



## MEDUSA MINING LIMITED

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## ANNOUNCEMENT

13 December 2017

### Change in Accounting Policy for Exploration and Evaluation Expenditure

(ASX: MML)

Medusa Mining Limited ("Medusa" or the "Company") wishes to advise that the Board has resolved to change the Company's accounting policy in how it accounts for Exploration and Evaluation Expenditure.

Previously, all exploration and evaluation expenditure for each area of interest was carried forward as an asset in the Statement of Financial Position, provided the rights to tenure of the area of interest were current and one of the following conditions were met:

- that exploration and evaluation expenditure are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

Exploration and evaluation expenditure was written off only when it failed to meet at least one of the conditions outlined above or an area of interest was abandoned.

Whilst the Company believes its Exploration Assets has extensive value and is continuing with further exploration in these areas, the Board has nevertheless resolved to change its accounting policy for the treatment of Exploration and Evaluation Expenditure after taking into consideration the requirements of Accounting Standards AASB 6 Exploration for and Evaluation of Mineral Resources and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The Company will, commencing this financial year **expense all exploration and evaluation expenditure when incurred** until a final decision is made to develop and construct a mining project at which point the project is no longer in the exploration and evaluation phase, but rather in development.

The Directors are of the view that the change in accounting policy, an allowed accounting treatment in AASB 6, is a more conservative accounting approach, providing additional relevant and reliable information to users of the Company's financial statements.

The effects and impact of this change in accounting policy for Exploration and Evaluation Expenditure, which will be applied in the Financial Statements for this financial year, with retrospective effect, will be as follows:

- subject to the half yearly review currently being undertaken by the Company's auditors, carried forward balances at 30 June 2017 in excess of US\$56 million will be written off and reflected against Retained Profits in the Statement of Financial Position for the half year ended 31 December 2017; and
- all exploration and evaluation expenditure incurred from 01 July 2017 will be expensed in the year incurred.

Further details relating to the change in accounting policy will be included in the Company's financial statements for the half year ending 31 December 2017.

For further information please contact:

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