



## Medusa Mining

# Interest shown in holdings

By  
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As soon-to-be AIM listed Australian junior operating in the Philippines has attracted the attention of five majors wanting to joint venture into its projects.

Medusa Mining Ltd obtained its foothold in the country via Philsaga, which has been operating the Co-O gold mine for the past four years.

With an AIM listing planned for later this year, Medusa is looking to pay \$13 million to Philsaga for the property out of a total \$15 million raising.

By the end of next year Medusa should be producing 100,000 ounces from four centres – Co-O, Tambis, Anoling with two shafts at Sinugang.

While the high grade narrow gold veins are currently providing the rich feed to the mill, it is the

copper-gold porphyry targets that Medusa would look to eventually JV out to a major.

However, in gold veins alone, the company has "only scratched the surface" with potential for a lot more gold to be uncovered.

A sign of the prospectivity of its 700 square kilometre ground holding in the Philippines was evidenced at the recent Diggers & Dealers Mining Forum, Medusa managing director Geoff Davis said, with RTZ, Phelps Dodge Incorporated, Barrick Gold Corporation, AngloGold Ashanti Ltd and CVRD all expressing interest.

"Before we would consider any JV on the porphyries we would need to drill them and we have a program planned for early next year," Davis said.

The company believes it has five porphyry targets on its ground holdings, with the Tambis project representing an immediate target as it sits on top of a

big alteration.

"We're convinced there is a porphyry driving that," he said.

### Next step

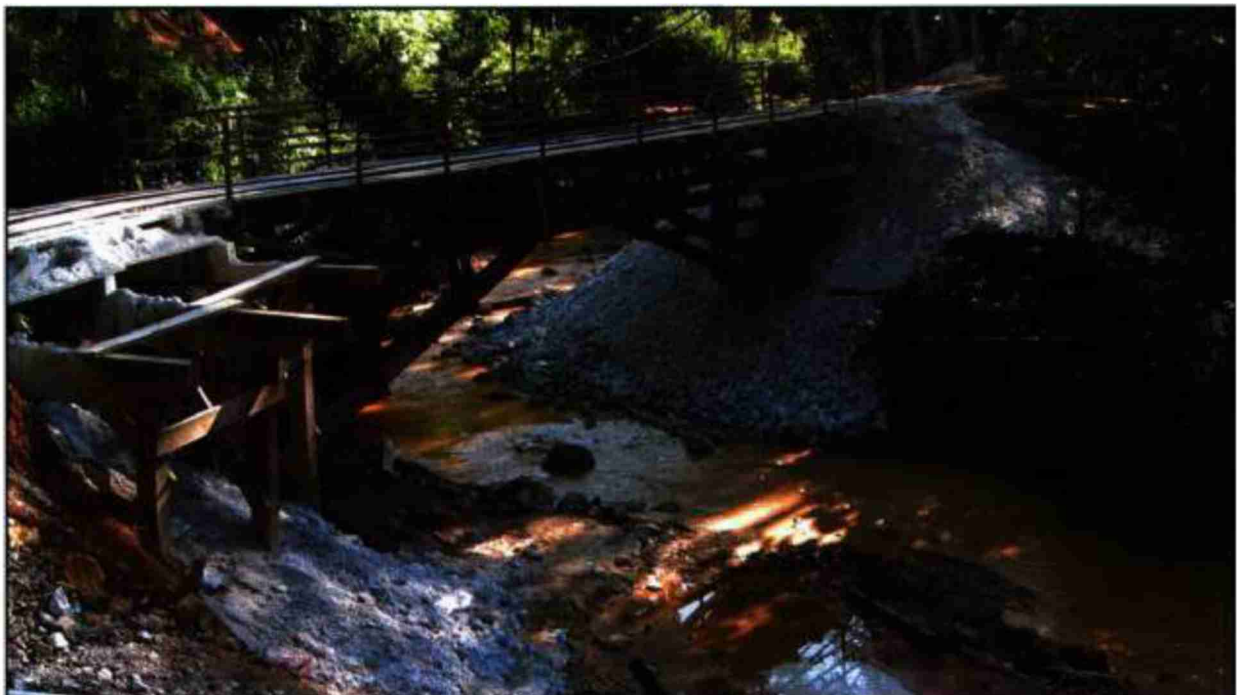
There is already evidence of porphyry mineralisation at the Lingging prospect in the area, which returned an historic result from early 1970s drilling of 150m at 0.5% copper with the final 10m returning 4.9% copper. This has never been followed up.

Medusa is looking to drill Lingging next year.

"We also think there is a porphyry in the Borobo area, but there is also high grade lead-zinc skarns with high gold and a potential Carlin-style replacement deposit in sediments adjacent to that," Davis said.

"We also think there are porphyries underneath the Co-O and are now starting to see signs of porphyry mineralisation."

One advantage for the group is that cash flow from operations at Co-O will provide



▲ The West Australian-based resources house has had to cross a few bridges while establishing itself as one of the new generation of miners in the Philippines.



Medusa with funding for ongoing exploration on its ground, particularly when getting a handle on the value of any porphyries before going down the JV route.

From October, Davis said the company would be spending around US\$350,000 a month on drilling (US\$4 million annually).

Production at Co-O by Philsaga has been limited in the past to around 17,000 ozpa because the company did not have a full mining permit and was therefore not able to use explosives.

### New scenario

The granting of this full permit in January has really changed the picture of the operation, which is now looking to produce more than 40,000 oz in the next 12 months.

The site now utilises airleg machines, explosives and hand-held equipment.

The location of the Co-O mill is also an advantage, being centrally located to all the future production centres.

"The whole idea is to treat ore from multiple mines in the region," Davis said.

With Co-O providing ore currently to the mill, Medusa is looking to optimise that to a rate of 300 tonnes/day, which would produce 50,000 ozpa.

The next area to be developed, Tambis, will be optimised at 150 tpd by late this year, with Anoling coming in at 50-100 tpd by the end of the year and Sinugang at 150 tpd by the third quarter of next year.

"To get to the 100,000 ozpa level is between 700 and 800 tpd and, with material at 14 g/t, that is not a big ask in terms of volume of material," Davis said.

He said development ore from Tambis would be available from next month and the objective was to have a resource calculated shortly.

"There is certainly a lot of gold there –

of the 344 drill holes in the database there are 188 with intersections over 1m at 5 g/t," Davis said.

"Of those, there are not many holes deeper than 150m and grades seem to increase at depth."

The original mill on site was commissioned in 1988/89 with a nameplate capacity of 550 tpd based on anticipated head grades of 7-10 g/t and was placed on care and maintenance in 1991.

When Philsaga started operations in 2000 it established two smaller ball mills.

Davis said the smaller mills are still being used on site as a parallel circuit, however, the larger ball mill has been reconditioned, along with the crushing circuit, with capacity of 1,000 tpd.

In terms of mining, he said the hard vein material was being tackled by airleg, while the soft veins continued to be

mined by small scale miners.

"By doing that we keep our grade high, maintain integrity of the walls and won't get dilution," he said.

"We also employ a lot of people and the actual mining cost per tonne is cheaper than using airlegs. At any one time we have 200 of these guys in the Co-O mine and we will be doing the same at Tambis where there is a lot of soft ground."

### Busy schedule

With its own fleet of in-house drill rigs – eight surface/diamond rigs and two underground – Medusa's drilling is currently directed at Sinugang.

"We anticipate having enough results

combined with old drill results, as well as sampling from underground workings, to start a shaft there late this month," Davis said

Another objective for Medusa is to delineate up to 1 million oz at Co-O by the end of next year.

"We think that is very achievable," he said.

The company has established an incline shaft into previously mined areas at Co-O to access remnant ore, drive past old workings and developing new drives to the west.

The mine is currently developed to a depth of 270m.

A second shaft is also being established on the eastern side of the Co-O workings.

"The veins at Co-O outcrop at surface and thicken at depth and are displaced off the Oriental fault," Davis said.

He said a vein 60 km to the south had the same characteristics to that evident at Co-O – multiple veins at surface, which all joined together 350m below surface where readings of up to 19m in width at 3 oz/t to the tonne were found.

"We have exactly the same system, it is increasing with width as each vein joins in, and we're getting better grades," Davis added.

"We are up to 3-4m wide at the moment and we still have other veins to join in and it is running at around 30 g/t."



▲ Medusa is helping boost employment prospects in the region.



▲ *The granting of a full mining permit at the Co-O gold mine earlier this year has really changed the picture for the operation, which is now looking to produce more than 40,000 oz in the next 12 months.*