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Go to market news section



Company Medusa Mining Limited
TIDM MML
Headline Proposed Tax Will Not Affect Medusa
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ANNOUNCEMENT

5 May 2010

PROPOSED TAX WILL NOT AFFECT MEDUSA

Medusa Mining Limited (ASX and AIM - MML; TSX - MLL) ("Medusa" or the "Company"), advises that the new Resources Super Profits Tax proposed by the Australian government will not have any impact on Medusa, as the Company's operating assets are located offshore in the Philippines.

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ABOUT MEDUSA MINING LIMITED

Medusa Mining Limited ("Medusa" or the "Company"), a public company listed on the ASX, AIM and the TSX, is an Australian based gold producer, focussed solely on the Philippines.

With current mineral resources comprising indicated 580,000 ounces of gold and inferred 1,310,000 ounces of gold, Medusa's corporate strategy is to become a mid-tier, 300,000 to 400,000 ounce per year, low-cost gold producer.

The Company has completed the expansion of its high grade Co-O Mine operations (indicated resources 580,000 ounces of gold inclusive of a probable reserve of 500,000 ounces of gold, and inferred resources 660,000 ounces of gold) to a production level 100,000 annualised ounces, and is currently conducting near mine exploration to assess the possibilities of further expansion to 200,000 ounces per annum. Current cash costs at the Co-O Mine are approximately US\$190 per ounce.

A pipe-line of deposits is now being established with the Bananghilig Deposit (inferred resource of 650,000 ounces of gold) recently added and which is expected to expand, potentially in conjunction with nearby discoveries.

Further potential upside exists for the discovery of substantial copper deposits within the tenement holding of more than 800 km².

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