



## MEDUSA MINING LIMITED

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## ANNOUNCEMENT

31 August 2017

# 2016/17 FINANCIAL RESULTS

(ASX: MML)

**Medusa Mining Limited (“Medusa” or the “Company”), presents its un-audited financial results for the year ended 30 June 2017, with a preliminary statutory after tax loss of US\$62.1 million** (and includes asset impairment losses of US\$70.8M and exploration write-offs of US\$7.1M).

### **Financials** (currently being audited)

- Revenues of US\$100.1 million compared to US\$128.1 million for the previous year, a decrease of 22%.

Medusa is an un-hedged gold producer and received an average gold price of US\$1,256 per ounce from the sale of 79,194 ounces of gold for the year (2016: 108,529 ounces at US\$1,173 per ounce);

- Losses before interest, tax, depreciation and amortisation (“EBITDA”) of (US\$35.2 million), which includes asset impairment losses of US\$70.8 million and exploration write-off of US\$7.1 million (2016: EBITDA of US\$69.5 million);
- Basic earnings per share (“EPS”) of (US\$0.299) on a weighted average basis, based on NPAT of (US\$62.1 million) (2016: EPS of US\$0.213, based on NPAT of US\$44.3 million);
- The Company had total cash and cash equivalent in gold on metal account of US\$11.5 million at year end (2016: US\$22.0 million);

Description	Unit	30 June 2017 <sup>(1)</sup>	30 June 2016 <sup>(2)</sup>	Variance	(%)
Revenues	US\$	US\$100.1M	US\$128.1M	(US\$28.0M)	(22%)
EBITDA <sup>(1)</sup>	US\$	(US\$35.2M)	US\$69.5M	(US\$104.7M)	(151%)
NPAT <sup>(1)</sup>	US\$	(US\$62.1M)	US\$44.3M	(US\$106.4M)	(240%)
EPS (basic)	US\$	(US\$0.299)	US\$0.213	(US\$0.512)	(240%)

(1) includes asset impairment losses of US\$70.8M and exploration write-offs of US\$7.1M for year ended 30 June 2017;  
(2) Restated accounts relating to prior year adjustments. EBITDA and NPAT previously reported were US\$69.6M and US\$43.8 M respectively.

- Depreciation of fixed assets and amortisation of capitalised mine development and mine exploration was US\$18.0 million (2016: US\$21.6 million);
- US\$16.2 million was expended on capital works associated with the new mill construction and infrastructure, mine expansion and sustaining capital at the mine and mill (2016: US\$16.8 million);
- Exploration expenditure, inclusive of underground diamond drilling was US\$12.3 million (2016: US\$9.3 million);
- Capitalised mine development costs totalled US\$27.6 million for the year (2016: US\$26.3 million); and
- Corporate overheads of US\$6.7 million (2016: US\$5.9 million).

## **Operations**

<b>Description</b>	<b>Unit</b>	<b>June 2017</b>	<b>June 2016</b>	<b>Variance</b>	<b>(%)</b>
Ore mined	WMT	564,965	623,659	(58,694)	(9%)
Ore milled	DMT	499,733	561,192	(61,459)	(11%)
Head grade	g/t	5.33	6.40	(1.07)	(17%)
Recovery	%	94.3%	94.0%	0.3%	-
Gold produced	ounces	80,743	108,578	(27,835)	(26%)
Cash costs <sup>(1)</sup>	US\$/oz	\$595	\$466	(\$129)	(28%)
Gold sold	ounces	79,194	108,529	(29,335)	(27%)
Avg gold price received	US\$/oz	\$1,256	\$1,173	\$83	7%

**Note:**

(1) Net of development costs and includes royalties and local business taxes.

- The Company produced 80,743 ounces of gold for the year, compared to 108,578 ounces from the previous corresponding period, at an average recovered grade of 5.33 g/t gold (June 2016: 6.40 g/t gold).
- The average cash costs of US\$595 per ounce, inclusive of royalties and local business taxes was higher than the previous year's average cash costs of US\$466 per ounce.
- All in Sustaining Costs ("AISC") for the year was US\$1,374 per ounce of gold compared to the previous year's AISC of US\$999 per ounce of gold, primarily as a result of a drop in gold production.

## **Production Guidance (2017/18)**

The production guidance for 2017/18 at the Co-O mine is expected to be:

- between 80,000 to 90,000 ounces;
- at an AISC of between US\$1,050 to US\$1,200 per ounce.

The guidance is governed by the completion of the E15 Service Shaft by the March quarter of 2018. Once completed, the E15 will unconstrain the L8 Production Shaft as all manpower and materials will be removed and the L8 Production Shaft becomes a dedicated skipping shaft.

The guidance also assumes that the Co-O Mine will be realising improvements within the March 2018 quarter and allowing a reasonable transition period.

## **Corporate**

### **Dividend:**

No dividends were declared nor paid during the year.

### **Board appointment/resignations:**

- Mr Boyd Timler was appointed Managing Director on 9 January 2017.
- On 22 August 2017, Mr Ciceron (Jun) Angeles tendered his resignation as a Non-Executive Director effective 31 October 2017.

### **DISCLAIMER**

This report may contain certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Medusa, and its officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements.

Actual results, performance or outcomes may differ materially from any projections and forward-looking statements and the assumptions on which those assumptions are based.

You should not place undue reliance on forward-looking statements and neither Medusa nor any of its directors, employees, servants or agents assume any obligation to update such information.