

**MEDUSA MINING LIMITED**

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Co-O MINE PRODUCTION GUIDANCE FY 2015-16

(ASX: MML)

Medusa Mining Limited (“Medusa” or the “Company”), through its Philippine affiliate, Philsaga Mining Corporation (“PMC”), wish to advise that production guidance for the 2015-16 financial year will be between 120,000 to 130,000 ounces of gold.

Production for the forthcoming year will be tempered by the medium-term waste generating infrastructure projects being undertaken during the installation of the Service Shaft, new ventilation rises and drives for connecting levels to the Service Shaft.

These works commenced in April 2015.

Description	Unit	2015-16
Production guidance	ounces	120,000 to 130,000
Cash costs	US\$/ounce	US\$380 to US\$430
Development expenditure	US\$	US\$40M
Capital expenditure (sustaining)	US\$	US\$10M
Capital expenditure (Service Shaft)	US\$	US\$10M
Exploration expenditure	US\$	US\$11M
AISC ⁽¹⁾	US\$/ounce	US\$960 to US\$1,060

Note (1): included in AISC is capital expenditure for Service Shaft of approximately US\$80 per ounce.

Production guidance for 2016-17 is currently estimated at between 135,000 to 145,000 ounces subject to review upon completion of infrastructure improvements.

Geoff Davis, CEO of Medusa, commented:

“It is pleasing to see an anticipated increase in production guidance by 20 to 30 % for the forthcoming financial year, despite the fact that production will be affected by the underground activities associated with the installation of the Service Shaft.”

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.