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ANNOUNCEMENT

25 September 2018

FY19 GUIDANCE AND E15 SHAFT UPDATE

(ASX: MML)

- *FY19 guidance set at 90-100koz at AISC US\$1,050/oz – US\$1,150/oz*
- *Practical completion of the E15 Service Shaft expected in October 2018*
- *Completion of E15 will expedite production from lower mine levels*

FY19 Production and AISC Guidance

Medusa Mining Limited (**Medusa** or the **Company**) (ASX: MML) advises its FY19 production is expected to be within a range of 90,000oz – 100,000oz and its All-in Sustaining Costs to be within a range of US\$1,050/oz – US\$1,150/oz.

The guidance is provided on the expectation that the E15 Service Shaft will achieve practical completion in October and provide a meaningful contribution in the second half of FY19, following commissioning.

The guided AISC includes cash production costs, royalties, mine development, capital works (including the E15 Shaft) and associated sustaining capital, exploration expenditure and corporate overheads.

The Company has budgeted significantly increased exploration expenditure associated with:

- Testing potential depth extensions of the Co-O orebody, resulting from better drilling positions available on L10
- Testing high grade priority targets near Co-O, including the Royal Crown Vein and Durian, as highlighted in the June Quarter report

E15 Shaft Update

All critical parts, including the lower shaft steel work have arrived on site and final assembly of the E15 Shaft is well underway (**Figure 1**). The Company expects all outstanding construction work to be completed in October for commissioning.

Once fully operational, the E15 Shaft is expected to take the burden of manpower and material movements from the L8 Shaft, allowing for a significant increase in L8's skipping capacity and expediting development and production on the lower mine levels. Importantly, completion of this key infrastructure would also facilitate the establishment of more ideally located drilling stations for continued expansion of the Co-O Resources and Reserves in due course.

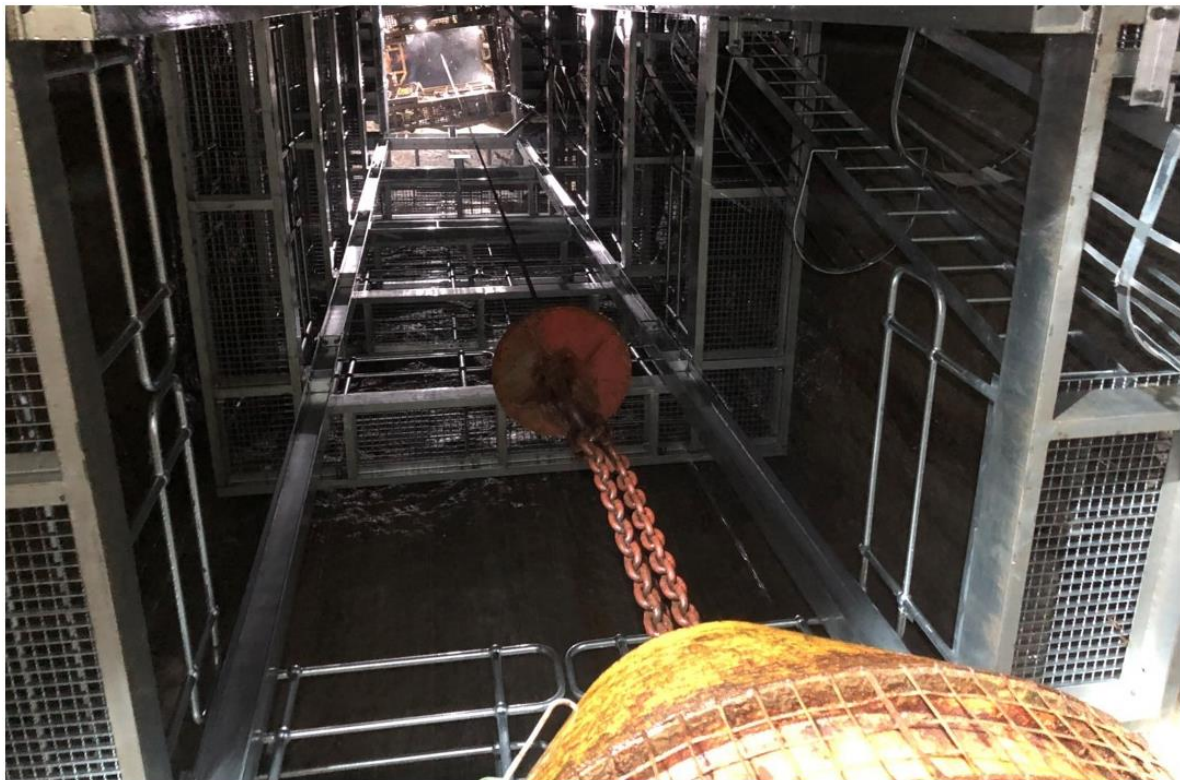


Figure 1: Current progress of E15 Shaft installation

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