

## Business

# Crosby offers \$182m cash for Medusa gold

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Hong Kong's Crosby Capital is punting on the appeal of cash in an uncertain market to woo shareholders in Medusa Mining, yesterday unveiling an off-market cash bid valuing the gold junior at \$182 million.

Medusa immediately branded the bid "highly opportunistic" and urged shareholders to ignore it.

Crosby's swoop on Medusa is the latest in a long line of largely unsuccessful attempts by the merchant bank to win an Australian resources company, amid tough market conditions that have carved 27.5 per cent off Medusa's share price this year.

Among the shareholders Crosby will have to win over is Russian billionaire Alisher Usmanov, who holds about 12 per cent of Medusa through Gazmetall Holdings for which he paid

\$1.15 a share just over a year ago — exactly what Crosby is now offering. Shares in Medusa jumped 10¢ to \$1.05 yesterday on the news.

While many of WA's junior gold producers, including Ed Eshuys' St Barbara and Michael Kiernan's collapsed Monarch Gold, have been struggling with high production costs in recent months, Medusa has fared better, ~~seen~~ steady production from its flagship Philippines Co-O mine and relatively low cash costs of \$US247 (\$309) an ounce.

It does, however, face considerable work ramping up production to its 60,000-ounce-a-year target by the third quarter of 2009 and 100,000oz by early 2010. As of June it had \$4.8 million in the bank. Under the terms of yesterday's deal, Crosby will offer \$1.15 cash, subject to due diligence and an independent expert's report.

Crosby has been struggling to gain a bigger footprint in Australia's resources sector for years, having failed in previous bids for Norvus Petroleum, Teryan Copper and, most recently in July, Marathon Resources. It was also part of the consortium led by Indophil managing director Richard Laufmann and Filipino group Alsons that launched a counterbid for Indophil in July to stymie Xstrata's low-ball offer.

Also yesterday in what could become the latest in an anticipated flood among WA's mid-tier gold community, Crescent Gold said it was in talks with Australian Zircon over a potential merger.

The discussions follow an agreement where Crescent has agreed to provide a \$4 million working capital finance facility over three years to Australian Zircon.



Advantage: Medusa has enjoyed steady gold production and low cash costs.