



## **MEDUSA MINING LIMITED**

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## **ANNOUNCEMENT**

08 April 2013

# **Co-O MILL & MINE EXPANSION UPDATE**

(ASX & LSE: MML)

Medusa Mining Limited (“Medusa” or the “Company”), through its Philippines operating company Philsaga Mining Corporation advises the current status of the Co-O mill and mine expansion as follows:

### **MILL**

**Leach tanks:** conversion from Carbon-in-Pulp to Carbon-in-Leach completed and commissioned. Six old small leach tanks removed.

**Thickener:** upgrade completed and in operation.

**Gold room upgrade:** completed and in operation.

**Detoxification plant:** on schedule for commissioning in April (Photo 1).

**SAG mill:** installation on schedule for commissioning in June (Photo 2).

**Primary crusher:** on schedule for commissioning in June (Photo 3).

**Emergency feed facility:** completed.

**Upgraded and new sub-stations:** the main sub-station, and mill and mine transformer stations are all completed and electrified (Photos 4, 5 and 6).

**Electrical wiring of new plant:** the installation of approximately 42 kilometres of cabling is in progress with expected completion in May.

### **MINE**

**Level 8 development:** approximately 200 metres of horizontal development measuring 3m x 3m have been completed and 4 veins have been intersected (Fig. 1) to the south of the Saga Shaft, with another 7 veins to be intersected. Development for infrastructure installation is ongoing. On-vein development is progressing on the East Agsao 13, 14, 15 and 16 Veins with 7 headings active. At June 30 approximately 12 on-vein headings should be operational and producing development ore.

**Ore passes:** The winze ore pass from Level 5 to Level 8 is expected to be connected to the level development in July 2013. Two Alimak rise ore passes are in progress from Level 8 to Level 6 and are expected to be operational in August 2013. Ore from these ore passes will be fed by conveyor to the ore bins.

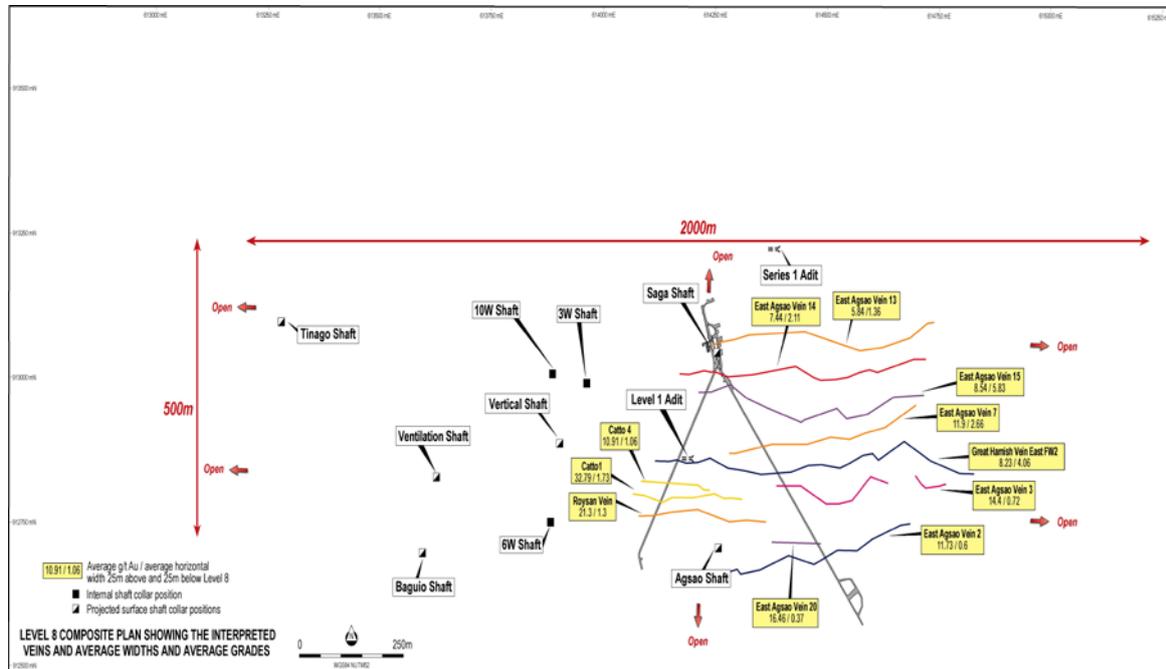


Figure 1. Level 8 plan showing planned development and veins with average grades and widths. The veins are open in all directions.

## RESEARCH

The Company has recently received research results conducted by the Centre for Exploration Targeting, School of Earth and Environment at The University of Western Australia. The research involved measurement of the temperatures of ore formation and the salinity of the ore fluids with the aim to determine the trends and dimensions of the gold potential in the Co-O hydrothermal system.

The samples were collected in June 2011 and April 2012 from available drill holes throughout the various veins at the Co-O Deposit.

The temperatures of formation are epithermal (19 vein samples recording  $216 \pm 32$  °C), i.e., no temperatures are too high or too low which would be unfavourable for epithermal gold deposition. In addition, the salinity of the ore fluid compositions in all samples indicates meteoric or ground water has been involved in the ore formation, i.e., all water composition determinations are within the range of normal epithermal gold deposition. There are no apparent trends to indicate that the margins of the epithermal gold zone had been reached.

These results support the “potential exploration target size” of 3,000,000 ounces in 9,800,000 tonnes to 7,000,000 ounces in 23,500,000 tonnes using a grade range of 9 to 11 g/t gold with a preferred average grade of 10 g/t gold. The potential exploration target size and grade is conceptual in nature, and there has been insufficient exploration to define a mineral resource, and it is uncertain if further exploration will result in the target being defined as a mineral resource. Refer to Stock Exchange announcement dated 24 August 2011.

As drilling subsequent to June 2012 has extended the mineralisation, the Company is investigating undertaking additional sampling and research to expand the ore formation temperature and ore fluid data sets in an attempt to define the potential dimensions of the Co-O gold-bearing hydrothermal system.



Photo 1. Detoxification plant.



Photo 2. SAG mill.



Photo 3. Primary crusher.



Photo 4. Main sub-station.



Photo 5. Mine transformer station.



Photo 6. Mill transformer station

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