

Medusa Mining

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Medusa Mining has number two primary gold mine in Philippines and 10-year track record of production

Medusa Mining Limited (ASX:MML) is an Australian-based gold producer, focused solely in the Philippines.

During the six months to December 2017, the Co-O narrow-vein, underground mine produced 49,952 ounces of gold, an improvement of 30% when compared to the six months to December 2016.

Track record of production and profits from the Co-O underground mine All in sustaining costs during the period rang in at US\$999 per ounce of gold produced, allowing for a very tidy margin when compared to the prevailing US\$1,300-plus gold price during the period.

In early December 2017, Medusa upgraded its production guidance for the full year to between 85,000 and 95,000 ounces of gold at all-in sustaining costs of between US\$1,000 and US\$1,150 per ounce.

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This guidance follows an extensive programme of infrastructure improvements that were implemented through 2017.

In particular, the E15 Service Shaft expansion project was significantly advanced, while earlier improvements to mine ventilation and de-watering procedures also contributed to the improved production.

Specialist vein miners, with more than a decade of on-mine experience Narrow-vein mining is notoriously difficult to make a success of, but Medusa has built up a track record of more than 10 years at Co-O, and knows exactly what it is dealing with.

The Co-O narrow quartz veins can be thought of as sheets 1-2 metres thick suspended in the host rock. The sheets or veins are essentially filling spaces which form when the volcanic host rocks crack or are faulted.

These spaces are not regular, so the vein which fills the crack will take the shape of the crack and change in width and attitude according to the shape of the original crack. Some cracks are long and continuous, others are shorter and less continuous. Veins can have complex shapes, with branches or splits, and many other variations.

The volcanic wall rocks are green, hence the veins are visually distinctive underground and are easily followed by the miners. The veins can develop at any depth so the tops of different veins can be at different depths. The bottoms can be at different depths as well.

Price: A\$0.7

Market Cap: A\$145.46M

1 Year Share Price Graph



Share Information

Code: MML

Listing: ASX

52 week High Low
A\$0.71 A\$0.30

Sector: General Mining - Gold

Website: www.medusamining.com.au

Company Synopsis:

Medusa Mining Limited (ASX: MML) is a publicly listed, Australian based gold producer, focused solely in the Philippines and Asia Pacific. Un-hedged, high grade gold producer focused on organic growth in the Philippines

□ Operational history in excess of 10 years

□ FY18 production 95.7koz at an AISC of US\$1,083/oz

□ Co-O Mineral Resources reported in December 2017 of 865koz @ 10.

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Resources and reserves in good shape, for a mine of Co-O's type

As a generalisation, many narrow vein mines do not have long life reserves, but in general have significant resource bases with potential to increase.

Narrow veins are challenging to evaluate because of their geologically variable nature. They are generally less than 3 metres wide, discordant, of variable dip, variable width and commonly displaced by faults.

Having said that, as at August 2017, Co-O boasted resources of 859,000 ounces and reserves of 345,000 ounces. Medusa's policy is to replace the reserve ounces it mines each year with underground drilling and development.

Well-established in the Philippines

The Philippines has been a complex jurisdiction for some companies to operate in but Medusa has managed to keep going for 10 years.

This staying power has confirmed Co-O as the second largest primary gold mine in the Philippines, but as ever, it's what's behind the scenes that really counts. Medusa has created multiple opportunities in education for locals, funded a 16-bed hospital, built community buildings and undertaken reforestation.

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