



Medusa production down but guidance unchanged

Tania Winter

Tuesday, 25 October 2011

PHILIPPINES gold miner Medusa Mining is the latest company to feel the impacts of weather and refurbishment work after recording a drop in production in the September quarter.

Production fell to 10,510 ounces at a recovered grade of 8.33 grams per tonne in the latest three month period.

Cash costs for the quarter from the Co-O mine reached \$US291/oz while its production target for 2011-12 remains unchanged at 100,000-110,000oz at cash costs of around \$200/oz.

That target rises to 120,000oz in the 2013 financial year before hitting 200,000ozpa some 12 months later and ultimately doubling to 400,000ozpa by the 2016 financial year with the planned Bananghilig development.

The latest results compare to production of 25,233oz at cash costs of \$194/oz in the June quarter, reflecting the fact the mine is predominantly in development mode as the Agsao shaft refurbishment continues in a bid to increase haulage and underground development to sustain production at a rate of 200,000ozpa through a new \$70 million processing plant.

Although the board approved the plant in November last year, environmental permitting has been delayed due to successive typhoons in Manila in September and October but is expected to be received shortly.

Orders of the jaw crusher and semi autogenous grinding mill have been placed, with delivery scheduled in December and mid-2012 respectively.

While the company acknowledges the impact to costs, it expects costs to average \$200/oz for the year as production steps up in the latter quarters.

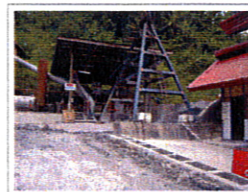
As unhedged producers, sales for the period reached 15,446oz at an average gold price of \$1587/oz.

Updated indicated and inferred resources on the property were also unveiled in July, with the probable reserve now standing at 1.5 million tonnes grading 10.1gpt for a contained 502,000oz.

This was estimated from an indicated resource of 1.6Mt grading 12gpt gold for a contained 616,000oz and was based on a gold price of \$1000/oz, a minimum stope width of 1.2m and a stope cut-off grade of 3gpt.

Medusa's cash on hand and cash equivalent in the form of gold totalled \$80.9 million at the end of September.

Shares in Medusa closed 0.44% or A3c higher at \$6.82.



Co-O Agsao shaft

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Street Address 613-619 Wellington Street, Perth WA Australia 6000

Postal Address PO Box 78, Leederville, WA Australia 6902

Head Office Tel +61 8 6263 9100 Head Office Fax +61 8 6263 9148

e-mail contact@aspermont.com website www.aspermont.com ABN 66 000 375 048