



MEDUSA MINING LIMITED

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ANNOUNCEMENT

23 November 2016

CHAIRMAN'S ADDRESS AT AGM

(ASX: MML)

Please find attached the Chairman's address which will be delivered at the Company's Annual General Meeting, to be held in the Pagoda Room A, Esplanade River Suites, 112 Melville Parade, Como, Perth, Western Australia on Thursday, 24 November 2016 at 9.00am.

For further information please contact:

Peter Alphonso
Company Secretary
Phone: +618 9474 1330

CHAIRMAN'S ADDRESS - MEDUSA AGM 2016

24th November 2016, 9.00 am (Perth time)

Pagoda Resort & Spa, Esplanade River Suites (Pagoda Room A)

112 Melville Parade, Como 6152

West Australia, Australia.

Good morning everyone,

My name is Andrew Teo, Chairman of Medusa Mining. On behalf of the Board, I welcome you to the 13th Annual General Meeting of Medusa Mining Limited.

FY16 has been an eventful year for the Company, with several board and management changes, culminating in the appointment of Mr. Boyd Timler as Chief Executive Officer ("CEO") of the Company in March 2016. The search for a CEO has been a lengthy, thorough and at times arduous process. The investment of time and resources into finding the right candidate is, in my view, a worthwhile one. We firmly believe under the stewardship of Mr. Timler, with support from the Board, the Company is well positioned to deliver consistent production results on an increasing scale.

The key to delivering this is the completion of vital infrastructure projects currently underway, in particular the E15 Service Shaft, which has become a linchpin to improving production. This being our number one priority, is to be completed as soon as possible, resulting in the removal of hoisting constraints at the mine, and in turn producing an increase in productivity and reduction in costs. In addition, the Company will continue to focus on the Level 8 definition drilling to improve our understanding of the Co-O resource at depth below Level 8 and mine life.

On an operational level, FY16 saw the Company produce 108,578 ounces of gold at All-In-Sustaining-Costs ("AISC") of US\$999 per ounce, inclusive of all cash operating, sustaining capital, project expansion (undertaken in the reporting year), exploration and corporate overhead costs. This achievement marks the highest annual gold production in Co-O's ten-year history and is a credit to our personnel, especially those in the Philippines.

Having said this, we are mindful that until such time as the infrastructure projects in progress are completed and hoisting constraints alleviated, production output of

the Co-O Mine will not run at full capacity. The challenge for the Company this year is to replicate FY16's production results. This is achievable by managing a balance between the movement of production ore and development waste, while ensuring on-going infrastructure projects continue to progress toward completion. Accordingly, production guidance for FY16-17 is between 105,000 to 115,000 ounces, and is very much back-end loaded.

At the end of September, the Company released its latest reserves and resources estimates to 30 June 2016, for both the Co-O Mine and Bananghilig or B1 Deposit in accordance with JORC 2012 standards. As expected, when the model for the B1 Deposit was applied to a constrained pit shell there was a reduction in resource ounces. This mineralisation has not disappeared, rather, is available for re-inclusion upon reduction of OPEX and/or improvement of gold price. With respect to the Co-O Mine, there was a slight reduction in both reserve and resource ounces which reflects both mining depletion and perhaps more importantly, insufficient resource definition drilling for that period. This is purely a timing issue related to the Level 8 drill stations not being completed until late in the year, thereby pushing drilling into the next reporting period. From a strategic standpoint the Company's focus is set firmly on the Co-O deposit and its near mine exploration potential, that is, to replenish mined ounces with new resources ounces at a minimum. As for Bananghilig, the Company is reviewing its options.

We are proud to be a responsible mining company with a strong commitment to local and surrounding communities. The Company, through its affiliates based in the Philippines, contributes significantly to the overall social and economic development within the region. Our host communities continue to support us, as we support them, through a large number of carefully targeted community programs as outlined in our annual report.

For those who are unaware, the Department of Energy and Natural Resources ("DENR") in the Philippines conducted an audit of the Co-O operations in early August to determine if the Company's operations complied with regulatory requirements of the DENR. Whilst no official notification has been received, I am happy to advise that on 27 September 2016, the DENR announced at a press conference in Manila, that the Company's affiliate Philsaga was amongst a group of

companies that had passed the audit and allowed to continue on-going operations at its Co-O mine.

In concluding, I would like to take this opportunity to sincerely thank all of our shareholders, my fellow directors and staff in Australia and the Philippines, and the numerous others in the finance community for their support over the past year.

Thank you

A handwritten signature in black ink, appearing to read 'Andrew Teo', with a long horizontal flourish extending to the right.

Andrew Teo
Chairman