



MEDUSA MINING LIMITED

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ANNOUNCEMENT

27 August 2015

FULL YEAR RESULTS

(ASX: MML)

Medusa Mining Limited (“Medusa” or the “Company”), presents its financial results for the year ended 30 June 2015, with a Statutory After Tax Loss of US\$218.1million (and includes asset impairment losses of US\$259.6 million).

HIGHLIGHTS OF THE FINANCIAL YEAR:

Financials

- Revenues of US\$123.2 million compared to US\$84.2 million for the previous year, an increase of 46%.

Medusa is an un-hedged gold producer and received an average gold price of US\$1,220 per ounce from the sale of 97,200 ounces of gold for the year (2014: 65,943 ounces at US\$1,299 per ounce);

- Earnings before interest, tax, depreciation and amortisation (“EBITDA”) of (US\$186.8 million), and includes asset impairment losses totalling US\$259.6 million (2014: EBITDA of US\$48.3 million), a decrease in EBITDA of approximately 487%;
- Basic earnings per share (“EPS”) of (US\$1.050) on a weighted average basis, based on NPAT of (US\$218.1 million) (2014: EPS of US\$0.154 based on NPAT of US\$30.9 million), a decrease of 782%;
- The Company had total cash and cash equivalent in gold on metal account of US\$14.6 million at year end (2014: US\$13.68 million);

Description	Unit	30 June 2015	30 June 2014	Variance	(%)
Revenues	US\$	US\$123.2M	US\$84.2M	US\$39.0M	46%
EBITDA ⁽¹⁾	US\$	(US\$186.8M)	US\$48.3M	(US\$235.1M)	(487%)
NPAT ⁽¹⁾	US\$	(US\$218.1M)	US\$30.9M	(US\$249.0M)	(806%)
EPS (basic)	US\$	(US\$1.050)	US\$0.154	(US\$1.204)	(782%)

(1) includes asset impairment losses totalling US\$259.6 million

- Depreciation of fixed assets and amortisation of capitalised mine development and mine exploration was US\$31.7 million (2014: US\$17.5 million);
- US\$11.2 million was expended on capital works associated with the new mill construction and infrastructure, mine expansion and sustaining capital at the mine and mill (2014: US\$23.6 million).
- Exploration expenditure, inclusive of underground diamond drilling was US\$11.3 million (2014: US\$15.8 million)
- Capitalised mine development costs totalled US\$37.7 million for the year (2014: US\$36.3 million);

Operations

Description	Unit	30 June 2015	30 June 2014
Tonnes mined	WMT	659,495	521,899
Ore milled	DMT	582,311	460,004
Head grade	gpt	5.61	4.76
Recovery	%	93%	85%
Gold produced	ounces	98,359	59,904
Cash costs ⁽¹⁾	US\$/oz	\$385	\$418
<small>(1) Net of development costs and includes royalties and local business taxes but no by-product credits</small>			

- ❑ The Company produced 98,359 ounces of gold for the year, compared to the previous year's gold production of 59,904 ounces, at an average recovered grade of 5.61 g/t gold (2014: 4.76 g/t gold);
- ❑ The average cash cost for the year of US\$385 per ounce, was marginally lower than the previous year's average cash costs of US\$418 per ounce.

Production Guidance to 30 June 2016

The production guidance for the fiscal year to 30 June 2016 is expected to be between 120,000 to 130,000 ounces.

Reserves and Resources

New Resource and Reserve estimates for 2015 are currently being compiled and will be reported in accordance with JORC 2012 in the September 2015 quarter.

Exploration

Budgeted exploration, inclusive of underground diamond drilling for fiscal year 2016 of US\$11 million (2015 FY actual: US\$11.3 million);

Corporate

Resignation of Managing Director

On 19 August 2014, Mr Peter Hepburn-Brown tendered his resignation as Managing Director and as a Board member of Medusa.

Appointment of Interim Chief Executive Officer

Mr Geoffrey Davis agreed to the role of Chief Executive Officer for an interim period following the resignation of Peter Hepburn-Brown and officially commenced his interim role on 1 September 2014.

Dividend:

No dividends were declared nor paid during the year.

JORC COMPLIANCE - CONSENT OF COMPETENT PERSONS

Medusa Mining Limited

Information in this report relating to **Exploration Results** and **Mineral Resources** has been directed and reviewed by Mr Gary Powell, and is based on information compiled by Philsaga Mining Corporation's Co-O mine-site technical personnel. Mr Powell is a member of The Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy. Mr Powell is Manager – Geology and Resources, and is a full time employee of Medusa Mining Ltd, and has sufficient experience which is relevant to the styles of mineralisation and type of deposits under consideration and to the activities for which he is undertaking to qualify as a “Competent Person” as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Powell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DISCLAIMER

This report 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.