

## **Co-O Gold Mine Decline Project Approved**

- Contract signed for the 'Tigerway' Decline Project at Co-O Gold Mine with leading Philippine underground mining and blasting contractor Mount Rock Powder Corporation ("MRPC")
- Lower estimated capital cost of US\$54 million over 36 months will be funded from existing cash reserves and future operational cash flow
- MRPC has held the blasting contract at Co-O Gold Mine for more than 10 years and has experience in numerous underground mining and civil tunnelling projects
- Decline will extend infrastructure below the current extent of Level 12 with high-grade mineralisation intersected in drilling below Level 16 and remaining open at depth
- Gold production to continue at planned levels throughout the construction period

Medusa Mining Limited (ASX:MML) ("Medusa" or the "Company"), through its affiliate Philsaga Mining Corporation ("PMC"), is pleased to advise that following a competitive bidding process it has signed and executed a contract for the 'Tigerway' Decline Project for its Co-O Gold Mine ("Co-O") in the Philippines with well credentialed Philippines contractor Mount Rock Powder Corp ("MRPC").

As previously announced, a comprehensive study was completed in early 2020 to evaluate the optimal long-term infrastructure solution at Co-O. The study determined that the establishment of a decline was the best strategy to underpin more efficient future production from deeper levels of the mine (ASX announcement 31 January 2020).

Construction of the decline was approved in January 2020, however the onset of the COVID-19 pandemic delayed the planned appointment of an Australian based underground mining contractor.

Since late 2020 the Company has been evaluating the option of using a Philippines based contractor to mitigate the operational restrictions and cost impacts of COVID-19.

MRPC is a well-respected contractor which has safely and successfully fulfilled the blasting contract at Co-O since 2008. The group has completed more than 18,000 metres of underground mining and civil tunnel and decline projects during the past decade, giving it an in-depth knowledge of all local regulations relating to mine construction codes, safety standards and explosives handling.



## Commenting on the appointment of MRPC to complete the Tigerway Decline at Co-O, Medusa Managing Director Andrew Teo:

"The Co-O Gold Mine has been in production for 13 years and has been a consistent producer which continues to replace reserves as the orebody extends at depth. While the hoisting and shaft infrastructure has served the mine well over its life to date, we believe this is an important investment in the future efficiency of the operation.

MPRC has been a trusted contract partner at Co-O with responsibility for blasting activities for the past 10 years and we are confident in their ability to deliver the decline project.

The decline will be constructed by a dedicated contract workforce and we do not expect this activity to have any impact on ongoing operations. Our strong financial position means the project will be funded from our existing cash balance and future cash flows while maintaining flexibility to consider future dividend payments, dependent on the performance of the operation and the prevailing gold price."

Ore mined at Co-O is currently hoisted to surface for processing through three production shafts (Figure 1). As Reserves are depleted at shallower levels, additional infrastructure is required to continue mining and improve exploration effectiveness at lower levels.

A decline at Co-O is expected to provide a number of safety and operational benefits including:

- greater flexibility and capacity to extend underground mining infrastructure;
- increased efficiency of installed shafts;
- ability to increase mechanised mining techniques and increase productivity; and
- enhanced exploration flexibility from more optimal in-mine and near-mine exploration positions.

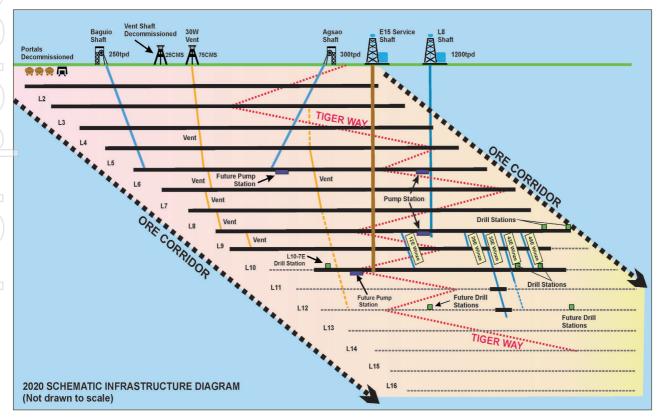


Figure 1: Current and future underground infrastructure at the Co-O Gold Mine.



## **Capital Costs and Funding**

Total costs for the project are estimated at US\$54 million, comprising US\$43 million of box cut excavation and underground development and US\$11 million of new mining infrastructure and equipment. This compares to the January 2020 estimates of US\$49 million and US\$11 million respectively, representing a reduction in total budget of approximately 10 per cent.

The costs will be fully funded internally from Medusa's current cash balance and future operational cash flows. The initial US\$11 million for infrastructure and equipment will be incurred at the start of the project, with underground development expenditure broadly linear over the course of the 36-month construction period.

This announcement has been authorised for release by the Board of Medusa Mining Limited.

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## **ABOUT MEDUSA**

Medusa is an unhedged, high-grade gold producer which operates the Co-O Gold Mine in the Philippines. The Company's FY21 guidance is for 90,000 to 95,000 ounces of gold production at an All-In-Sustaining-Cost ("AISC") of between US\$1,200 to US\$1,250 an ounce.

Medusa has no long-term debt and is targeting new growth opportunities in the Asia Pacific region.