

**MEDUSA MINING LIMITED**

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

3 November 2014

**PRELIMINARY PRODUCTION GUIDANCE**

(ASX: MML)

Medusa Mining Limited (“Medusa” or the “Company”), through its Philippine operating company, Philsaga Mining Corporation, wish to advise that the Co-O Mine Review announced on 9 September is progressing well with the results expected to be presented to the Board in mid-November.

Preliminary production guidance details for the full year to 30 June 2015 are tabulated below along with an update on the status of the L8 and E15 shafts.

**Production Guidance:**

The forecasts tabulated below are for the period from 01 January to 30 June 2015.

Description	Details
Half year to 31 Dec 2014	40,000 to 45,000 ounces
Full year to 30 Jun 2015	95,000 to 100,000 ounces
Mill recovery	>92%
Head grade	>5.0 g/t
Cash costs <sup>(1)</sup>	US\$400 to US\$450 per ounce gold
All-in-sustaining costs (“AISC”) <sup>(2)</sup>	US\$900 to US\$1,000 per ounce gold

Note:

(1) Net of development costs and includes royalties and local business taxes

(2) AISC includes discretionary exploration expenses which can be varied as dictated by financial constraints

**L8 and E15 Shafts**

The upgrade of the L8 Shaft, currently scheduled from 21 December 2014 to 13 January 2015 (subject to shipping schedules) will cost approximately US\$1.0 million, of which approximately US\$0.6 million have been expended.

No ore will be hauled by the L8 Shaft during the upgrade period.

Concurrently, the on-site design requirements for the E15 Shaft (Quarterly Report dated 22 September 2014) have been completed and incorporated into the request issued to the design consultants for final drawings.

The anticipated time from Board approval to completion of the E15 shaft (down to Level 8) will take a period of between 27 to 30 months at a cost of approximately US\$12 million.

The winder will have sufficient capacity for the shaft to be sunk eventually to Level 16, approximately 750 metres below surface.

**Geoff Davis, CEO of Medusa, commented:**

*“The Mine Review is nearing completion and preliminary results based on forecasted gold production guidance of between 95,000 to 100,000 ounces for the full year confirm a profitable operation for the remainder of the financial year at current gold prices.*

*It is expected that the Mine Review will be completed in the second week of November and the results presented to the Board soon after. Operational efficiencies and cost reductions are being instituted as the review progresses”.*

**For further information please contact:**

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**DISCLAIMER**

This announcement 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.