



MEDUSA MINING LIMITED

ABN: 60 099 377 849

Suite A, Level 1
1 Preston Street
Como, WA 6152

PO Box 122
South Perth WA 6951

Telephone: 618-94741330

Email: admin@medusamining.com.au
Internet: www.medusamining.com.au

ANNOUNCEMENT

28 October 2020

CHAIRMAN'S AGM ADDRESS

(ASX: MML)

Please find attached the Chairman's address which will be delivered at the Company's Annual General Meeting, to be held at Quest South Perth Foreshore, 22 Harper Terrace, South Perth, Western Australia on Thursday, 29 October 2020.

For further information please contact:

Peter Alphonso
Company Secretary

CHAIRMAN'S ADDRESS - MEDUSA AGM 2020

29 October 2020, 9.00 am (Perth time)
Quest South Perth
22 Harper Terrace, South Perth 6151
West Australia, Australia.

Good morning ladies and gentlemen,

My name is Andrew Teo and I am the Chairman and current Interim CEO of Medusa Mining Limited (“Medusa” or the “Company”).

On behalf of my fellow Directors Mr Roy Daniel, Mr Simon Mottram and Mr Raul Villanueva (who will retire at the close of this meeting), I welcome you to the 17th Annual General Meeting of the Company.

I would like to start off today by extending my sincere gratitude to our team, both in the Philippines and Australia, for delivering another strong performance in these particularly challenging times.

The key outcome of this fine effort was the production of 95,057 ounces of gold from our Co-O Gold Mine in FY2020 at an All-In-Sustaining-Cost (“AISC”) of US\$1,132 per ounce. Production was in line with guidance and AISC was marginally above the top end of guidance of US\$1,125 per ounce.

This operating performance resulted in a solid net profit after tax (“NPAT”) of US\$35.4 million at an increased NPAT margin of US\$372 per ounce and more than doubled the Company’s cash balance to US\$47.1 million at 30 June 2020.

From this strong financial position and more consistent operating base, the business is approaching a position the Board believes the return of excess funds to shareholders through dividend payments can be considered alongside its capital and growth requirements. The payment of a dividend will be actively under consideration at the interim results in February 2021.

I am pleased to report this strong momentum has continued into FY2021, with our first quarter production of more than 28,000 ounces being our most proficient quarter for 18 months. Free cash flow in the quarter was US\$17.6 million which lifted our cash balance to almost US\$65 million. The strong financial performance was built on the Company’s production being unhedged and providing full exposure to the rising gold price throughout the period.

In terms of outlook, production guidance for FY2020 has been set at between 90,000 to 95,000 ounces at an AISC of between US\$1,200 to US\$1250 per ounce, which is inclusive of all operating, sustaining capital, project expansion, exploration and corporate overhead costs. Consistency will continue to be the benchmark of the Company's operation.

Despite regional exploration activity being suspended in the second half of the year due to the onset of COVID-19 restrictions, we still managed to maintain our objective of replacing mine depletion with Ore Reserves of 332,000 ounces at a grade of 6.27 g/t gold at 31 December 2019. We will continue with drilling programs aimed at replenishing Ore Resources and adding to the Mineral Resources.

As part of our strategy to ensure longevity of the Co-O mine and improve operational efficiencies, in January 2020 a study was completed into the best option to access deeper areas of the mine below Level 12.

The study concluded that the establishment of a decline would extend mine life and enhance operational and exploration flexibility through an investment of US\$48 million over a period of 36 months. The decline project is currently placed on hold until such time as COVID-19 restrictions currently in place are lifted and operating conditions back to normal.

Our role as a positive and productive part of our host communities in the Philippines became even more significant and important during this challenging time.

Being the largest employer in the Caraga Region, the Company has been working closely with local government authorities to provide assistance and relief to the local communities.

We have also effectively implemented several Health and Safety protocols to curb the spread of COVID-19.

These protocols include the testing of our workforce which has recently been successful in identifying several employees who have tested positive to COVID-19. These employees have been removed from site and placed into isolation at home.

In order to ensure the welfare of the wider Co-O workforce and surrounding community, at the start of the week the Company took the decision to suspend operations and place the site on care and maintenance for a period of 7 days.

The Company has made this decision on its own volition and without compulsion from local or national government. Workspaces are currently being disinfected with only essential services continuing.

All employees will be required to undergo a COVID-19 test and return a negative result before returning to site early next week. The temporary suspension will not impact our FY21 production guidance and reflects our commitment to employee safety.

Despite this commitment, we are deeply saddened by two separate tragic incidents that resulted in the loss of three lives during the year. One was due to an electrocution incident and the other two as a result of a rock fall.

The Company views safety as paramount and not negotiable and will continue in its endeavours by ensuring that safety policies and procedures are adhered to and re-enforced by a process of education.

In June 2020, Mr David McGowan tendered his resignation as CEO and Mr Simon Mottram joined the Board as a Non-Executive Director.

David departs after three and a half years and during his tenure with the Company, fostered a strong culture of operational planning, efficiency and meeting targets which will continue into the future. We wish David all the best in his future

endeavours and at the same time welcome Simon on board as Non-Executive Director.

The process to appoint a permanent CEO is continuing and has been slowed somewhat by COVID- 19 restrictions which are preventing suitable candidates from travelling to the Philippines.

Today we also see Executive Director Raul Villanueva retire from the Board, however I am pleased to say he will continue in an executive capacity as President of Medusa's affiliated operating entities in the Philippines, a role he has held since December 2012.

In concluding, I would once again like to voice my appreciation for what our team has achieved this year and I am very proud of all our employees.

On behalf of the Board and all employees, I would also like to thank all our valued shareholders for their continued and ongoing investment in Medusa and I look forward to the Company's next phase of growth in FY2021.

Thank you

A handwritten signature in black ink, appearing to read 'Andrew Teo', with a horizontal line extending to the right.

Andrew Teo

Chairman