



**MEDUSA**

Gold producer focused on organic growth in the Philippines

# **INVESTOR PRESENTATION**

**February 2011**

# SNAPSHOT OF MEDUSA



- ❑ Un-hedged, low cost, dividend paying gold producer focused on organic growth in the Philippines
- ❑ 5 year, 2-phase growth path to production of 400,000 ounces per year underpinned by strong cash flow from Co-O Mine (narrow vein underground)
- ❑ Targeted production:
  - FY 2010/11: 100,000 ounces at cash costs circa US\$190 per ounce
  - FY 2011/12: 120,000 to 130,000 ounces at cash costs circa US\$190 per ounce
- ❑ Co-O Mine Resources and Reserves to be maintained at current levels
- ❑ Conceptual exploration target size\*\* of Co-O Mine of 3 to 7 million ounces
- ❑ Excellent exploration upside (820 km<sup>2</sup> of tenement):
  - high grade vein and disseminated bulk gold targets, plus seven copper targets
  - exploration budget for FY 2010/11 of US\$21M

\*\* The potential exploration 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.

# CAPITAL STRUCTURE

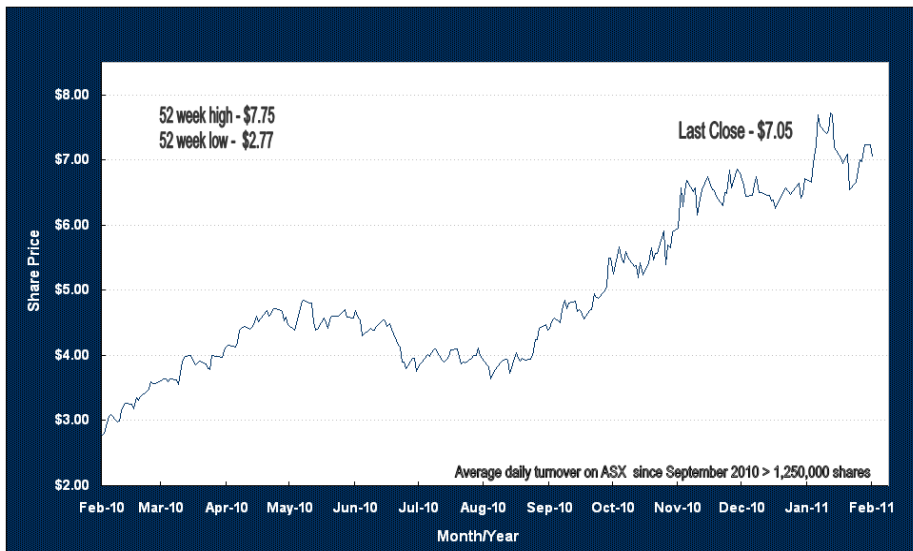


## SHARE CAPITAL

- Ordinary shares: 188,233,911
- Unlisted options: 750,000
- Market Cap (at 08 Feb 2011) ~A\$1.3B

## LISTINGS

ASX & LSE (Code: MML); TSX (Code: MLL)



## SHAREHOLDER INFORMATION

Top 20 75.98%

### Substantial shareholders \*

Fidelity 8.32%

Vanguard 7.19%

Rex Harbour & Associates 6.04%

\* Information based on substantial shareholder notices provided to the Company

Directors 3.50%

## FINANCIALS & CORPORATE

- Maiden un-franked dividend of A\$0.05 paid on 8 November 2010
- Debt free with total cash and cash equivalent in gold on metal account of US\$87.2M at 31 December 2010

# FINANCIAL AND PRODUCTION STATISTICS



Description	Unit	30 Jun 2010	30 Jun 2009	Variance	(%)
Revenues	US\$	\$94.6M	\$42.8M	\$51.8M	121%
EBITDA	US\$	\$73.7M	\$30.4M	\$43.3M	142%
NPAT	US\$	\$65.8M	\$28.5M	\$37.3M	131%
EPS	US\$	\$0.378	\$0.187	\$0.191	102%
Cash and gold on metal account *	US\$	\$55.8M	\$26.5M	\$29.3M	111%

\* In accordance with Australian Accounting Standards, gold on metal account is classified as Receivables in the Balance Sheet

Description	Unit	Dec 2010 Quarter	Sep 2010 Quarter	Jun 2010 Quarter	Mar 2010 Quarter	Dec 2009 Quarter
Ore mined <sup>(1)</sup>	WMT	61,621	60,367	53,872	51,512	50,116
Ore milled	DMT	66,038	52,463	60,611	40,943	37,588
Recovered grade	gpt	13.09	15.77	13.65	20.61	18.68
Recovery	%	94%	94%	94%	94%	94%
Gold produced <sup>(2)</sup>	ounces	26,123	25,004	25,012	25,505	21,108
Cash costs <sup>(3)</sup>	US\$	\$185	\$187	\$182	\$180	\$184
Gold sold	ounces	23,224	25,659	24,858	-	21,108
Average gold price received	US\$	\$1,384	\$1,208	\$1,182	-	\$1,111

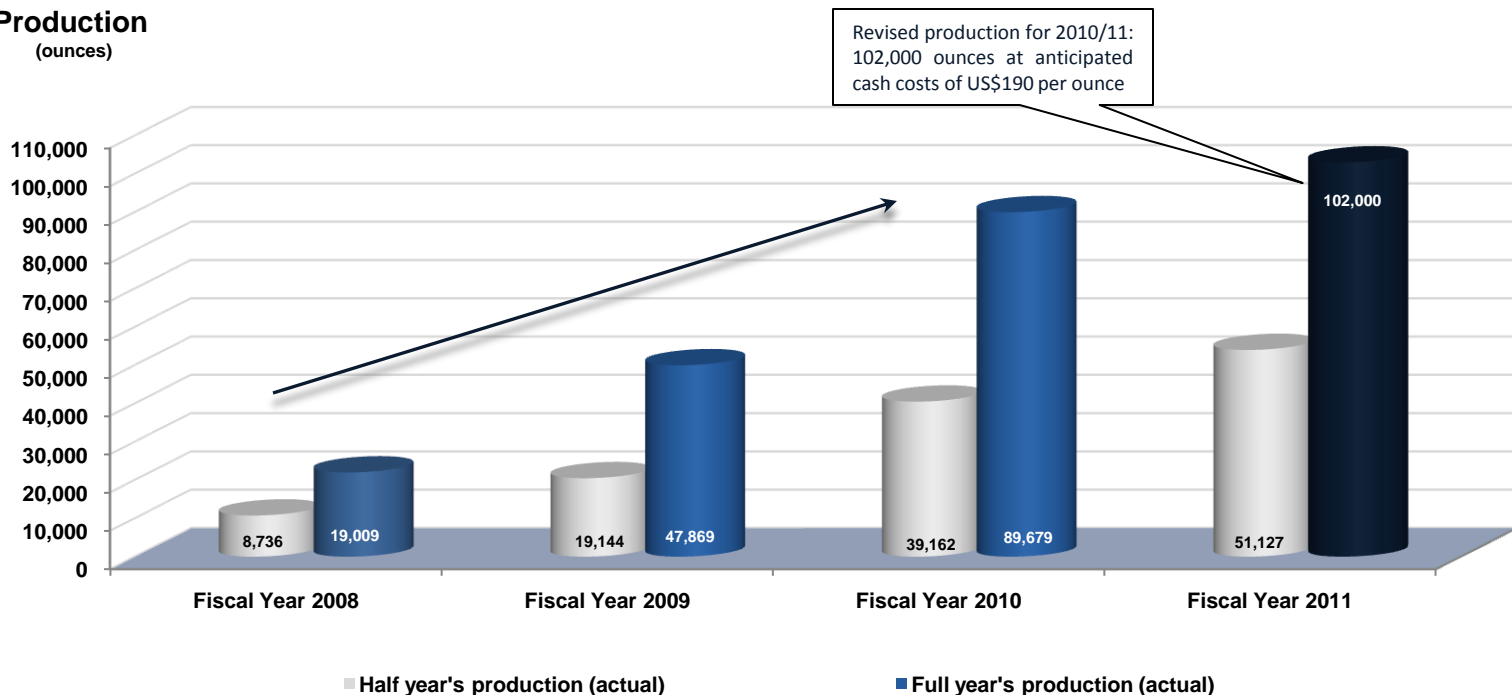
1. The moisture content in wet tonnes ranges between 6 to 7%
2. Gold production, is actual gold poured at site (and requires no further processing) during the period and does not reflect changes in the balance of gold in circuit. It includes any gold awaiting shipment
3. Cash costs refers to the cost of gold mined (net of development costs), produced but not necessarily sold and includes royalties and local business taxes of US\$51 per ounce for the Dec 2010 quarter (Sep 2010 qtr: US\$50/oz.; Jun 2010 qtr: US\$46/oz.; Mar 2010 qtr: US\$48/oz.; Dec 2009 qtr: US\$48/oz)

# HALF-YEAR HIGHLIGHTS



- ❑ Record gold production of 51,127 ounces
- ❑ Cash costs of US\$186 per ounce (including royalties and local business taxes)
- ❑ Construction of dedicated power line for mill and mine completed on schedule
- ❑ Board approved construction of new Co-O plant with capacity for 200,000 ounces per year
- ❑ Maiden un-franked dividend of A\$0.05 per share paid on 8 November 2010

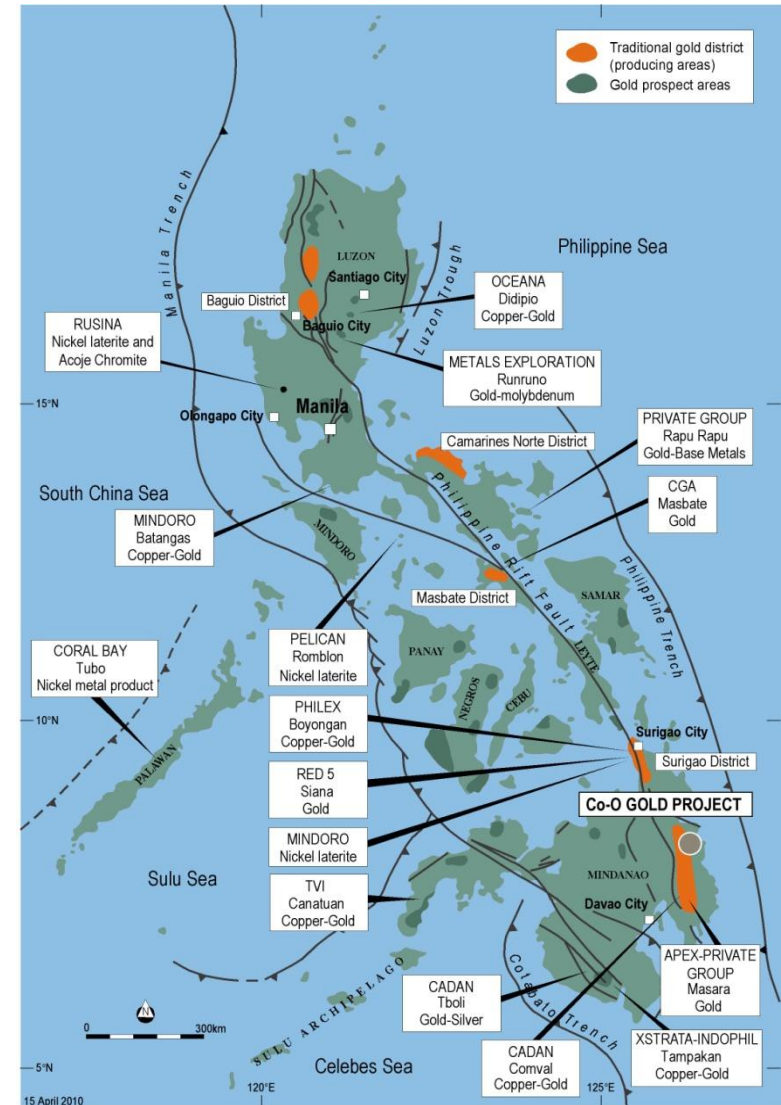
**Production**  
(ounces)



# PHILIPPINES MINING INVESTMENTS



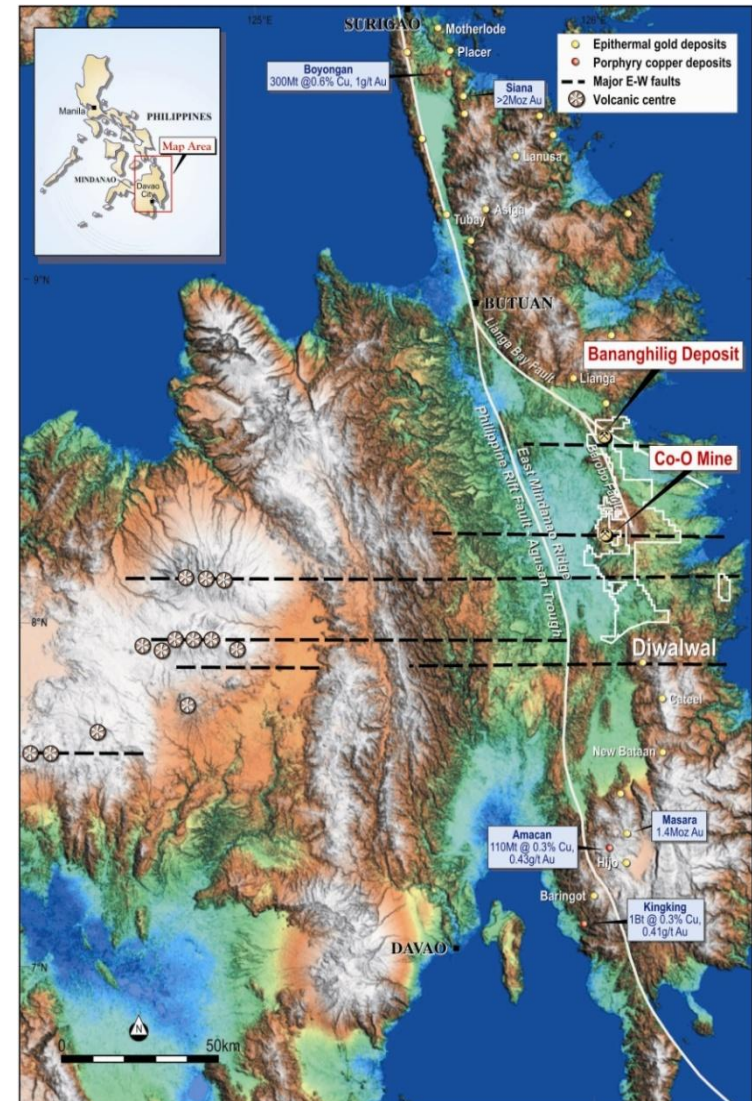
- ❑ Government support revitalising mining
- ❑ Increasing foreign investment
- ❑ Projects in feasibility studies and development
- ❑ New projects commenced production
- ❑ Co-O project south of typhoon belt
- ❑ Fraser Institute rates Philippines as 34<sup>th</sup> safest country to conduct business



# REGIONAL SETTING



- East Mindanao Ridge - richly endowed
- Excellent mineralised structural framework
- World class gold-copper deposits
- Long mining history
- Major recent discoveries



# CORPORATE STRATEGY



- Organic growth (5 year, 2 phase growth path to 400,000 ounces)
  - Co-O (200,000 ounces)
  - Bananghilig (200,000 ounces)

Preliminary Development Timetable

Project	2011				2012				2013				2014				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
New Co-O Mill	Permitting, Engineering and construction contracts			Construction commences				Production commences												
Bananghilig	Resource confirmation, Expansion drilling			Feasibility and associated studies, Permitting, Engineering and construction contracts				Construction commences								Production commences				

- Aggressive exploration program
  - Gold (projects beyond Co-O and Bananghilig)
  - Copper (unlock value through discovery to crystallise early returns)
- Self fund all capital requirements
- Continue dividend payments



# Co-O PLANT & INFRASTRUCTURE



- ❑ CIP plant capacity 1,000 tonnes per day (with 2 new CIL tanks installed March 2011)
- ❑ Grid power at Mine and Mill (standby power at mine and mill)
- ❑ 99% local workforce
- ❑ On site assay laboratory and support services
- ❑ Industry standard health & safety

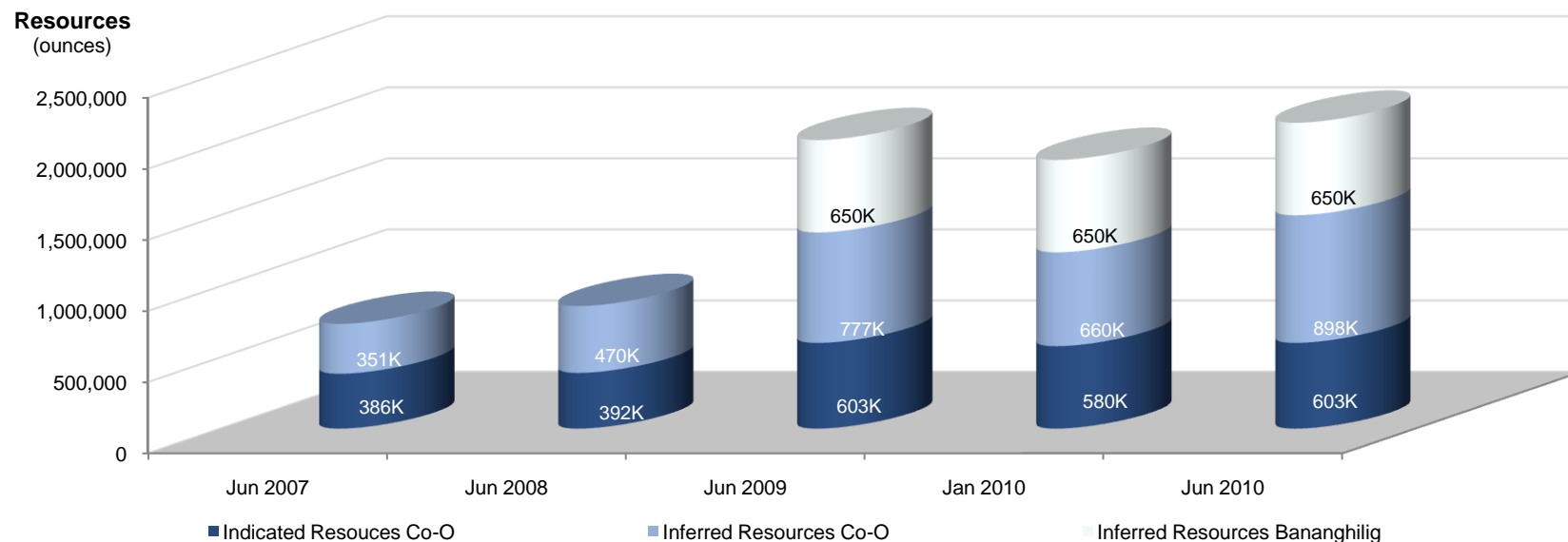


# RESOURCES AND RESERVES



Category	Tonnes	Grade	Ounces
<b>Resources</b> (at 23 Jul 2010)			
Co-O Mine Indicated Resources <sup>(1)</sup>	1,418,000	13.2	603,000
Co-O Mine Inferred Resources <sup>(1)</sup>	2,905,000	9.6	898,000
Bananghilig Inferred Resources <sup>(2)</sup>	15,000,000	1.3	650,000
<b>Reserves</b> (at 9 Aug 2009)			
Co-O Mine Probable Reserves <sup>(3)</sup>	1,465,000	10.7	505,000

1. Co-O resources estimates are quoted using a > 0 g/t gold lower cut-off and undertaken by Cube Consulting Pty Ltd (2010)
2. Bananghilig resources estimates are quoted using a 0.6 g/t gold cut-off and undertaken by Cube Consulting Pty Ltd (2009)
3. Co-O reserves estimates were undertaken on the Indicated Resources by Crosscut Consulting (2010)



# Co-O MINE PRODUCTION



- ❑ 25 year Mining Licence (renewable by another 25 years)
- ❑ 6 levels at 50 metre spacing
  - approximately 25 headings on ore
  - approximately 36 stopes on breaking cycle (~55,000 tonnes broken ore)
- ❑ New Level 1 adit underway
- ❑ 3 compartment Saga Shaft underway
- ❑ Revised production for fiscal year 2011 - 102,000 ounces (subject to normal mining conditions)

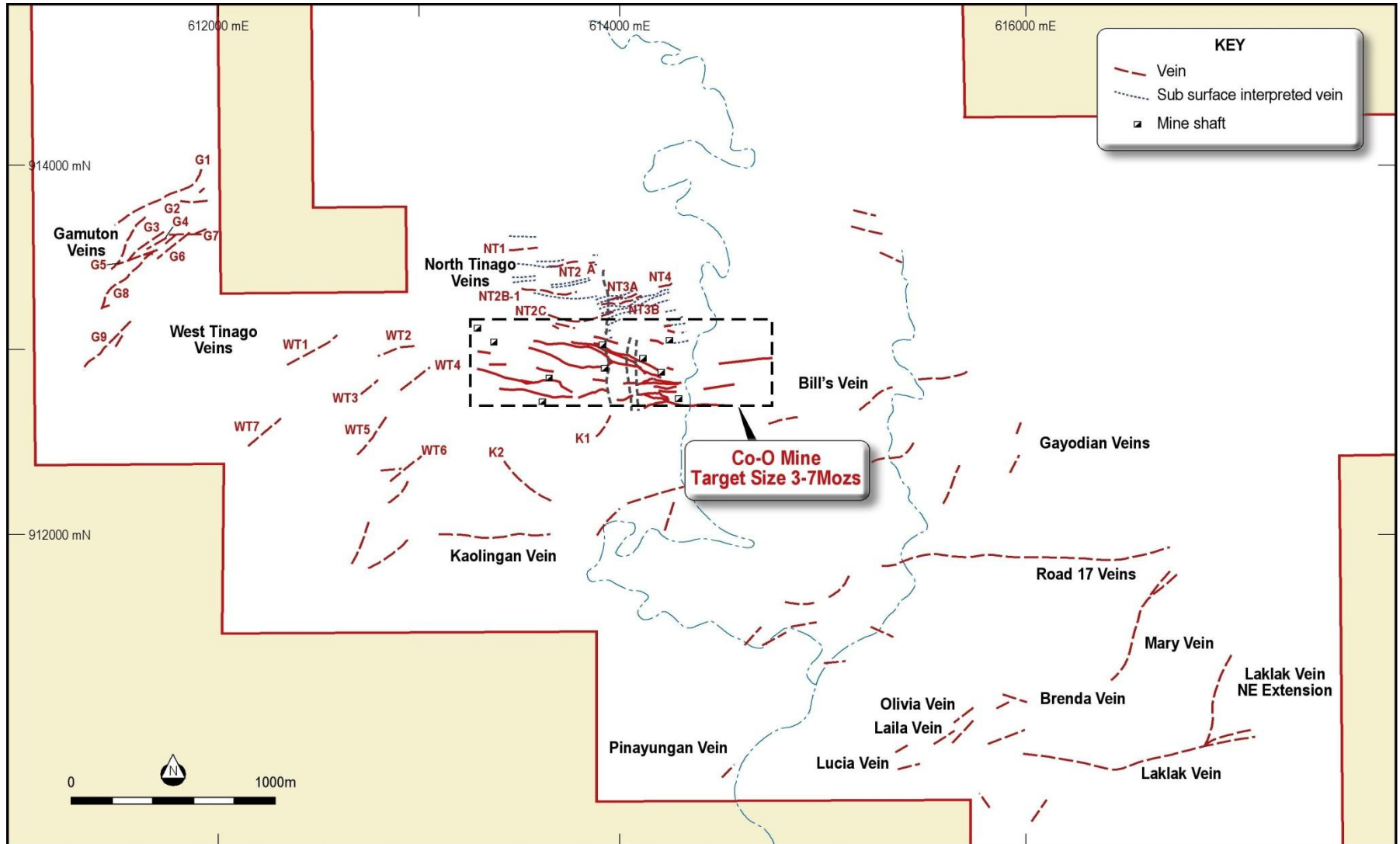


New Mine Office at Co-O

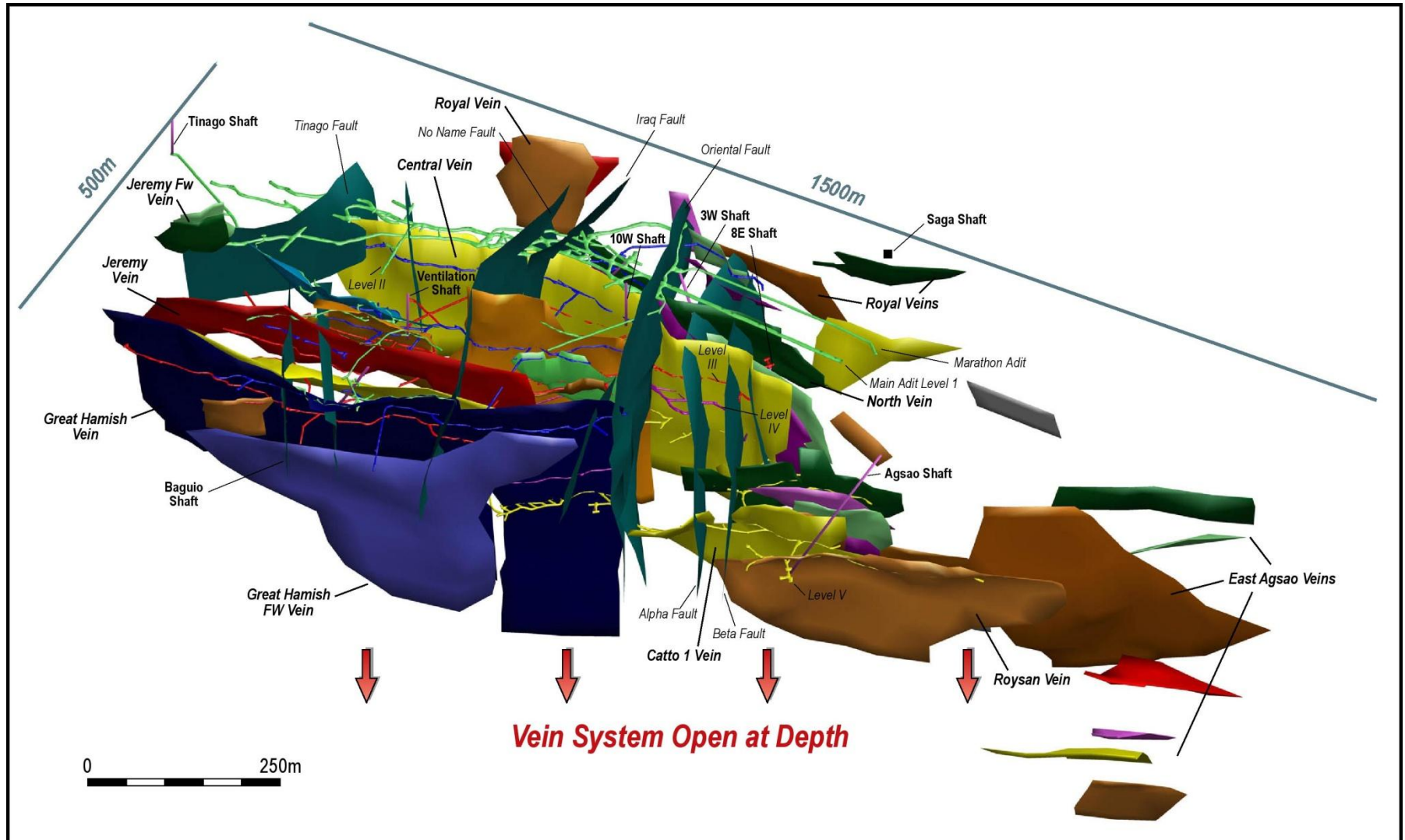


Part of Great Hamish Vein on Level 5, immediately west of Oriental Fault where it averages +4 metres over a length of 80 metres at a grade of greater than 1 ounce per tonne. Photo courtesy of Mr Louis James

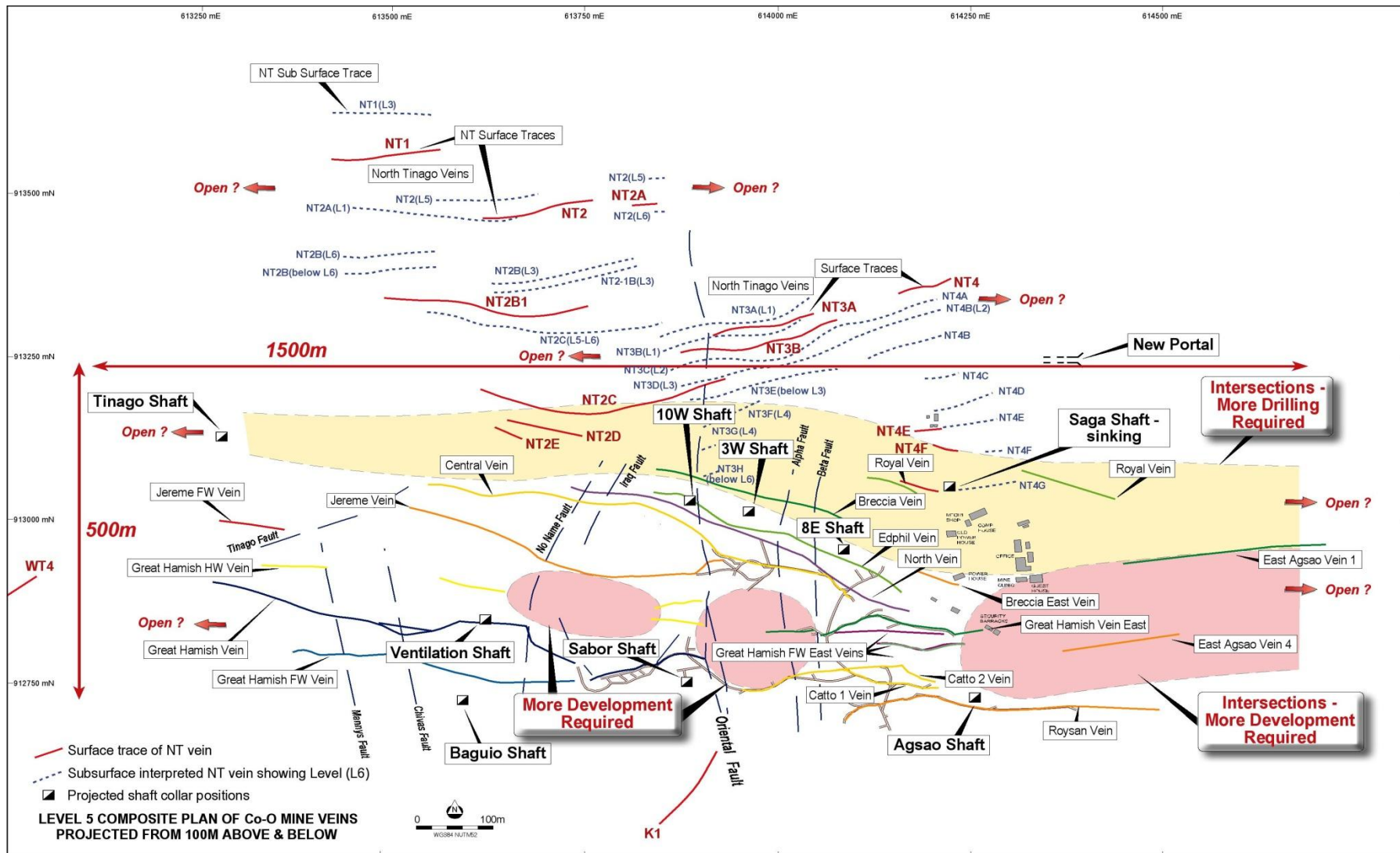
# Co-O REGIONAL SETTING



# Co-O MINE 3D VEIN MODEL

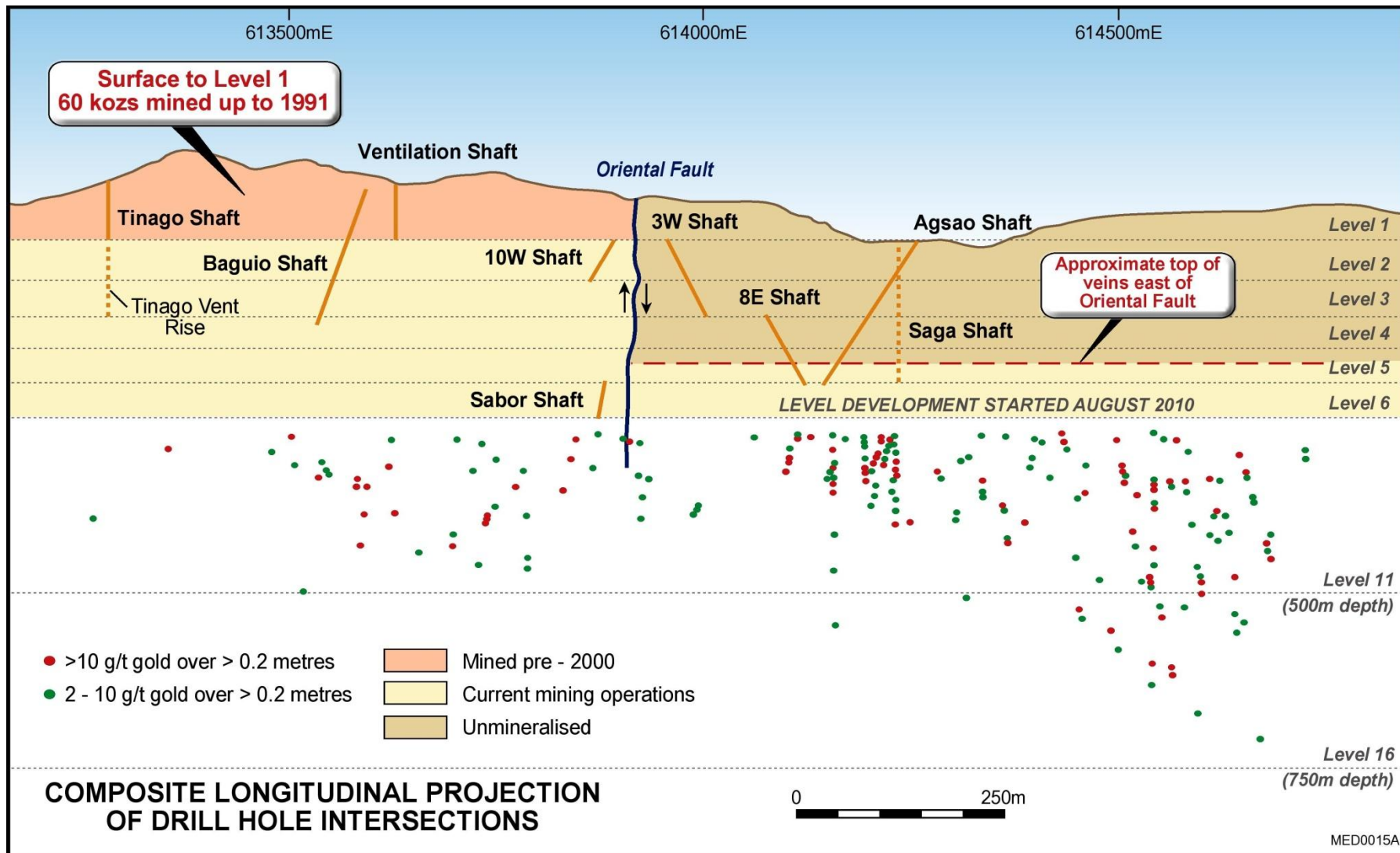


# Co-O MINE COMPOSITE LEVEL PLAN



# Co-O MINE LONG PROJECTION

(Drilling up to 30 June 2010)



# Co-O MINE CONCEPTUAL EXPLORATION TARGET PARAMETERS AND ESTIMATES \*\*



Strike length	Depth below Level 1	Aggregate vein width (metres)	Conceptual tonnes	Gold grade (g/t)	Conceptual contained ounces
<b>1,500</b>	<b>500</b>	<b>5</b>	<b>9,375,000</b>	<b>10</b>	<b>3,125,000</b>
		8	14,700,000	10	4,725,000
		10	18,750,000	10	6,250,000
	<b>750</b>	5	15,000,000	10	5,000,000
		<b>8</b>	<b>22,050,000</b>	<b>10</b>	<b>7,000,000</b>
		10	30,000,000	10	10,000,000
2,000	500	5	12,500,000	10	4,160,000
		8	19,600,000	10	6,300,000
		10	25,000,000	10	8,125,000
	750	5	20,000,000	10	6,660,000
		8	29,400,000	10	9,450,000
		10	40,000,000	10	11,815,000

Notes:

SG of 2.45 used for all estimates; estimates rounded to nearest 1000; and highlighted cases indicate most geologically reasonable based on current knowledge

\*\* The potential exploration 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.



# GOLD PORTFOLIO



Gold exploration budget 2010/11:~US\$18M

## PORTFOLIO:

Multiple high grade vein targets

- ❑ Anoling
- ❑ Saugon
- ❑ Trento
- ❑ Others

Bulk disseminated gold targets

- ❑ Bananghilig
- ❑ Barobo Corridor
- ❑ Others



# BANANGHILIG & BAROBO CORRIDOR



## BANANGHILIG DEPOSIT

850 x 550 x 100 to 150 metres depth and open

Historic drill holes include:

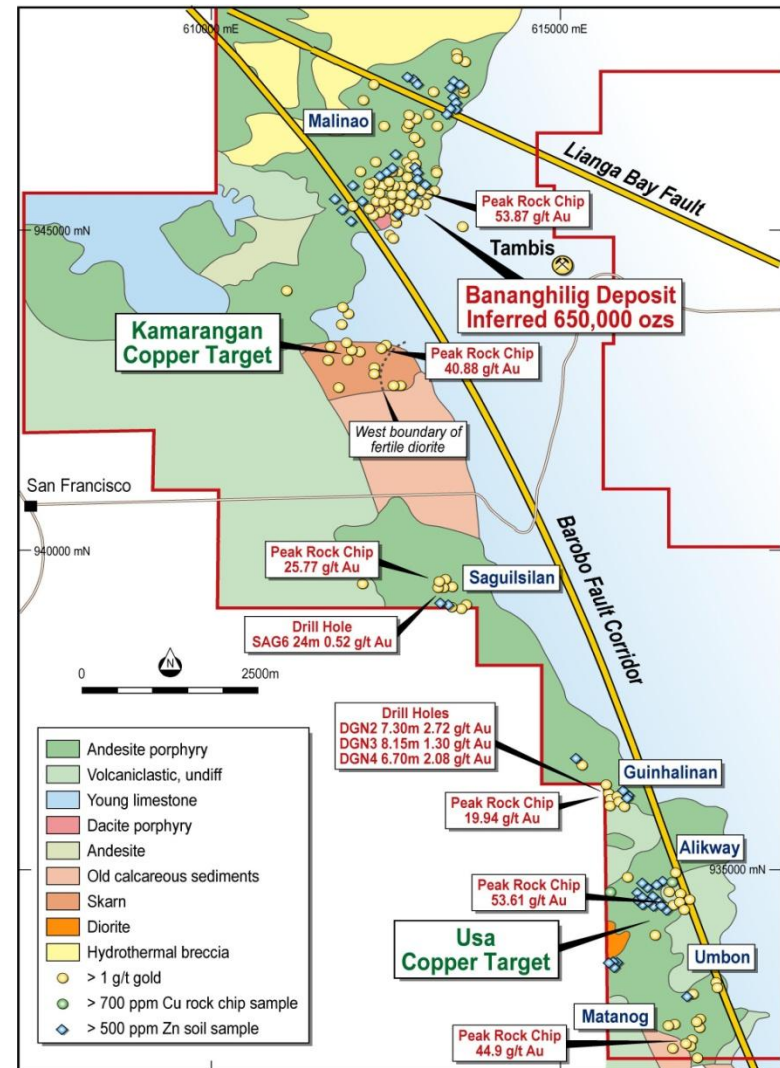
- 205.9 metres at 2.42 g/t gold
- 182.0 metres at 2.13 g/t gold
- 116.5 metres at 3.96 g/t gold

## BAROBO CORRIDOR

18 kilometres of favourable geology with numerous prospects

Recent scout drill holes include:

- 7.3 metres at 2.72 g/t gold
- 8.1 metres at 1.30 g/t gold
- 6.7 metres at 2.08 g/t gold



# SAUGON LONGITUDINAL PROJECTION



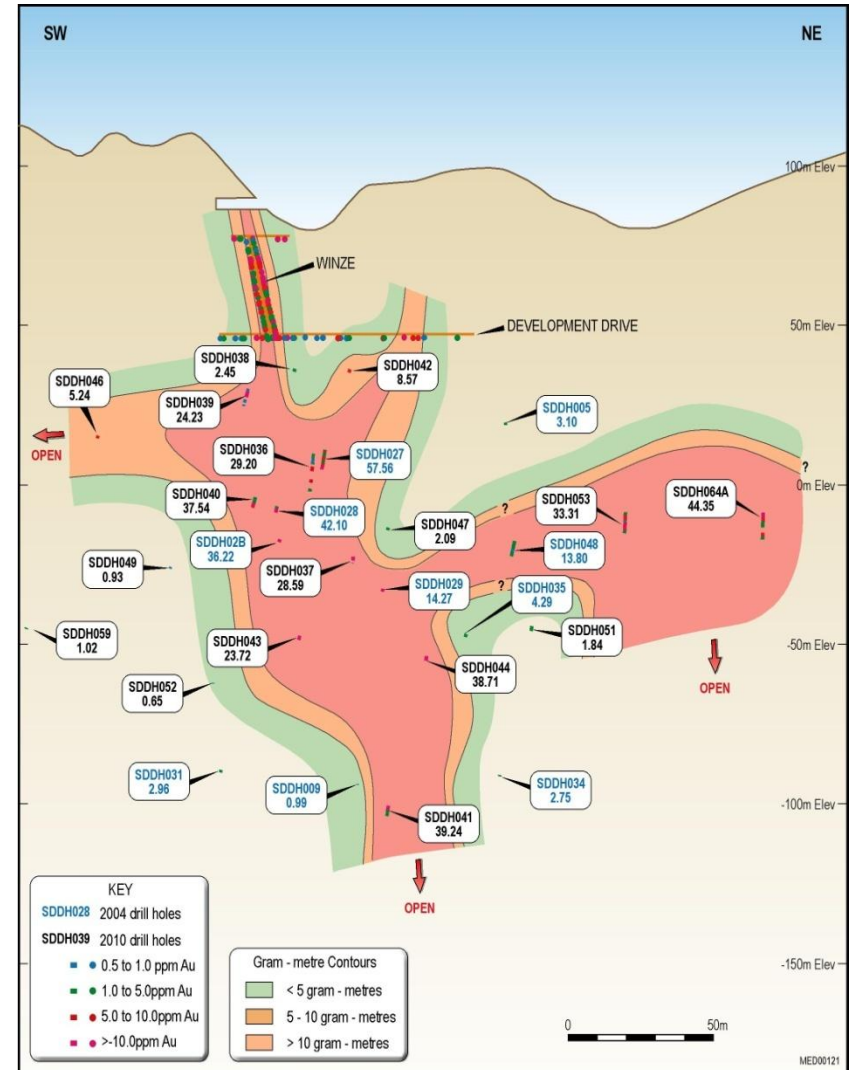
## High grade gold-silver veins

### Recent drill holes include:

- 2.15 metres at 13.30 g/t gold, 179 g/t silver
- 3.35 metres at 11.71 g/t gold, 154 g/t silver
- 1.40 metres at 27.66 g/t gold, 398 g/t silver

## Open down dip

## Drilling with 3 rigs continuing



# COPPER PORTFOLIO



Copper exploration budget 2010/11: ~US\$3M

Aim: to monetise through resource discovery

## PORTFOLIO:

- ❑ Lingig (Cu-Au): drill intersections
- ❑ Kamarangan (Cu-Mo): drill intersections
- ❑ Usa (Cu-Au): target size 500m x 500m
- ❑ Co-O (Cu): trends indicate adjacent porphyry
- ❑ Gamuton (Cu-Au-Ag): drill indications
- ❑ Saugon (Cu-Au-Ag): drill/aeromag indications
- ❑ Lasang (Cu): aeromagnetic signature



# SOCIAL PROGRAMMES



## ❑ Education

- Scholarships and assistance
- Adopt-a-school programmes
- Over 4,400 students benefitting

## ❑ Co-O Mine 16 bed hospital with doctors

## ❑ Community Development

- Micro loans to rice farmers
- Day care & community health centres
- Road maintenance and bridge building
- Construction of community buildings
- Water projects

## ❑ Environmental Protection Enhancement

- Environmental monitoring
- Re-afforestation using rubber plantations



# WHY MEDUSA!!



- ❑ Un-hedged, low cost, dividend paying gold producer
- ❑ Self-funded growth path to production of 400,000 ounces per year underpinned by strong cash-flow generated from the Co-O Mine
- ❑ Potential for long mine life at the Co-O Mine  
(Conceptual exploration target size\*\* of 3 to 7 million ounces)
- ❑ Un-explored new mineral field offering excellent upside for:
  - high grade gold veins
  - disseminated gold deposits
  - porphyry copper-gold deposits
- ❑ Exploration budget of US\$21M on 820 km<sup>2</sup> of tenements to unlock value

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# IMPORTANT NOTICE



This presentation contains only a brief overview of Medusa Mining Limited and its associated entities (“Medusa”) and their respective activities and operations. The contents of this presentation (including matters relating to the geology of Medusa’s projects), may rely on various assumptions and subjective interpretations which is not possible to detail in this presentation and which have not been subject to any independent verification.

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## **JORC COMPLIANCE - CONSENT OF COMPETENT PERSONS**

Information in this report relating to Exploration Results has been reviewed and is based on information compiled by Mr Geoff Davis, who is a member of The Australian Institute of Geoscientists. Mr Davis is the Managing Director of Medusa Mining Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposits 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 is a “Qualified Person” as defined in “National Instrument 43-101” of the Canadian Securities Administrators. Mr Davis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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” and is a “Qualified Person” as defined in “National Instrument 43-101” of the Canadian Securities Administrators. 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.

Information in this report relating to Ore Reserves is based on information compiled by Declan Franzmann, B Eng (Mining), MAusIMM. Mr Franzmann is a full-time employee of Crosscut Consulting. Mr Franzman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” and is a “Qualified Person” as defined in “National Instrument 43-101” of the Canadian Securities Administrators. Mr Franzmann consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



**MEDUSA**

[www.medusamining.com.au](http://www.medusamining.com.au)

## **Board of Directors:**

Peter R.Jones (Non-executive Chairman)

Geoffrey Davis (Managing Director/CEO)

Peter Hepburn-Brown (Operation Director/COO)

Roy Daniel (Finance Director/CFO)

Robert Weinberg (Non-executive Director)

Andrew Teo (Non-executive Director)

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