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**ANNOUNCEMENT**

5 July 2018

**QUEENSLAND EXPLORATION EARN-IN AGREEMENT**

(ASX: MML)

- *New earn-in agreement to earn up to 90% in two Queensland exploration projects*
- *Areas prospective for epithermal gold-silver and porphyry copper-gold mineralisation*
- *Projects have drill ready targets and first drilling is expected in the current quarter*

Medusa Mining Limited (ASX: MML) (**Medusa** or the **Company**) is pleased to announce that it has entered into an earn-in agreement (**EIA**) with Ellenkay Gold Pty Limited (**Ellenkay**) regarding two exploration projects in Central Queensland, Australia (see Figure 2).

The Hill 212 (EPM 26217) exploration project is an epithermal gold-silver opportunity approximately 30km east of Mt Coolon. The Mt Clark West (EPM 26008) exploration project is a porphyry copper-gold opportunity approximately 24km northwest of Nebo. Both projects have well defined drill targets generated through previously completed geochemical and geophysical work programs.

Ellenkay currently has a 100% interest in both projects and under the terms of the EIA, Medusa may earn an equity position of up to 90% in either or both projects by managing and funding work programs through to the completion of a Pre-Feasibility Study.

Medusa must spend a combined minimum of A\$1 million on exploration activities across both projects in the first year before it is able to withdraw. Following this minimum expenditure commitment, Medusa can increase its interest in the projects by electing to meet and satisfying the following expenditure and development milestones:

| Milestone             | Mt Clark West         |             | Hill 212              |             |
|-----------------------|-----------------------|-------------|-----------------------|-------------|
|                       | Medusa project equity | Expenditure | Medusa project equity | Expenditure |
| Year 2                | 49%                   | A\$750,000  | 49%                   | A\$750,000  |
| Year 3                | 70%                   | A\$750,000  | 70%                   | A\$750,000  |
| Pre-Feasibility Study | 90%                   | Fund study  | 90%                   | Fund study  |

Following the completion of a Pre-Feasibility Study, Medusa can elect to sole fund a Feasibility Study on either or both projects. Medusa will manage the exploration program during the earn-in period and expects to be drilling the first of the projects before the end of the current September quarter.

### Hill 212

The project area features multiple epithermal-style veins and potentially represents the upper levels of an epithermal system. Exploration work by previous explorers include mapping (1:2,000 scale) over ~1km x 800m, rock chip and soil sampling, as well as limited drilling (two RC holes for a total of 168m, with peak results of 1.01 g/t Au at 4m). Historical exploration work had identified gold mineralisation and classic epithermal textures. Medusa will be testing for potential grade improvement at depth below the base of oxidation.



Figure 1: Sample from Hill 212 project showing classic epithermal vein texture

### Mt Clark West

The project area features large scale, pervasive hydrothermal alteration and porphyry-style stockwork quartz veining with well-developed boxworks. Historical work included field mapping and rock chip sampling, soil sampling, geophysical surveys, magnetic inversion modelling plus IP and resistivity modelling. This work has highlighted a number of coincident geophysical and geochemical anomalies and delineated, drill ready targets.

Medusa Chairman, Andrew Teo, commented on the earn-in agreement:

*While early stage, these new projects are located in the right geological setting and in a very supportive resource development jurisdiction. Ellenkay management have done an excellent job in securing these tenements and advancing them to their current drill ready status.*

*Given its technical knowledge of epithermal gold and copper-gold porphyry systems, Medusa is ideally placed to advance projects like Mt Clark West and Hill 212. The earn-in gives Medusa greater balance in its project portfolio and we are eagerly looking forward to our first drill program in Queensland which is expected before the end of the current quarter.*

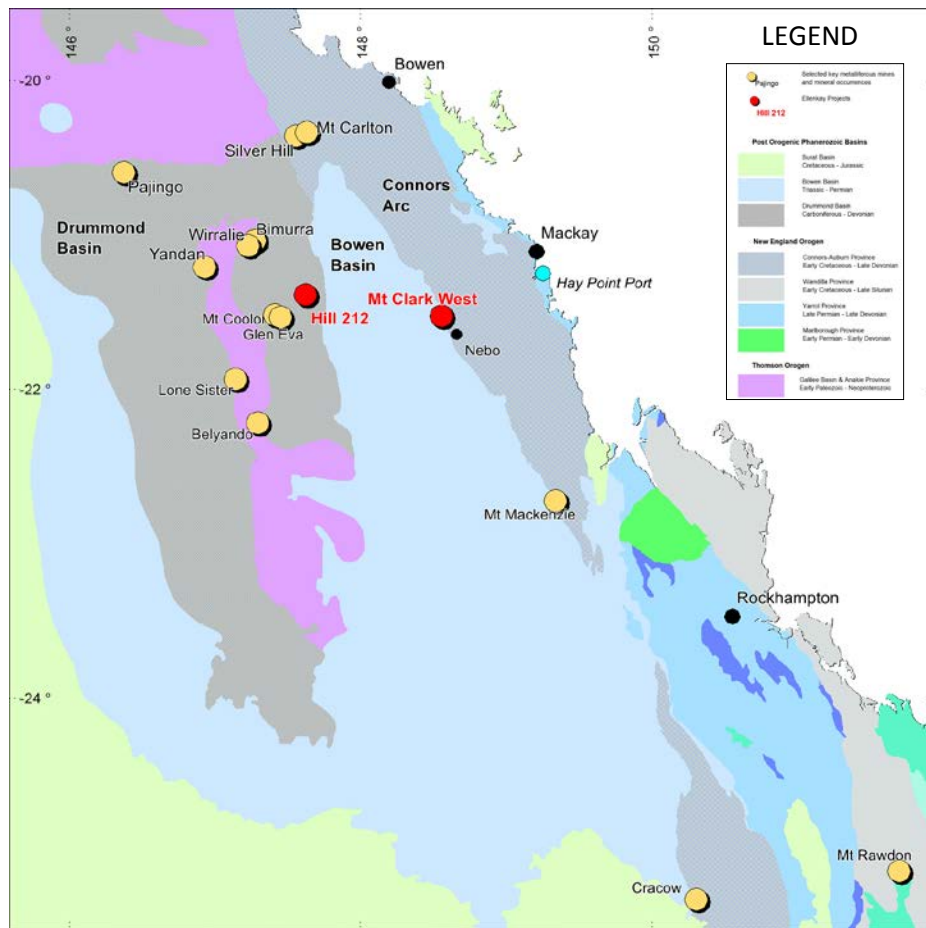
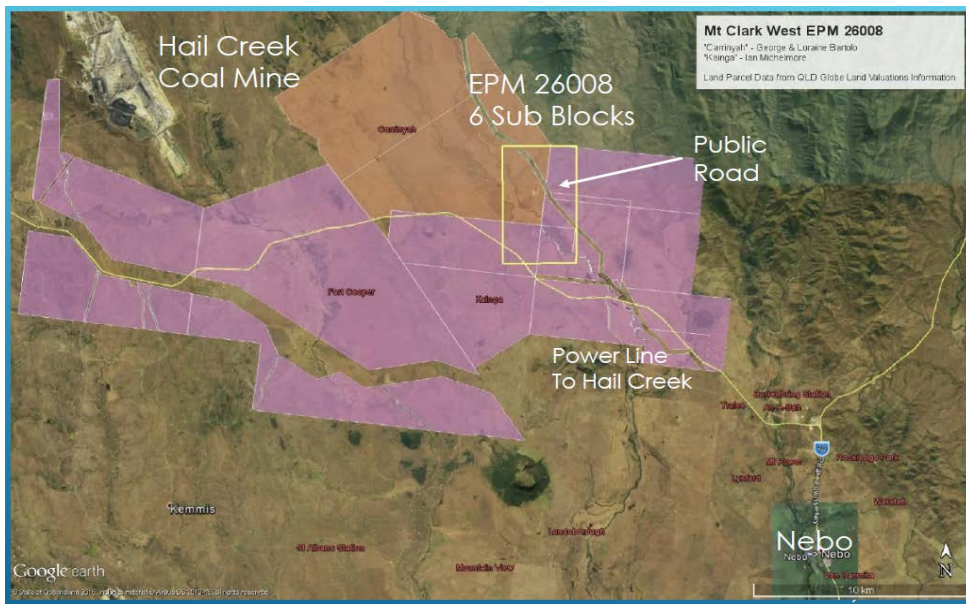


Figure 2: Location map showing the two projects (red dots)



Figure 3: Tenement location of Hill 212 epithermal gold-silver project



**Figure 4: Tenement location of Mt Clark West porphyry copper-gold project**

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