and amortisation of capitalised mine development and mine exploration was US$19.4 million (pcp: US$9.8 million).
- US$4.4 million was expended on capital works and associated capital at mine and mill for the period (pcp: US$3.2 million).
- Exploration expenditure, including underground diamond drilling was US$2.7 million (pcp: US$3.7 million). Capitalised mine development costs totalled US$11.4 million (pcp: US$12.5 million). Corporate overheads of US$3.1 million (pcp: US$3.6 million).

DIRECTORS REPORT

CORPORATE

Appointment of Non-Executive Director

On 16 February 2021 Mr Jeffery McGlinn was appointed as a Non-Executive Director to the Board of Directors.

Conversion of Performance Rights

On 17 January 2021, following completion of vesting period requirements, 79,000 performance rights were converted to fully paid ordinary shares.

Co-O OPERATIONS

FY2021 Production Guidance

As advised in the December 2020 Quarterly Report the Company maintains its FY2021 production guidance of between 90,000 to 95,000 ounces at an All-In-Sustaining-Costs ("AISC') of between US$1,200 to US$1,250 per ounce.

Co-O OPERATIONS

Description	Unit	Dec 2020	Dec 2019	Variance	(%)
Ore mined	WMT	270,928	310,135	(39,207)	(13)
Ore milled	DMT	243,382	279,148	(35,766)	(13)
Head grade	g/t	7.34	5.65	1.69	30
Recovery	%	96.0	95.1	0.90	1
Gold produced	ounces	54,438	48,307	6,131	13
Gold sold	ounces	55,471	47,449	8,022	17
Cash costs*	US$/oz	$653	$694	(41)	(6)
All-In-Sustaining-Costs	US$/oz	$1,057	$1,147	(90)	(8)
Average gold price received	US$/oz	$1,896	$1,484	412	28

** Net of capitalised development costs and includes royalties and local business taxes.*

Co-O MINE

Underground mining at Co-O performed as planned during the half year, producing 270,928 wet tonnes ("WMT") of ore at a mine head grade of 7.34 g/t gold. COVID-19 related restrictions had an impact on productivity, with the ore mined during the first half, being 8% under budget and 13% lower than the previous corresponding period. This was offset by head grades averaging 7.34 g/t gold, which was 27% above forecast and 30% higher than H1 FY2019.

The Co-O process plant performance was within the plan for the half year, treating 243,382 dry tonnes. Throughput was 7% lower than target but offset by the higher mined grades and consistent mill recovery, resulting in gold production of 54,438 ounces, a 13% increase in gold produced compared to the previous corresponding period.

Mine development achieved 14,993 metres of horizontal and vertical drives in line with plan. The Company is currently developing the resource below level 8.

During the half year diamond drilling continued from level 8 and a new drill cuddy is being developed at level 12 to explore and develop the lower levels. Despite the pandemic restriction disruptions, 18,705 metres of drilling was achieved for the half year (20,290 metres, H1 2019), including 9,080 metres (12,103 metres, H1 2019) of resource definition drilling and 9,625 metres (8,187 metres, H1 2019) of reserve definition drilling.

Projects

The Co-O mine infrastructure projects saw significant progress in the H1 period. The key pillars of development are development of internal winzes for hoisting, refurbishment of L8 Shaft structures, as well as continued improvements to the dewatering system and primary ventilation.

- The 35E winze allows access to levels 11 and 12. At level 12, horizontal development reached the drilling chamber position. Chamber preparation is undergoing readiness for drilling in early 2021;
- Work has continued on the systematic refurbishment of the L8 shaft to improve its longevity as a key infrastructure at Co-O;
- Excavation of the level 5 pump chamber has been completed. Concreting activity for electrical chamber of new cavity pump station, construction and concrete pouring of catchment sump were also completed;
- Development continued on the new primary ventilation system in the eastern section of mine at levels 5 and 9 to cater for future production from deeper levels; and
- Due to the COVID-19 pandemic travel and work restrictions, international contractors have been unable to commence work on the 'Tiger Way' decline access. To avoid further delays, the Company is currently negotiating with professional consultants based in the Philippines to complete the project.

REVIEW OF OPERATIONS

EXPLORATION

The Royal Crowne Vein Prospect

Phase 4 follow up resource definition and extension drilling program commenced during the half year. Due to the COVID-19 pandemic, logistical delays meant only twelve holes totalling 3,643 metres were completed (H1:2019 - 4,746 metres).

Geological interpretation and modelling are underway prior to resource estimation, which is expected to be finalised by the March 2021 quarter.

REGIONAL EXPLORATION (NEW PROJECT GENERATION)

The Company remains active in the assessment of prospective gold areas in the Philippines and wider Asia Pacific region. The compilation, screening and selection of potential projects remain an ongoing activity. The objective remains on leveraging the Co-O infrastructure and expanding the Company's mineral portfolio.

TENEMENT OVERVIEW

On 27 October 2020, the Company relinquished Tenement EPA 00066-XIII (see MML December 2020 Quarterly Report released to the market on 20 January 2021).

The Company's current tenement holdings comprises four granted tenements and twelve tenement applications for a combined area of 405km^2. Of the granted tenements, three are in the exploration stage and one, covering the Co-O Gold Mine, is in the operation stage.

All approved tenements are current with the exception of EP00017-XIII (EP-17), whose renewal application remains under review by the MGB.

COVID-19 RESPONSE

The Company continues to proactively monitor potential impacts of the COVID-19 pandemic on its operations. Management's Anti-COVID-19 Response Plan implemented since February 2020 is focused on ensuring the health and safety of personnel and limiting the disruption risks to both mining and processing operations.

This plan has been progressively developed in line with the guidance of Philippine regional and provincial health authorities and Inter-Agency Task Force against the COVID-19.

Currently, there has been no material impact from COVID-19 on the Company's operational performance.

REVIEW OF OPERATIONS

AUDITOR'S INDEPENDENT DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 10 for the half-year ended 31 December 2020.

ROUNDING OF AMOUNTS

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191 and accordingly, amounts in the Financial Report and Directors' Report have been rounded to the nearest $1,000 or in certain cases, to the nearest dollar to reflect where rounding in '000 is not permitted.

This report is signed in accordance with a resolution of the Board of Directors.

Andrew Teo
Chairman
Dated this 24th day of February 2021

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF MEDUSA MINING LIMITED

As lead auditor for the review of Medusa Mining Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 24 February 2021

CONTENTS OF FINANCIAL STATEMENTS

This report should be read in conjunction with Medusa's Annual Report for the year ended 30 June 2020 and any announcements made by the Company during the interim reporting period, as it does not include all the notes of the type normally included in an annual financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 31 December 2020

	31 Dec 2020	31 Dec 2019
	US$ 000	US$ 000
Revenue	113,653	75,454
Cost of sales	(58,848)	(44,459)
Gross Profit	54,805	30,995
Other income	94	111
Exploration & Evaluation expenses	(767)	(1,065)
Administration expenses	(4,048)	(5,408)
Other expenses	(863)	(487)
Profit before income tax expense	49,221	24,146
Income tax (expense)/benefit	(9,113)	240
Profit for the period after income tax expense	40,108	24,386
Other comprehensive profit/(loss):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations (net of tax)	715	(958)
Total comprehensive income	40,823	23,428
Overall operations:		
Basic profit per share	0.193	0.117
Diluted profit per share	0.191	0.114

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	31 Dec 2020 US$ 000	30 Jun 2020 US$ 000 Restated (*)
CURRENT ASSETS			
Cash & cash equivalents		78,919	38,852
Trade & other receivables		11,732	9,682
Inventories		12,991	15,479
Other current assets		261	732
Total Current Assets		103,903	64,745
NON-CURRENT ASSETS			
Trade & other receivables		19,525	19,307
Property, plant & equipment	4	13,414	15,070
Intangible assets		426	446
Mine Rehabilitation		1,232	1,425
Development expenditure	5	59,128	58,797
Deferred tax assets		23,359	23,080
Right-of-use assets		1,658	1,899
Total Non-Current Assets		118,742	120,024
TOTAL ASSETS		222,645	184,769
CURRENT LIABILITIES			
Trade & other payables		18,577	16,011
Borrowings		2,234	5,457
Provisions		212	466
Lease Liabilities		573	532
Total Current Liabilities		21,596	22,466
NON-CURRENT LIABILITIES			
Borrowings		309	296
Deferred tax liability		252	257
Provisions		5,551	7,590
Lease liabilities		1,163	1,432
Total Non-Current Liabilities		7,275	9,575
TOTAL LIABILITIES		28,871	32,041
NET ASSETS		193,774	152,728
EQUITY			
Issued capital	7	102,902	102,902
Reserves		7,052	6,157
Retained profits		83,820	43,669
TOTAL SHAREHOLDERS' EQUITY		193,774	152,728

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

(*) Restated - refer Note 1(c) for further details.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2020

	Share Capital Ordinary	Retained Profits/ Accumulated Losses	Share Option Reserves	Other Reserves	Foreign Currency Translation Reserve	Total
	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000
Balance at 1 Jul 2019	102,902	14,061	202	310	6,267	123,742
Net profit after tax	-	24,386	-	-	-	24,386
Other comprehensive income / (loss)	-	-	-	-	(958)	(958)
Total comprehensive profit/(loss) for the year	-	24,386	-	-	(958)	23,428
Transactions with owners, in their capacity as owners and other transfers						
Share options expensed	-	-	40	-	-	40
Transfer from share option reserve	-	-	-	-	-	-
Balance at 31 Dec 2019	102,902	38,447	242	310	5,309	147,210
Balance at 1 Jul 2020 (Restated *)	102,902	43,669	444	(959)	6,672	152,728
Net profit after tax	-	40,108	-	-	-	40,108
Other comprehensive income / (loss)	-	-	-	-	715	715
Total comprehensive profit for the period	-	40,108	-	-	715	40,823
Share options expensed	-	-	223	-	-	223
Transfer from share option reserve	-	43	(43)	-	-	-
Balance at 31 Dec 2020	102,902	83,820	624	(959)	7,387	193,774

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

(*) Restated - refer Note 1(c) for further details.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2020

	31 Dec 2020 US$ 000	31 Dec 2019 US$ 000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	113,653	75,454
Payments to suppliers and employees	(45,099)	(45,834)
Payments for exploration expenditure and tenements	(767)	(1,065)
Interest received	21	69
Other income	73	-
Income tax paid	(7,929)	(2,949)
Net cash provided by operating activities	59,952	25,675
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Property, Plant and Equipment	(2,128)	(3,435)
Payments for development activities	(14,123)	(15,097)
Net cash used in investing activities	(16,251)	(18,532)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment for lease liabilities	(286)	(259)
(Payment of) / Receipt from bank loan	(3,210)	(505)
Net cash / (used in) provided by financing activities	(3,496)	(764)
Net increase / (decrease) in cash held	40,205	6,379
Cash at beginning of period	38,852	18,109
Exchange rate adjustments	(138)	108
Cash at end of period	78,919	24,596

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1: Basis of preparation

The consolidated interim financial report of the Company for the six months ended 31 December 2020 comprises the Company and its subsidiaries (together referred to as the "Group").

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. The Group's functional currencies are Australian dollars, US Dollars & Philippine Pesos. The presentation currency for the Group is US dollars.

Medusa Mining Limited is the Group's ultimate parent company. It is a limited liability company incorporated and domiciled in Australia. The address of its registered office is Suite A, Level 1, 1 Preston Street, Como 6152, Western Australia.

The consolidated annual financial report of the consolidated group for the year ended 30 June 2020 is available on the Company's website.

(a) Statement of compliance

This general purpose interim financial report has been prepared in accordance with requirements of the Corporations Act 2001 and Accounting Standard AASB 134 Interim Financial Reporting.

The interim report does not include all of the information required in annual financial statements in accordance with Australian Accounting Standards. This report is to be read in conjunction with the consolidated annual financial report of the Group for the year ended 30 June 2020 and any public announcements made by the Group during the interim reporting period in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001

The consolidated interim financial report was approved by the Board of Directors on 24th of February 2021.

(b) Significant accounting policies

The consolidated interim financial report has been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2020.

The accounting policies have otherwise been applied consistently throughout the Group for the purposes of preparation of this interim financial report.

Adoption of new and amended accounting standards

A number of new and amended accounting standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of the application of these standards.

Impact of standards issued but not yet applied to the Group

There are no standards that are effective for the periods beginning on or after 1 July 2021 that are expected to have a material impact on the Group in the current or future reporting periods.

Any new or amended Accounting Standards or interpretations that are not yet mandatory have not been early adopted.

Note 1: Basis of preparation

(C) Prior Period Error

The financial report for the year ended 30 June 2020 had reported an understatement of the amortisation expense by approximately $5.693 million, resultant from an estimation error. This prior period error has been corrected by the retrospective restatement of the following items reported in the 30 June 2020 financial report (not material for the Half Year ended 31 December 2019):

Consolidated Statement of financial position	30 June 2020		
	Previous amount US$000	Increase/ (Decrease) US$000	Restated amount US$000
Development Expenditure	64,490	(5,693)	58,797
Total Assets	190,462	(5,693)	184,769
Net Assets	158,421	(5,693)	152,728
Retained Earnings	49,362	(5,693)	43,669
Total Equity	**158,421**	**(5,693)**	**152,728**

Consolidated Statement of profit or loss and other comprehensive income	30 June 2020		
	Previous amount US$000	Increase/ (Decrease) US$000	Restated amount US$000
Cost of Sales	85,585	5,693	91,278
Gross Profit	62,244	(5,693)	56,551
Profit before Income Tax expense	38,741	(5,693)	33,048
Income Tax expense	3,356	-	3,356
Profit for the year after Income Tax expense	**35,385**	**(5,693)**	**29,692**
Basic Profit/(Loss) per share	0.170	(0.027)	0.143
Diluted Profit/(Loss) per share	0.169	(0.027)	0.142

	31 Dec 2020 US$ 000	31 Dec 2019 US$ 000
Note 2: Profit/Loss for the period		
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Revenue items:		
Operating Activities		
Gold and Silver Sales	113,653	75,454
Non-Operating Activities		
Interest Income	21	73
Other Income	73	38
Expense items:		
Depreciation	5,880	2,778
Development Amortisation	13,111	6,709
Other Amortisation	434	639
Employee benefits expenses	9,787	7,854
Recognition of share-based payments	223	40
Note 3: Dividends		
No dividend was declared during or since the end of the Half Year.	-	-
(2019: No dividend was declared).		

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2020

	31 Dec 2020 US$ 000	30 Jun 2020 US$ 000
Note 4: Property, Plant & Equipment		
Plant & equipment:		
At cost	201,514	200,318
less - provision for impairment	(132,064)	(132,064)
less - accumulated depreciation	(63,925)	(58,068)
Total plant & equipment at net book value	5,525	10,186
Capital works in progress:		
At cost	7,844	4,815
Total capital works in progress at net book value	7,844	4,815
Furniture & fittings:		
At cost	1,188	1,189
less - provision for impairment	(254)	(254)
less - accumulated depreciation	(889)	(866)
Total furniture & fittings at net book value	45	69
Total carrying amount at end of year	13,414	15,070
<u>Reconciliations:</u>		
Plant & equipment:		
Carrying amount at beginning of year	10,186	12,849
plus - additions	1,286	4,371
plus - transfer from capital works in progress	71	-
plus/less - forex differences on translation	(161)	94
less - disposal	-	(1)
less - depreciation	(5,857)	(7,127)
Carrying amount at end of year	5,525	10,186
Capital works in progress:		
Carrying amount at beginning of year	4,815	2,812
plus - additions	3,099	2,003
less - transfer to plant and equipment	(70)	-
Carrying amount at end of year	7,844	4,815
Furniture & fittings:		
Carrying amount at beginning of year	69	82
plus - additions	13	46
less – disposal of assets	(14)	-
less - depreciation	(23)	(59)
Carrying amount at end of year	45	69
Total carrying amount at end of year	13,414	15,070

	31 Dec 2020	30 Jun 2020
	US$ 000	US$ 000
		Restated (*)
Note: 5 Development expenditure:		
Co-O Development expenditure:		
At cost	451,955	439,143
less - provisions for impairment	(246,260)	(246,260)
less - accumulated amortisation	(148,599)	(135,575)
Net Co-O Development expenditure	57,096	57,308
Royal Crowne Vein Development expenditure:		
At cost	2,032	1,489
Net Royal Crowne Vein Development expenditure	2,032	1,489
Total carrying amount at end of year	59,128	58,797
Reconciliations:		
Co-O Development expenditure:		
Carrying amount at beginning of year	57,307	49,387
plus - costs incurred	12,813	27,040
less - amortisation expense	(13,024)	(19,119)
Carrying amount at end of year	57,096	57,308
Royal Crowne Vein Development expenditure:		
Carrying amount at beginning of year	1,489	806
plus - costs incurred	543	683
Carrying amount at end of year	2,032	1,489
Total carrying amount at end of year	59,128	58,797

(*) Restated - refer Note 1(c) for further details.

Note 6: Segment Information

The Consolidated Group has identified its reportable operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer (the chief operating decision maker) and his management team in assessing performance and in determining the allocation of resources.

The Group segments are structured as Mining, Exploration and Other (parent entity activities). Currently the only operational mine is the Co-O mine.

	Mining	Exploration	Other	Total
	US$ 000	US$ 000	US$ 000	US$ 000
Segment Revenue and Result				
6 months to December 2020:				
Segment revenue	113,653	-	94	113,747
Segment result	42,578	(767)	(1,703)	40,108
6 months to December 2019:				
Segment revenue	75,454	-	111	75,565
Segment result	27,175	(1,065)	(1,724)	24,386
Segment Assets and Liabilities				
31 December 2020:				
Segment assets	181,959	77	17,250	199,286
Reconciliation of segment assets to group assets				
add -				
Deferred tax assets	23,359	-	-	23,359
Total group assets				222,645
Segment liabilities				
Reconciliation of segment liabilities to group liabilities	28,013	3	603	28,619
add -				
Deferred tax liabilities	252	-	-	252
Total group liabilities				28,871
30 June 2020: Restated (*)				
Segment assets	148,749	51	12,889	161,689
Reconciliation of segment assets to group assets				
add -				
Deferred tax assets	23,080	-	-	23,080
Total group assets				184,769
Segment liabilities	30,765	36	983	31,784
Reconciliation of segment liabilities to group liabilities				
add -				
Deferred tax liabilities	257	-	-	257
Total group liabilities				32,041

(*) Restated - refer Note 1(c) for further details.

Note 7: Issued Capital

	31 Dec 2020 (shares)	30 Jun 2020 (shares)	31 Dec 2020 US$ 000	30 Jun 2020 US$ 000
Ordinary shares on issue	207,794,301	207,794,301	102,902	102,902
Movement in ordinary shares during the half-year:				
- Balance at beginning of the period	207,794,301	207,794,301	102,902	102,902
- Ordinary shares issued	-	-	-	-
	207,794,301	207,794,301	102,902	102,902

The A$ issue price per share has been converted using the exchange rate applicable on the date the funds were received.

Note 8: Share Based Payments

During the period, 83,000 performance rights were issued to Executives (31 December 2019: nil), pursuant to their Short-Term Incentive plan results for the financial year ended 30 June 2020. Under the terms of the issue, these executives will be required to remain in employment of the Company for a twelve-month vesting period.

The fair value of the Performance Rights of 72 cents each has been recognised at grant date and based on the share price of the Company.

In this period, 560,000 options and 1,348,000 performance rights were cancelled (31 December 2019: nil).

Included under administration expense in the Statement of Profit or Loss and other Comprehensive Income is US$222,832 (31 December 2019: US$39,952) relating to equity-settled share-based payment transactions with employees.

Note 9: Contingent Liabilities

There have been no material changes in contingent liabilities in the period since the 30 June 2020 Annual Report.

Note 10: Commitments

There have been no material changes in commitments in the period since the 30 June 2020 Annual Report.

Note 11: Related Parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the Company's Annual Report for the year ended 30 June 2020.

Note 12: Events Subsequent to Reporting Date

- After the reporting date 79,000 performance rights were converted to ordinary shares, following the completion of vesting period requirements;
- On 16 February 2021, the Company appointed Mr Jeffery McGlinn as Non-Executive Director.

DIRECTORS' DECLARATION

for the half-year ended 31 December 2020

In the opinion of the Directors of Medusa Mining Limited:

(a) The consolidated interim financial statements and notes of Medusa Mining Limited are in accordance with the Corporations Act 2001, including:

   (i) Giving a true and fair view of its financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

   (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Andrew Teo

Chairman

Dated this 24th day of February 2021

BDO

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Medusa Mining Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Medusa Mining Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

BDO

Neil Smith

Director

Perth, 24 February 2021