

Crosby in \$182m bid for Medusa

Jamie Freed

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THE HONG KONG investment bank Crosby Capital has made a \$182 million cash bid for the Philippines goldminer Medusa Mining, just one week after pulling out of a \$540 million consortium bid for the Philippines copper-gold explorer Indophil Resources.

Both companies have flagship projects on the politically unstable island of Mindanao in the southern Philippines, but a source close to Crosby insisted the deals were not related.

Medusa is one of the world's lowest-cost goldminers, having produced 5187 ounces at a cash cost of \$US247 an ounce from its Co-O mine during the June quarter. It wants to boost its annual gold production to 100,000 ounces at a cash cost of about \$US200 an ounce.

Crosby's bid is contingent on an independent expert determining Medusa will be able to hit its target annualised production rate of 60,000 ounces by next July and 100,000 ounces in 2010 and that its assumptions about long-term cash costs are reasonable.

The research house Aegis said the ground controlled by the company had excellent potential for the discovery of more gold deposits.

Medusa's managing director, Geoffrey Davis, was in the Philippines yesterday and unavailable for comment. A Crosby managing director, Joey Borromeo, was also unavailable for comment.

But the *Herald* understands Crosby has kept an eye on the asset over the past three years and was familiar with the management team before making the unsolicited bid yesterday.

Crosby owns 0.28 per cent of Medusa and an independent investment fund operated by a Crosby subsidiary owns another 4.6 per cent of the company. It is offering \$1.15 a share, which is a 21 per cent premium to the closing price of Medusa on Thursday. Medusa shares closed 10c higher at \$1.05 yesterday.

Crosby has made several attempts to gain inroads into the Australian mining sector, having lodged unsuccessful offers for the explorer Tethyan Copper, the uranium explorer Marathon Resources and Indophil in the past three years.

Medusa has not yet responded to the takeover bid from Crosby.