

**Medusa Mining Limited**  
**ASX Code: MML**



Core Commodity	<b>Gold</b>
Price (as at 04-Dec-06)	\$0.72
Market Cap	\$58.6M
Cash (as at 30-Sept-06)	\$1.2M
Cash / Share	\$0.02
Shares Traded (pa)	\$17.4M

**Status:**



**Top Shareholders**

Forty Traders	9.3%
National Nominees	6.7%
G & S Davis	5.4%

Summary activity for the current quarter	Quantity	Budget
Soil/Rock Chipping		
RAB		
RC/Diamond	Diamond approx 5000m	1.5
Assays	included in above	
Geophysics		
Other	Wages, reconnaissance etc	\$0.4M
<b>Total Expenditure</b>		<b>1.9</b>

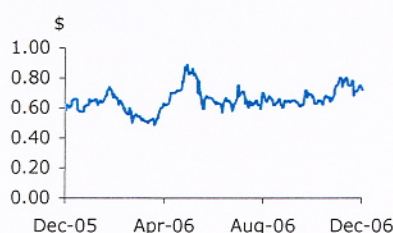
**Co-O Gold Project**

Location	Philippines	Production from multiple underground mines undergoing development is aiming to produce at an annualised rate of 100koz by 4Q07 or 1Q08. Milling capacity of comminution circuit up to 1000tpd with additional tankage.
Commodity	Gold	Operation fully self-contained, utilising local expertise and well integrated into the local community. Gold production from development ore totaled 3,522oz during the September quarter, generating US\$2.17M in revenue. Cash costs were US\$263/oz for Q3, but costs should fall towards US\$200/oz as production increases.
Qtr Production	Production Ramping Up	The resource currently stands at 240koz, with an estimation update planned for 1Q07. The resource is high-grade, averaging 29.7g/t, increases are expected. An extensive exploration program is underway on several prospects.
Cash Costs	US\$285/oz av during development for last 9 months, reducing as production increases	
FY Forecast	Estimated 30-40koz this financial year	
Reserves/Resources	Mining inventory: 345kt @ 17.6g/t Au for 195koz	

**Aegis Equities Comments**

- **Projects:** MML has listed on AIM to fund the purchase of Philsago Mining Corp., a local Au miner specialising in high-grade narrow vein mining. The purchase was politically expedient. MML will have a centrally located mill, multiple mines and a dominant land position. The current resource is 0.46Mt @ 19.8g/t Au or 0.27Moz. Drill results from the Tambis Bananghilig Mine, Sinug-Ang & Banbanon projects support an increase in reserves. Au production for Sep Q was 3,522oz at a cash cost of US\$263/oz.
- **Potential:** Over the next 15 months, MML is increasing gold production from its Co-O gold mine from 40,000oz p.a. to 30,000oz/qtr in 2008. The grade of ore treated is high and the cash cost is expected to fall below US\$200/oz. MML's projects are spread over a 70km strike length (700sqkm) of the Philippines Rift Fault. A large number of vein and vein systems have not been explored and there is potential to significantly increase reserves. MML has also identified 7 porphyry Cu-Au targets.
- **Overall:** Over recent years the Government of the Philippines has changed mining laws to attract more foreigners to explore and invest in new projects. In terms of country risk the Philippines does not rate highly, but by some measures risk has fallen over recent years. The Govt is a strong supporter of mining and economic reforms that have led to a strong economy. MML controls 70km of the East Mindanao Ridge that hosts Au-Cu mines north & south of Co-O. Exploration potential is very high.

Share price performance



Source: IRESS



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[www.medusamining.com.au](http://www.medusamining.com.au)