



## **MEDUSA MINING LIMITED**

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## **ANNOUNCEMENT**

17 November 2010

# **NEW Co-O PLANT TO INCREASE PRODUCTION CAPACITY**

Medusa Mining Limited (ASX and LSE - MML; TSX - MLL) ("Medusa" or the "Company"), through its Philippines operating company Philsaga Mining Corporation is pleased to announce that the Board has approved the construction of a new Co-O treatment plant and associated infrastructure ("New Plant"). In addition, a major mine expansion/development program ("Expansion") at the Co-O Mine to increase production capacity has commenced.

For the year ended 30 June 2010, the Co-O Mine and current mill produced 89,679 ounces of gold. Once fully operational, the New Plant is expected to provide processing capacity to produce 200,000 ounces of gold per annum based on the current grade of the Co-O Mine's reserves.

Preliminary cost estimates for the New Plant (with an initial design capacity to treat 750,000 tonnes per annum) and Expansion are expected to be approximately US\$80 million and the Company intends to fund the cash requirements of the New Plant and Expansion internally.

The construction time for the New Plant after the necessary regulatory approvals are granted is estimated at between 18 to 24 months, and the full benefits of the Expansion are expected to be realised shortly thereafter.

The Company is currently in preliminary discussions with engineering groups and will provide further details in due course.

### **Geoff Davis, Managing Director of Medusa, commented:**

*"This decision heralds a new era for the Co-O Project, and demonstrates the Board's confidence in the future of its Co-O operations. It also confirms a measured approach to our growth strategy.*

*The drill results released on 29 October 2010 re-inforce the growth potential of the Co-O Mine and surrounding area.*

*It is also pleasing that the capital requirements of the New Plant and Expansion will be funded out of cashflow and that the cashflow generated from the New Plant once it is operational is intended to in turn fund the Company's next project, Bananghilig."*

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Technical and scientific information in this report has been reviewed and is based on information compiled by Mr Geoff Davis, who is a member of The Australian Institute of Geoscientists. Mr Davis is the Managing Director of Medusa Mining Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and is a "Qualified Person" as defined in "National Instrument 43-101" of the Canadian Securities Administrators. Mr Davis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Refer to the Technical Report which was filed on SEDAR in August 2010 for further discussion of the Co-O Deposit's geology, structural controls, drilling, sampling and assaying information, and any known material environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issue.

**DISCLAIMER**

This announcement may contain 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.