



**MEDUSA MINING LIMITED**

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**ANNOUNCEMENT**

12 November 2015

**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, 12 November 2015 at 9.00am.

For further information please contact:

Peter Alphonso  
Company Secretary  
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# **CHAIRMAN'S ADDRESS**

## **MEDUSA AGM 2015**

Good morning Ladies and Gentlemen,

My name is Andrew Teo, I am the Chairman of Medusa and on behalf of my fellow Directors, I welcome you to the 12th Annual General Meeting of Medusa Mining Limited.

I would like to start off by congratulating our personnel, particularly in the Philippines, for their efforts in producing 98,359 ounces of gold for the year, which was within the stated production guidance of 95,000 to 100,000 ounces. This has indeed been a great turnaround from the previous year and with sustained effort and dedication, we all know that we can perform even better in the future.

Whilst production in the September 2015 quarter was at a record high, let me temper shareholders' expectations by advising that gold production in the December 2015 quarter will be slightly lower than the previous quarter due to the repairs on the L8 shaft and also scheduled maintenance over the Christmas holiday break. We however still expect to meet our production guidance of between 120,000 to 130,000 ounces for the year.

The increased gold production in the September 2015 quarter has had a positive effect in reducing All In Sustaining Costs ("AISC") for the September 2015 quarter to around US\$950 per ounce. However, we need to be mindful that until such time as all medium term waste infrastructure projects at the mine are completed and the cost efficiencies they produce materialize, we expect AISC for the remainder of this financial year to range between US\$900 to US\$1,000 per ounce.

In the longer term, the Service Shaft which is scheduled to be completed in the middle of CY2016 should further improve efficiencies at the mine and when full hoisting capacities are achieved i.e. fully operational, we can expect further reduction in AISC.

At the Bananghilig or B1 Deposit, we are currently finalizing a new resource estimate which will then be subject to preliminary mining studies in CY 2016. Scout drilling is in progress at the promising Guinhalinan prospect.

I am happy to say, that the introduction of new protocols and procedures at the mine, has created a safer working environment and the desired effect of reducing risks and thus a low Lost Time Accident Frequency Rate. The Company remains cognizant that any accident, no matter how small is unacceptable, and will continue its efforts of continuing education for all its employees and contractors.

As outlined in the Sustainability Section of our Annual Report, we are very supportive of our host communities and participate in various social programs involving education, re-forestation, environmental improvement projects, micro-loans financing and numerous other activities that benefit the communities with which we share common goals of livelihood and sustainability.

You may recall, in early September 2014 the Company's former Managing Director and Chairman, Mr. Geoff Davis was persuaded out of retirement to re-join the Company on an interim basis as Chief Executive Officer ("CEO"). Well, that interim period is now up and Geoff will be retiring for a 2<sup>nd</sup> time following the conclusion of this meeting. On behalf of the Board and myself, I take this opportunity to thank Geoff for his enormous contributions, efforts and dedication and wish him all the best in his retirement.

The selection process of the incumbent CEO is in its final stages and an appointment is expected shortly. I have agreed to assume the role of Executive Chairman on an interim basis to ensure continuity until the appointment of a new CEO.

In concluding, special thanks go to all our dedicated employees, contractors, shareholders, my fellow directors and numerous others for their continued support throughout the year.

Let's all hope for higher gold price next year!!

Thank you.

Andrew Teo  
Chairman