

## Regulatory Story

Go to market news section



Company Medusa Mining Limited  
 TIDM MML  
 Headline Quarterly Report  
 Released 07:01 22-Jul-2009  
 Number HUG1330184

Quarterly Report

MEDUSA MINING LIMITED  
 (AIM: MML)

QUARTERLY ACTIVITIES REPORT PERIOD ENDED 30 JUNE 2009

Medusa Mining Limited ('Medusa' or the 'Company'), through its Philippines operating company Philsaga Mining Corporation ('Philsaga'), announces its Quarterly Activities Report for the period ending 31 March 2009.

Highlights for the June 2009 quarter:

- \* Phase I expansion to 60,000 annualised production, completed ahead of schedule;
- \* Record production of 16,009 ounces (previous quarter 12,716 ounces);
- \* Record low cash costs US\$198 per ounce (US\$152 per ounce before taxes, royalties and local production taxes);
- \* Resource base increased to 1,380,000 ounces at 10.8 g/t gold (an annualised increase of 60%, or 518,000 ounces);
- \* Reserve base increased by 101% to 500,000 ounces at 14.9 g/t gold which is sufficient to support a 5 year mine life at 100,000 ounces per year;
- \* Phase II mine and mill programmes on schedule to meet the 100,000 ounce annualised production target in Q1 2010; and
- \* Access to exploration tenements increased by 60 square kilometres to approximately 880 square kilometres.

Geoff Davis, Managing Director, commented:

'This quarter has produced some exceptional results. We continue to hit our targets on or ahead of schedule. The Co-O Mine continues to vindicate its perceived upside with the continual discovery of new high grade veins and extensions of current known ones.

'The Management is confident of achieving the growth targets which the Company has set itself over the next financial year'.

22 July 2009

For further information, please contact:

Medusa Mining Limited +61 8 9367 0601  
 Geoffrey Davis, Managing Director  
 Roy Daniel, Finance Director

Fairfax I.S. PLC +44 (0)20 7598 5368  
 Nominated Adviser / Joint Broker  
 Ewan Leggat / Laura Littley

Mirabaud Securities Limited +44 (0)20 7321 2508  
 Joint Broker  
 Peter Krens

Lothbury Financial  
 Michael Padley / Libby Moss

+44 (0)20 7011 9411

COMPANY PROFILE:

\* Resources at Co-O Mine are  
 1,380,000 ounces @ 10.8 g/t gold  
 in 3,980,000 tonnes

\* Reserves at Co-O Mine are  
 500,000 ounces @ 14.9 g/t gold  
 in 1,041,000 tonnes

\* Forecast production FY 2009/10  
 of 82,000 ounces

\* Phase I expansion completed

\* Phase II expansion on schedule  
 to raise production from 60,000  
 ozs to 100,000 ozs annualised in  
 Q1 2010

\* Anticipated long term cash costs  
 of US\$200 per ounce;

\* Exploration area expanded to  
 >880 km<sup>2</sup> along 70 km strike of  
 the richly endowed East Mindanao  
 Ridge

Share capital as at 30 June 2009:  
 Shares:  
 168,691,960  
 Unlisted options            3,030,000

Listings:  
 Australian Securities Exchange  
 (Home Exch)  
 Alternative Investment Market  
 (London)  
 ASX & AIM code: MML

For further information contact:

Geoff Davis  
 Managing Director

KEY POINTS:

Co-O MINE EXPANSION

\* Phase I expansion completed with  
 production of 60,000ozs  
 annualised achieved ahead of  
 schedule

\* Phase II expansion to raise  
 production from 60,000 ozs to  
 100,000 ozs per annum in early  
 2010 is on schedule

\* The Phase II Baguio Shaft has  
 been completed ahead of schedule  
 and has commenced hauling

Co-O MINE PRODUCTION

\* Gold production of 16,009 ounces  
 (compared to 12,716 ozs in the  
 previous quarter) at an average  
 grade of 14.28 g/t gold and  
 average cash cost of US\$198 per  
 ounce (US\$152 per ounce before  
 taxes, royalties and local  
 production taxes)

\* Gold production for the year of  
 47,869 ounces at an average  
 grade of 13.30 g/t gold and  
 average cash cost of US\$213 per  
 ounce.

Co-O RESOURCES UPDATE

\* Resources increased by 15% to  
 1,380,000ozs @ 10.8g/t gold in  
 3,980,000 tonnes

\* Annual increase of 60% or  
 518,000 ounces

\* Vein system strike length  
 increased by approximately 400  
 metres to the east to  
 approximately 1,400 metres

Co-O RESERVES UPDATE

\* Reserves increased by 101% to  
 500,000 ounces @ 14.9 g/t gold  
 contained in 1,041,000 tonnes

LINGIG COPPER

\* Drilling with 3 rigs in progress  
 with an update due next quarter

KAMARANGAN PORPHYRY PROSPECT

\* First pass drilling has located  
 a fertile diorite with copper  
 and molybdenum mineralisation  
 and adjacent copper-gold skarn  
 mineralisation

CORPORATE

\* Conversion of 2 million options  
 at \$1.25 to raise \$2.5 million

- \* The Company's Philippines subsidiary company, Mindanao Mineral Processing and Refining Corporation was granted a four year tax concession
- \* The Company was added to the S&P/ASX200 on 8 July 2009
- \* Consolidated cash balance of A\$33.1 million

## PROJECT OVERVIEW

The locations of the Company's projects are shown on Figures 1 and 2. (please see the link at the end of this announcement).

## Co-O MINE

## GOLD PRODUCTION

The production statistics for the current financial year are summarised in Table I.

Table I. Gold production statistics

Period	Unit	Quarter ended 30 June 2009	Year ended 30 June 2009
Tonnes mined	tonnes	38,196	118,076
Ore milled	tonnes	36,622	116,451
Head grade	gpt	14.28	13.30
Recovery	%	94%	93%
Gold produced (1)	ounces	16,009	47,869
Cash costs (2)	US\$	US\$198	US\$213
Gold sold	ounces	19,510	47,869
Average gold price received	US\$	US\$926	US\$880

## Note:

(1) Gold production, is actual gold poured during the period and does not reflect changes in the balance of gold in circuit

(2) Cash costs refers to the cost of gold mined (net of development costs), produced and sold and includes taxes, royalties and local production taxes of US\$46 per ounce (YTD US\$40 per ounce)

Gold production for the quarter increased to 16,009 ounces (a 26% increase from the previous quarter's production) at an average grade of 14.28 g/t gold and cash costs of US\$198 per ounce.

For the year ended 30 June 2009, the Co-O Mine produced a total of 47,869 ounces at an average grade of 13.30 g/t gold and cash costs of US\$213 per ounce.

Medusa is an unhedged gold producer and received an average gold price of US\$926 per ounce from the sale of 19,510 ounces of gold for the quarter. For the year, the Company sold 47,869 ounces at an average gold price of US\$880 per ounce.

With Phase 1 of its expansion programme completed and the Phase 2 expansion programme on schedule, the Company is on track to deliver approximately 82,000 ounces in the forthcoming fiscal year at an anticipated cash cost of US\$200 per ounce. A breakdown of forecasted production ounces and cost per ounce by quarters for the next four quarters is highlighted in Graph 1. (please see the link at the end of this announcement).

## PHASE I EXPANSION

The Phase I expansion to produce 60,000 annualised ounces was

completed in the quarter, ahead of schedule, with the results flowing through in the June quarter's record production to date of 16,009 ounces.

#### PHASE II EXPANSION

Work on the Phase II expansion is on schedule.

##### (a) Baguio Shaft

The Baguio Shaft has been completed ahead of schedule and connected to the Level 3 workings via an on-vein drive along the Great Hamish Vein. Driving has now commenced south towards the Great Hamish Footwall Vein. Stope preparation activities on veins in the vicinity of the Baguio Shaft (Great Hamish and Jereme Veins) are in progress.

##### (b) Mill Expansion

Site works and fabrication for the installation of an expanded crushing circuit are progressing on schedule. Provided key components are delivered on time, it is anticipated that completion will be in December.

##### (c) Tailings Dam

The work on the wall of the current tailings dam is nearing completion. Construction of a new tailings dam will commence shortly.

#### ELECTRIC COMPRESSORS

The two electric compressors for the western end of the mine have arrived and preparations for installation are in progress.

#### RESOURCE ESTIMATE

On 2 July 2009, a new resource estimate increase of 15% was announced of 1,380,000 ounces at 10.8 g/t gold in 3,980,000 tonnes of ore. For the year to 30 June 2009, the Co-O Mine resource base has increased by 60% or 518,000 ounces.

Table II summarises the resources and Table III summarises the veins with more than 50,000 ounces of contained gold. The new 3D model for the Co-O Mine vein system is shown in Figure 3 and Figure 4 shows the projection of the veins onto Level 5 with the drilling that has been incorporated into the new resource. (please see the link at the end of this announcement).

The drilling was focused on improving vein continuity to the west of the Oriental Fault which has resulted (in conjunction with on-vein development) in an increase in Indicated Resources, and also on exploring for extensions to the east of the Agsao River.

The first resource wireframe shape has been modelled to the east of the Agsao River. There are a number of drill intersections in this area which are likely to form additional resources as continuity and extensions are confirmed by additional drilling.

Table II. Co-O resource estimate to 14 June 2009

Category	> 0 g/t gold		
	tonnes	g/t gold	ounces
Indicated	1,250,000	15.0	603,000
Inferred	2,730,000	8.9	777,000
Grand total	3,980,000	10.8	1,380,000

Table III. Co-O resource estimate for veins containing >50,000 ounces

Vein name	Category	> 0 g/t gold		
		tonnes	g/t gold	contained ounces
Central	Indicated	484,000	11.17	174,00

	Inferred	481,000	5.83	90,000
	Sub-total	964,000	8.51	264,00
Jereme	Indicated	71,000	14.90	34,000
	Inferred	155,000	10.33	51,000
	Sub-total	225,000	11.77	85,000
Jereme West	Indicated	51,000	14.31	24,000
	Inferred	152,000	7.90	39,000
	Sub-total	203,000	9.52	62,000
Great Hamish	Indicated	179,000	34.98	202,000
	Inferred	250,000	9.79	79,000
	Sub-total	429,000	20.32	280,000
Great Hamish FW	Inferred	385,000	8.19	101,000
	Sub-total	385,000	8.19	101,000
Edphil	Indicated	144,000	6.76	31,000
	Inferred	181,000	9.67	56,000
	Sub-total	325,000	8.38	87,000
New Catto 1	Indicated	22,000	49.67	35,000
	Inferred	84,000	33.99	92,000
	Sub-total	106,000	37.27	127,000
New Catto 3	Indicated	49,000	33.12	52,000
	Inferred	47,000	51.17	77,000
	Sub-total	96,000	41.89	129,000
Other veins	Sub-total	1,280,000	5.93	245,000
Grand Total		3,980,000	10.80	1,380,000

The resource estimations have been undertaken by Cube Consulting Pty Ltd.

#### RESERVE ESTIMATE

Crosscut Consulting of Queensland, Australia were contracted to undertake a reserve estimation based on the resource wireframe model provided by Cube Consulting Pty Ltd. A resource totalling 1,380,000 ounces at a grade of 10.8g/t gold was announced on 1 July 2009.

The Probable Reserve as at 14 June 2009, now stands at 1,041,000 tonnes at 14.9 g/t gold containing 500,000 ounces of gold.

This represents an increase of 101% or 251,000 ounces over the Probable Reserve of 249,000 ounces at 10.8 g/t gold announced in August 2008. Mine depletion since the 2008 estimate is excluded from the new estimate. This ore reserve will allow an approximate 5 year mine life at a production rate of 100,000 ounces per year.

The Probable Reserve was estimated from an Indicated Resource of 1,250,000 tonnes at 15.0 g/t gold containing 603,000 ounces of gold. The estimate was based on a gold price of US\$900 per ounce and a stoppe cut-off grade of 3.3 g/t gold.

#### RESOURCE DRILLING

##### Discussion

Figure 4 (please see the link at the end of this announcement) shows a composite map of the veins projected to Level 5 with all the diamond drill holes from MD 114 to MD 165 totalling 28,985 metres which have been completed around the Co-O Mine since 1 December 2008.

The drilling east of the Agsao River has been deep to date to ensure intersections are achieved and to demonstrate the veins are present. Shallower drilling will also be conducted to ascertain the top of the mineralisation. It is anticipated that continuing drilling will expand the resources in this area as vein continuity is confirmed.

##### Drill results

Table IV summarises the surface diamond drilling results greater than 3 g/t gold over greater than 0.5 metres from the Co-O Mine for drill holes from MD 114 to MD 165. These drill hole results are the accepted results that have been incorporated into the new resource estimate. Other reports containing intersections for holes numbered up to MD 114 in 2008 are dated 1 December and 11 August 2008. In 2007 the announcements are dated 9 July, 15 May and 28 February. The 2007 announcements also contain information regarding drilling and surveying techniques, comments on vein interpretation and methodologies and assaying protocols.

Table IV. Co-O drill hole results  $\geq 3$  g/t gold and  $\geq 0.5$  metres downhole for holes MD 114 to MD 165.

Hole	East	North	Dip (°)	Azimuth (°)	From (metres)	Width (metres)	Grade (uncut) (g/t gold)
EAST of AGSAO							
MD 127	614352	912938	-45	160	362.70	1.00	25.14
					448.10	0.65	5.23
MD 130	614426	912939	-57	157	332.60	0.60	4.07
					422.70	0.75	6.03
					597.90	1.30	33.86
					604.70	0.70	9.23
MD 134	614450	912991	-60	159	442.30	2.60	56.08
					620.00	1.00	3.27
					636.00	1.75	5.00
MD 139	614426	912941	-60	185	355.40	1.30	5.18
					382.40	1.50	19.08
					399.75	0.50	8.83
MD 145	614351	912939	-62	159	325.75	0.65	4.61
MD 146	614432	912959	-58	158	328.35	0.50	100.27
MD 153	614450	912994	-64	159	478.05	2.30	12.13
					500.90	1.00	3.77
					668.60	1.35	3.77
					775.40	1.00	3.36

MD 156	614512	912991	-60	158	678.95	2.85	19.63
MD 163	614351	912939	-45	165	325.15	0.85	5.37
					498.45	1.95	4.11
MD 165	614627	912956	-59	166	514.20	2.30	3.04
WEST of AGSAO							
MD 115	613935	913000	-77	190	51.20	0.60	4.05
					198.40	1.40	3.82
					283.35	0.50	3.84
					332.35	0.80	3.06
					347.35	4.85	3.91
MD 118	613844	912883	-69	180	242.20	0.70	14.70
					321.40	1.00	3.09
MD 119	613239	912901	-67	163	171.40	1.70	10.34
MD 120	614127	912738	-73	193	246.90	1.30	16.54
MD 121	613935	913001	-76	234	95.65	0.75	13.53
					161.80	1.50	3.13
MD 124	613386	912864	-79	180	136.50	1.60	16.13
MD 125	613766	912844	-77	180	232.95	0.30	6.60
					267.60	1.20	7.95
					452.95	1.15	167.63
MD 126	614116	912750	-72	159	253.60	1.50	140.52
					348.95	0.70	3.02
MD 131	613720	912874	-72	180	239.10	2.35	6.23
					287.80	0.70	5.12
					341.70	1.75	11.35
					346.10	1.50	7.72
					355.80	0.65	3.07
					445.60	4.50	7.50
MD 132	613403	912867	-52	150	206.10	0.95	52.18
					208.30	2.50	9.55
MD 133	613532	912849	-77	196	68.35	1.00	40.94
					232.95	2.45	4.37
					274.70	0.50	11.02
					290.10	1.60	5.38
					294.85	1.25	3.92
MD 135	613904	912923	-68	203	124.45	3.55	4.36
					377.10	1.45	3.92
					466.70	0.80	13.03
MD 137	613710	912859	-81	180	384.00	0.65	4.04

					521.10	1.00	8.74
					533.70	5.45	4.65
MD 138	613513	912859	-84	178	163.35	1.05	26.93
					256.10	2.00	4.58
MD 140	613400	912866	-60	187	203.85	2.00	7.00
MD 141	613709	912874	-74	221	244.40	0.55	16.33
					264.20	0.50	10.93
					286.80	0.60	12.83
					500.50	1.00	19.13
MD 148	613400	912867	-75	187	234.90	1.65	32.73
MD 152	613422	912801	-69	190	123.90	1.25	9.28
					131.00	0.80	40.22
MD 154	613875	912807	-55	190	124.80	0.70	17.63
MD 155	614281	912742	-57	206	445.60	1.00	3.15
MD 158	613587	912873	-84	180	99.60	2.50	8.18
					209.00	1.15	31.63
					238.75	3.05	18.76
					285.20	1.80	12.31
					288.10	1.00	3.51
MD 159	613788	913252	-45	190	197.65	0.70	4.47
					370.55	0.55	3.43
MD 160	613932	912868	-48	165	308.80	0.70	3.33
MD 162	613641	913127	-55	191	156.90	1.00	3.23

## Notes:

- (i) All above assays accepted for incorporation into a resource estimation;  
(ii) Grid coordinates based on the Philippine Reference System 92;

## On-going drill programme

From early July, drilling with eight surface rigs will continue with three focussing on the main mine area, three on eastern extensions of the vein system, and two will start drilling other untested vein systems adjacent to the mine area.

## LINGIG COPPER

The Lingig prospect is covered by a Mines Operating Agreement ('MOA') over MPSA application number APSA 024-XIII comprising two parcels situated to the north and to the east (the Lingig porphyry copper prospect) of the Co-0 Mine and millsite as shown on Figure 2. (please see the link at the end of this announcement).

Figure 5 shows the location of the drill holes completed at the date of the March 2009 quarterly report. The long section shown on Figure 5 is available in the March 2009 quarterly report. (please see the link at the end of this announcement).

Three drilling rigs are currently operating at Lingig. An update is expected during the next quarter.

## TAMBIS-BAROBO REGION

The Tambis project, currently comprising the Bananghilig and



Kamarangan prospects, is operated under a Mining Agreement with Philex Gold Philippines Inc. over Mineral Production Sharing Agreement ('MPSA') application APSA-000022-XIII which covers 6,262 hectares.

**BANANGHILIG**

In the 1980s and 1990s a large amount of diamond and reverse circulation drilling totalling 29,477 metres in 344 holes was undertaken by various explorers to investigate a large area of mineralisation.

In 2005 to 2007, Philsaga undertook underground exploration through a 50 metre deep shaft, adits, and underground and surface drilling.

Work has continued on the construction of geological and mineralisation models.

**KAMARANGAN PORPHYRY TARGET**

The Kamarangan prospect is centrally located in a large aeromagnetic anomaly approximately ten kilometres in diameter.

The area is underlain by a steeply dipping, well-banded calcareous sequence that appears to be at least 1,600 metres wide. The calcareous sequence has been intruded by a complex of fine- to coarser-grained diorites and some andesite bodies. The intrusives have changed the calcareous rocks to skarn rocks over an approximate area of 1,600 metres by 1,400 metres. The skarn area is open to the east under the younger overlying limestone. The surface geology outcrops are limited mainly to magnetite-rich horizons with secondary hematite.

Some of the skarn rocks may contain variable amounts of garnet, diopside, epidote and pyrite. Areas of siliceous hornfels and unaltered massive limestone were also intersected in the drilling.

**Discussion**

Table V contains a summary of the significant drill hole results. The intersection of a 'fertile' diorite and other vectors from the drilling indicate a possible porphyry copper source to the east-northeast of the drilling conducted to date based on:

- (i) Copper and gold values in dioritic rocks tend to be higher in holes KAM 1 and 2, and while visible copper minerals are present in KAM 4 although at a lower level than in KAM 1 and 2;
- (ii) Molybdenum mineralisation is visible in KAM 1 to a maximum value of 244 ppm and averages 37 ppm over the last 74 metres of the hole from 357.70 metres depth;
- (iii) Molybdenum mineralisation is visible in KAM 2 to a maximum value of 138ppm and averages 41 ppm over the last 46 metres of the hole from 405 metres depth. Other less coherent zones are present higher up in the hole.
- (iv) Skarn hosted gold with minor copper mineralisation is strongest in KAM 7 in the northeast of the drilled area, suggesting this hole is close to a mineralisation source.

The well mineralised magnetite skarn in KAM 1 (26 to 42.3 metres) and in KAM 2 (40 to 44.2 metres) and the wide skarn style mineralisation in KAM 7 (0 to 19.5 metres, 211.1 to 267.1 metres and 410.8 to 426.8 metres) could also be interpreted to be a halo above and around the 250 by 130 metres elongate deep magnetic anomaly shown on Figure 6. This anomaly could possibly be interpreted as a pencil porphyry style target. (please see the link at the end of this announcement).

Drill hole magnetite-rich samples will be submitted for estimation of the magnetite contents and preliminary metallurgical testing if further assessments regarding the prospect's magnetite potential are positive.

Further assessment will be undertaken including additional field work.

Table V. Kamarangan - summary of significant drill hole results

Hole	East	North	Azimuth	Dip	From	Width	Gold	Copper	Lithology
			(°)	(°)	(metres)	(metres)	(g/t)	(%)	

KAM 1	612304	942837	90	-60	26.00	16.30	0.43	0.59	Magnetite skarn
		including			29.00	4.30	1.21	1.44	Magnetite skarn
					147.90	11.80	0.03	0.10	Hornfels
					173.70	14.00	0.06	0.16	Diorite
					457.70	30.00	0.05	0.15	Diorite
					495.70	22.00	0.03	0.11	Diorite
KAM 2	612307	942736	90	-60	2.00	49.20	0.16	0.16	Diorite with magnetite lense
		including			40.00	4.20	1.17	0.43	Magnetite skarn
					210.00	12.00	0.03	0.14	Diorite
					282.00	18.00	0.06	0.11	Diorite
KAM 3	612304	942837	270	-60	239.90	10.60	0.17	0.13	Diorite
KAM 4	612305	942597	87	-60	31.00	10.00	0.06	0.14	Andesite porphyry
					110.00	14.00	0.07	0.20	Andesite
KAM 5	611936	942847	110	-90	360.75	11.00	0.11	0.02	Andesite
KAM 7	612215	943161	90	-50	0	19.50	0.12	0.01	Calcareous sediments
					157.10	16.00	0.18	0.09	Skarn
					211.10	56.00	0.26	0.09	Skarn with magnetite 239.10 - 241.10
					410.80	16.00	0.22	0.27	Skarn with magnetite 410.80 - 418.80
					446.85	24.00	0.64	0.12	Skarn
		including			452.85	2.00	7.21	0.01	Skarn
KAM 8	612308	942561	273	-58	50.00	18.00	0.17	0.06	Diorite
KAM 10	611724	942581	156	-50	132.15	13.05	0.09	0.01	Diorite
					397.50	10.30	0.13	0.24	Andesite

## Notes:

- (i) Assaying by McPhar Geoservices Phils Inc. Au by fire assay with AAS finish; Ag, Cu, Pb, Zn and Mo by AAS; and
- (ii) Magnetite contents not yet determined
- (iii) Grid co-ordinates based on the Philippine Reference System 92
- (iv) KAM 6 - abandoned
- (v) KAM 9 - no significant results

## ANOLING

The Mines Operating Agreement ('MOA') with Alcorn Gold Resources Inc. covers Mining Production Sharing Agreement ('MPSA') application number 039-XIII situated approximately 8 kilometres north from the millsite as shown on Figure 2. Processing of the Anoling MPSA is progressing. (please see the link at the end of this announcement).

Mapping and sampling is continuing.

## OTHER PROJECTS

## \* Additional Exploration Areas

During the quarter the Company signed two Mines Operating Agreements which have a total area of 179 square kilometres increasing the area to which the Company has exploration access to approximately 881 square kilometres.

A Mines Operating Agreement ('MOA') was signed between Philsaga

Mining Corporation ('Philsaga') and Sursur Mining Corporation ('Sursur') for Exploration Permit applications XIII - 00176, 000180 and 000181 with a total area of 15, 825 hectares (158 square kilometres) as outlined in red on Figure 2. Sursur will receive a 3% gross royalty.

A supplementary MOA was signed with Corplex Resources Inc. ('Corplex') to incorporate additional areas of AFTA (XIII) 000004 as outlined in orange on Figure 2. The additional areas total 2,106 hectares (21 square kilometres) and Corplex will receive a 4% gross royalty.

\* Abacus Project

The Company has returned this tenement to Abacus.

\* Saugon Project

Re-mapping and sampling is continuing.

\* Bunawan Joint Venture (Medusa earning 70%)

The Company, through its Philippines operating company, Philsaga Mining Corporation ('Philsaga'), signed a joint venture agreement ('JVA') with Bunawan Mining Corporation ('Bunawan') on 23 August 2007, the Philippine operating company of ASX listed Sierra Mining Limited ('Sierra'), whereby Philsaga will earn a 70% joint venture interest in Exploration Permit application ('EPA') 000037-XIII and Mineral Production Sharing Agreement application ('APSA') 000003-XIII (together the 'Bunawan JV').

The Company notes the announcement dated 17 June 2009 of Bunawan's Australian listed parent company, Sierra Mining Limited, advising that EPA 000037-XIII had been denied on 'the basis of certification of non-consent issued by the National Commission of Indigenous People'. Bunawan has indicated they will appeal against the decision.

The Company through Philsaga Mining Corporation has commenced legal actions to enforce the JVA through Arbitration. A Demand Letter for Arbitration under the rules of the Philippine Dispute Resolution Centre Inc. ('PDRCI') has been sent to Bunawan.

CORPORATE

- \* The Company's Philippines subsidiary company, Mindanao Mineral Processing and Refining Corporation was granted a four year tax concession, commencing July 2009.
- \* Conversion of 2,000,000 unlisted options at \$1.25 in late May 2009, which added a further \$2.5 million to cash reserves.
- \* As at 30 June 2009, the Company which is debt free, had a consolidated cash balance of A\$33.1 million.
- \* The Company was added to the S&P/ASX 200 list on 8 July 2009.

JORC COMPLIANCE - CONSENT OF COMPETENT PERSONS

Medusa Mining Limited

Information in this report relating to Exploration results, is based on information compiled by Mr Geoff Davis, who is a member of The Australian Institute of Geoscientists. Mr Davis is the Managing Director of Medusa Mining Limited and has sufficient experience which is relevant to the style of mineralization and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Davis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Cube Consulting Pty Ltd

Information in this report relating to Mineral Resources has been estimated and compiled by Mark Zammit of Cube Consulting Pty Ltd. Mr Zammit is a member of The Australasian Institute of Mining & Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore

Reserves'. Mr Zammit consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Cube Consulting is an independent Perth based resource industry consulting firm specialising in geological modelling, resource estimation and information technology.

Crosscut Consulting

The information in this report that relates to Ore Reserves is based on information compiled by Declan Franzmann, B Eng (Mining), MAusIMM. Mr Franzmann is a full-time employee of Crosscut Consulting.

Mr Franzman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Franzmann consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

.

---END OF MESSAGE---

[hugin.info/138050/R/1330184/314320.pdf](http://hugin.info/138050/R/1330184/314320.pdf)

This announcement was originally distributed by Hugin. The issuer is solely responsible for the content of this announcement.

**CLOSE**

**London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. Terms and conditions, including restrictions on use and distribution apply.**

©2009 London Stock Exchange plc. All rights reserved

Regulatory