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ANNOUNCEMENT

11 January 2017

Revised Mid-Year Production Guidance

(ASX: MML)

Medusa Mining Limited (“Medusa” or the “Company”), through its Philippines affiliates, Philsaga Mining Corporation (“PMC”) and Mindanao Mineral Processing & Refining Corporation (“MMPRC”), wish to advise a production guidance revision following the assessment of its preliminary December 2016 quarterly results.

The Company’s production guidance for FY2016-17, initially set at 105,000 to 115,000 ounces of gold at All-In-Sustaining-Costs (“AISC”) of US\$1,000 to US\$1,100 per ounce has now been revised to between 85,000 to 95,000 ounces of gold at AISC of US\$1,250 to US\$1,350 per ounce.

Medusa delivered 21,157 ounces of gold at AISC of US\$1,334 per ounce for the September 2016 quarter and anticipates gold production of around 17,000 ounces for the December 2016 quarter. The original guidance profile for FY16-17 was presented as being back-end loaded, but with the anticipated poor results for the December 2016 quarter, the production plan for the second half of the year does not have the flexibility to recover lost production and match the original guidance.

The anticipated poor production for the December 2016 quarter and revised mid-year production guidance can be attributed to the following factors:

The September quarterly results were as expected, with a reduced overall grade relating to the increased amount of development ore in the mill feed blend. For the December quarter the feed grade has recovered but not to the expected level. The overall mine production output has been below plan. The tonnage shortfall relates to much higher mine-shaft maintenance requirements, thus impacting the hoisting availability for the quarter. This relates to the wear rate of the L8 Shaft guides. For safety reasons “Medusa” will continue with an accelerated L8 Shaft guide replacement strategy through the March quarter, resulting in overall lower shaft availability. “PMC” has arranged through a third-party service provider to conduct a full assessment of the L8 Shaft in late January 2017.

The L8 shaft availability has an overall impact on the mine performance including; manpower, materials movements and ore hoisting capabilities. The higher planned production rates for the March quarter will be pushed out by a full quarter, thus requiring the revised guidance.

For further information please contact:

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