

**MEDUSA MINING LIMITED**

ABN: 60 099 377 849

Unit 7, 11 Preston Street
Como WA 6152

PO Box 860
Canning Bridge WA 6153

Telephone: 618-9367 0601
Facsimile: 618-9367 0602

Email: admin@medusamining.com.au
Internet: www.medusamining.com.au

ANNOUNCEMENT

20 November 2014

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 B, Esplanade River Suites, 112 Melville Parade, Como, Perth, Western Australia on Thursday, 20 November 2014 at 2.00pm.

For further information please contact:

Peter Alphonso

Company Secretary

Phone: +618 9367 0601

CHAIRMAN'S ADDRESS- MEDUSA AGM 2014

Good afternoon Ladies and Gentlemen,

My name is Andrew Teo and on behalf of my fellow Directors, I welcome you to the 11th Annual General Meeting of Medusa Mining Limited.

Whilst the formal part of this meeting has dealt primarily with the events of the 2013-14 Fiscal Year, I think I should start off with the very positive results that are now starting to flow from the Co-O Operation for the current fiscal year. As you are aware, the first quarter to 30 September returned 21,000 ounces of gold production, the best quarterly result in approximately 3 years, and I firmly believe we are on track to meet our guidance to 31st December of 40 to 45,000 ounces, which augers well for our full year guidance of 95 -100,000 ounces.

I think everyone is aware of the trials and tribulations associated with the commissioning of the new mill which finally got underway in the first quarter of this year, and I am pleased to report that it has been performing well, with improvements being progressively undertaken.

We appointed Rob Gregory as a consultant to undertake a comprehensive mine review in early September after the resignation of the Managing Director in August, and I'm pleased to advise, as per the announcement yesterday afternoon, that Rob has agreed to accept the position of Chief Operating Officer to oversee the Company's operations. I think you will agree, when Rob shortly provides us with an insight into the workings of the mine as derived from his review, that he will be a valuable addition to our executive team.

In addition, Gary Powell currently a non-Executive Director who has been providing consulting services to the Company, has agreed to assume the full time role of Manager of Geology and Resources and will resign from the Board on 30 November to take up the position.

The mine review also incorporated reviewing and planning of the future shaft haulage options, primarily the E15 Shaft proposal as discussed in announcements and presentations with the eventual capacity to reach to 750 metres below surface. A review of the detailed E15 Shaft proposal and alternative options is in progress to provide the best outcome for the long term future, with a decision expected shortly.

At the Bananghilig Deposit, and the adjacent B2 Discovery area, drilling was completed in July this year for the time being. The geology and the mineralisation controls and boundaries are being Re-interpreted for the deposit with the aim of providing more coherent and defined mineralised zones. This work is nearing completion and may result in re-estimation of the resources if there are material improvements.

Under the new JORC 2012 regime, our mineral resources reduced this year due the de-classification of some Inferred Resources. I wish to emphasize that this mineralisation has not disappeared but is available to be re-included if we are able to reduce our operating costs, and/or the gold price improves.

The current gold price environment has, like most other gold Companies, focused our attention on costs and efficiencies, and we expect to improve this progressively.

In last year's address the Chairman advised we were providing funding to the Typhoon Haiyan devastated regions of Leyte and Samar Islands and to Bohol Island which had been hit by an earthquake. I am pleased to report, that under the guidance of our Director, Mr Raul Villanueva, 3 new school buildings with 8 class rooms have been completed at Loon in Bohol, in Palo on Leyte 2 new buildings with 7 classrooms have been completed, and in Samar at Guiuan, school construction is in progress. The construction in each case is done in partnership with the local communities thus providing employment and training.

Our work force has now stabilised at around 3,800 people. The flow-on effect in our operating region is estimated at about 8, hence we see approximately 25-30,000 people benefiting directly and indirectly from the Company's operations.

We have maintained a low Lost Time Accident Rate, however, there have been unacceptable accidents unfortunately resulting in fatalities during the year, which have marred our continual efforts to maintain high safety standards.

Our host communities have again supported us and we support them through a large number of carefully targeted community programmes as outlined in our Annual Report and our Sustainability Report.

I persuaded former MD and Chairman Geoff Davis to “retire” from retirement and re-join the Company in early September as interim Chief Operating Officer. I believe we are seeing the results of his leadership already, and with more to come.

I have visited our mine site several times during the year and have been impressed by our dedicated and conscientious employees in the Philippines. I wish to thank them, our shareholders, my fellow directors and Perth office staff, and numerous others who support the Company. Our new year's wish is for a stronger gold price.

Thank you.

Andrew Teo
Chairman