



Medusa Mining Limited

August 2005

TRANSITION FROM EXPLORER TO **GOLD PRODUCER**



Medusa Mining Limited

TRANSACTION STRATEGY

- **Acquire Lease and Option to buy Co-O plant**
- **Access to 100% of cash flow from plant upon settlement of transaction**
- **Purchase ore from Philsaga**
- **Philsaga to scale up the production from the high-grade underground Co-O gold mine**
- **Philsaga to develop additional ore sources**



TRANSACTION COST

- Lease payment of A\$2 million
- Payment of A\$1 million to contractors
- Ore purchased at cost + 15%
- Mill management at cost + 15%



TRANSACTION RESULT

NO SIGNIFICANT CHANGES

- Same plant management
- Same team contract mining the Co-O resource of 241,000oz @ 29.7g/t Au
- Similar production levels of approx +40,000 ozs in second quarter 2006
- Same increasing production during 2006
- Same production cost <US\$200/oz



Co-O PLANT

- **550 tpd CIP plant with crushing/grinding capacity to approx 1,100 tpd**
- **Replacement cost approx US\$15M**
- **Grid power and standby power**
- **Admin buildings, laboratory, workshops, accomodation**
- **Competent mill management achieving +95% recovery**
- **Licensed tailings dam**



Co-O Plant



Medusa Mining Limited

BENEFITS OF PLANT ACQUISITION

- **Seamless transition to producer status with increasing annualised production from + 40,000 oz by 2nd qtr 2006**
- **High-grade ore - high margin**
- **Plant capacity can process additional ore from new mines**
- **537km² of very prospective tenements for additional ore sources**



WHY THE PHILIPPINES?

- **Highly mineralised: Cu, Au, Cr, laterite Ni**
- **Up to 1990s, major Au & Cu producer**
- **Government actively reviving mining**
- **Stream-lining of tenement granting**
- **Skilled work force, mining and exploration**
- **Reduced project risks, improved security**
- **Project finance available**

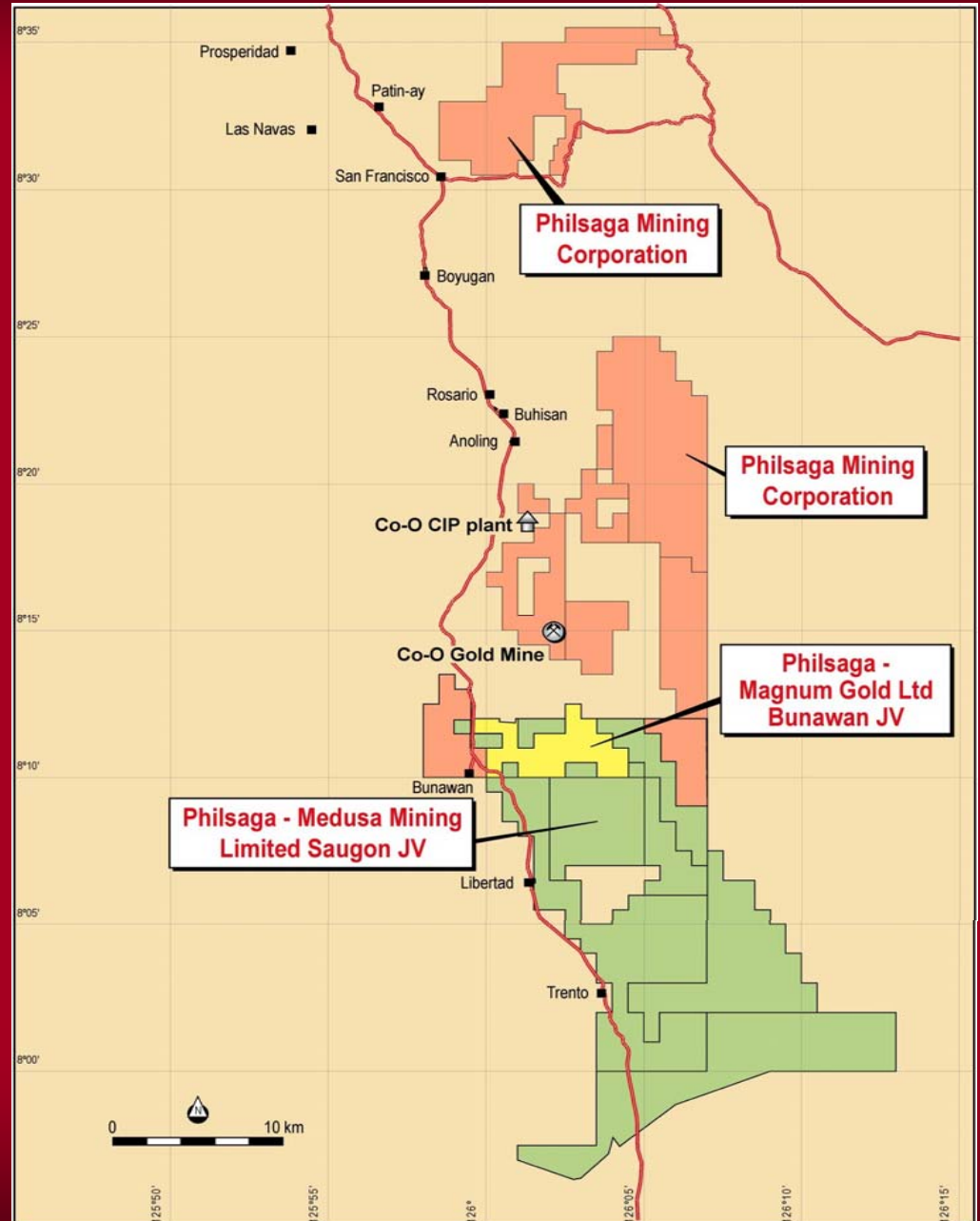


PHILIPPINE GOLDFIELDS and FOREIGN INVESTORS



Medusa Mining Limited

Co-O SAUGON REGIONAL TENEMENTS



Medusa Mining Limited

PROJECT HISTORY

- **Developed in 1989 as trackless mine on narrow quartz veins, incurred severe dilution**
- **Capex approx. US\$22M (mill, mine, power etc)**
- **Closed in 1991 after 60,000 oz production**
- **Care and maintenance to August 2000**
- **Sold to Philsaga Mining Corporation specialising in narrow vein mining**
- **Operated by Philsaga for 4.5 years @ 17koz/year**



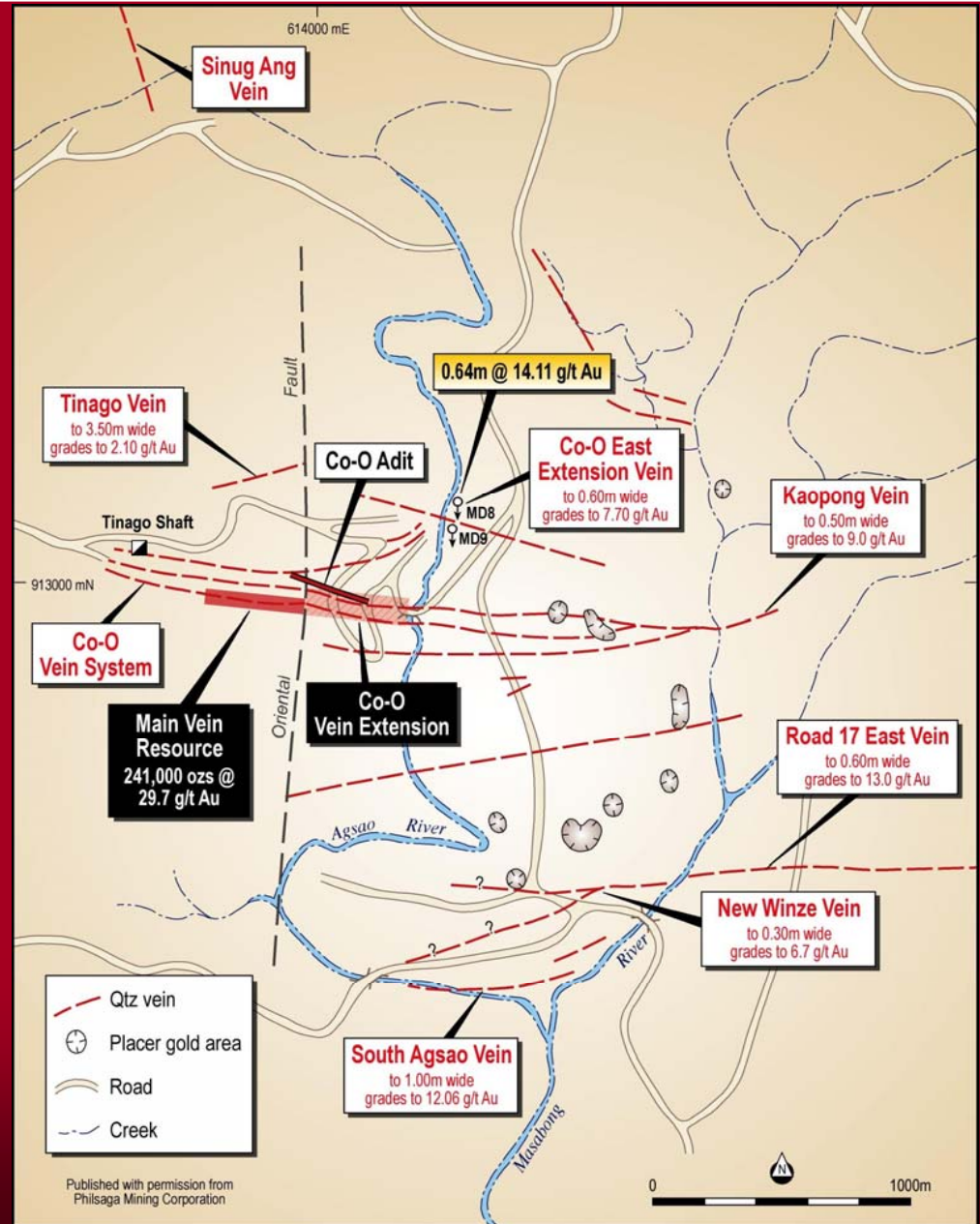
Co-O MINE KEY FEATURES

- Vein strike length on surface of >2km
- Increasing vein width and grade with depth – **241,000oz JORC resource open in all directions**
- Drilled extensions add 250m to strike length
- Multiple targets
- Potentially + 1 million ounces with additional exploration

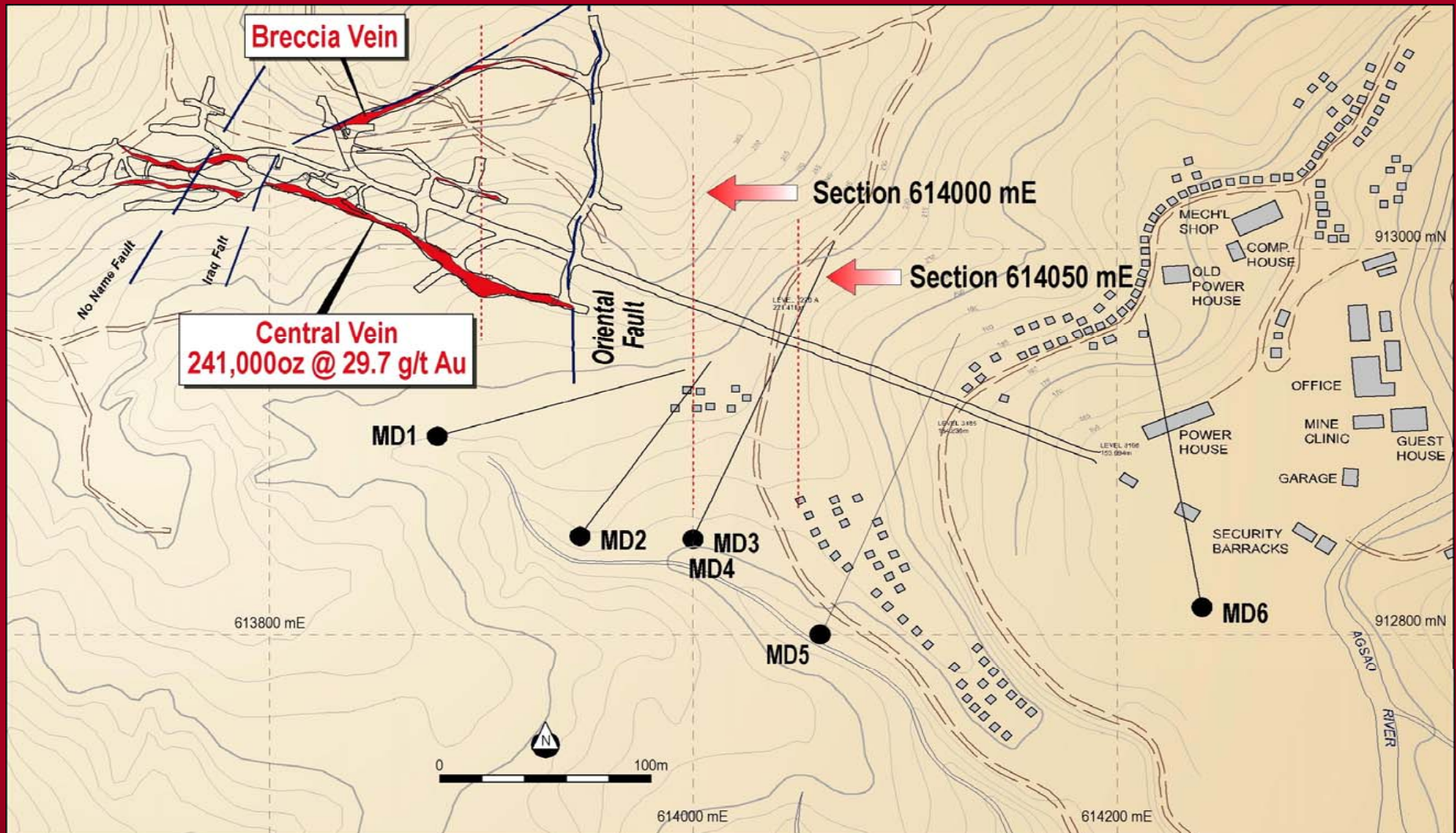


Co-O VEIN SETS

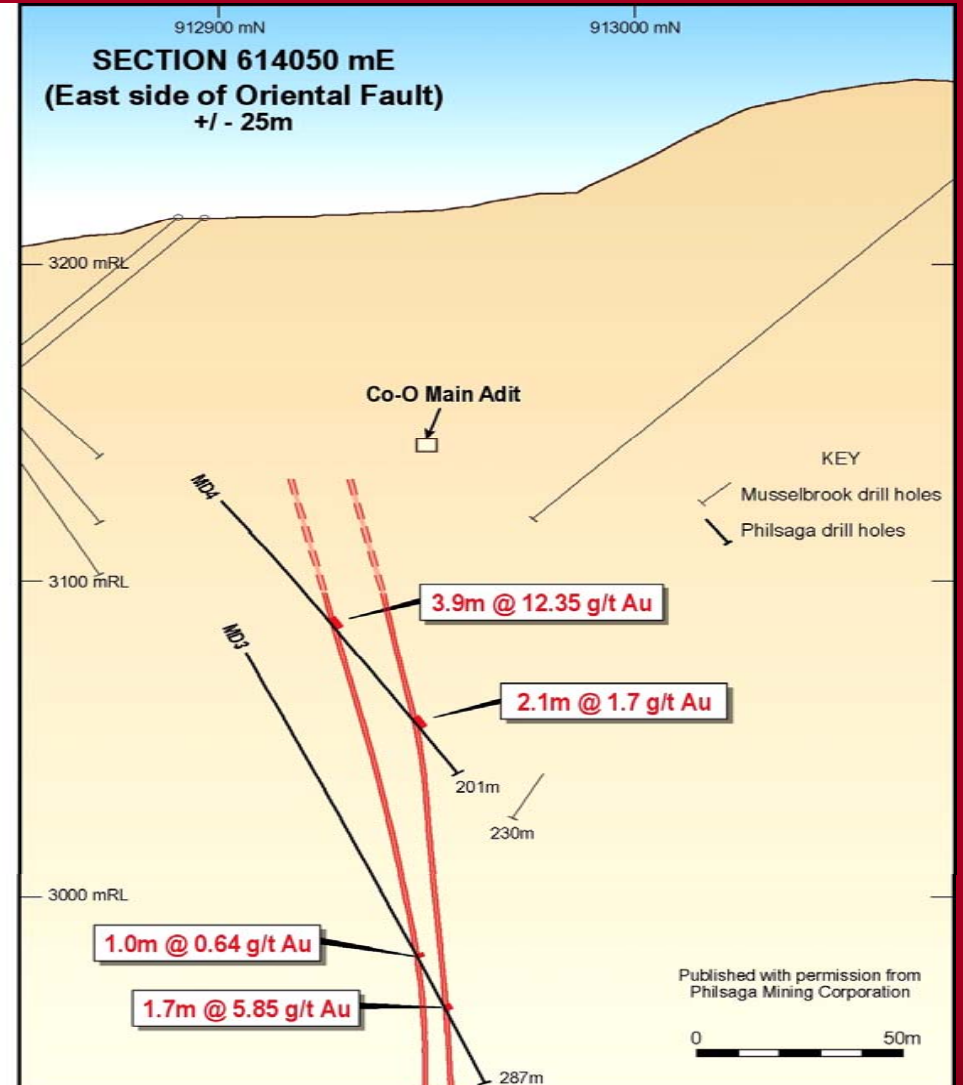
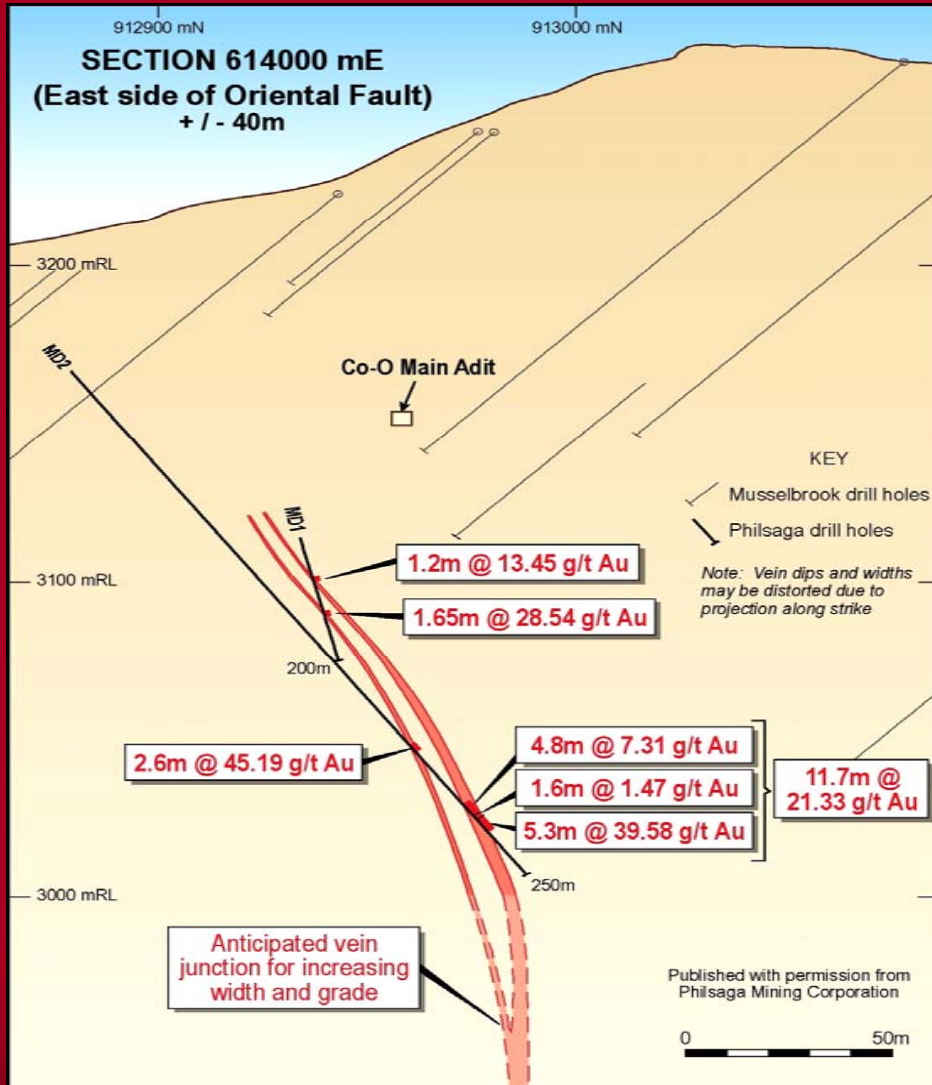
- Co-O veins now developed/drilled > 850m long
- New veins with over 5 kms of strike
- First new vein drill hole intersects ore grades



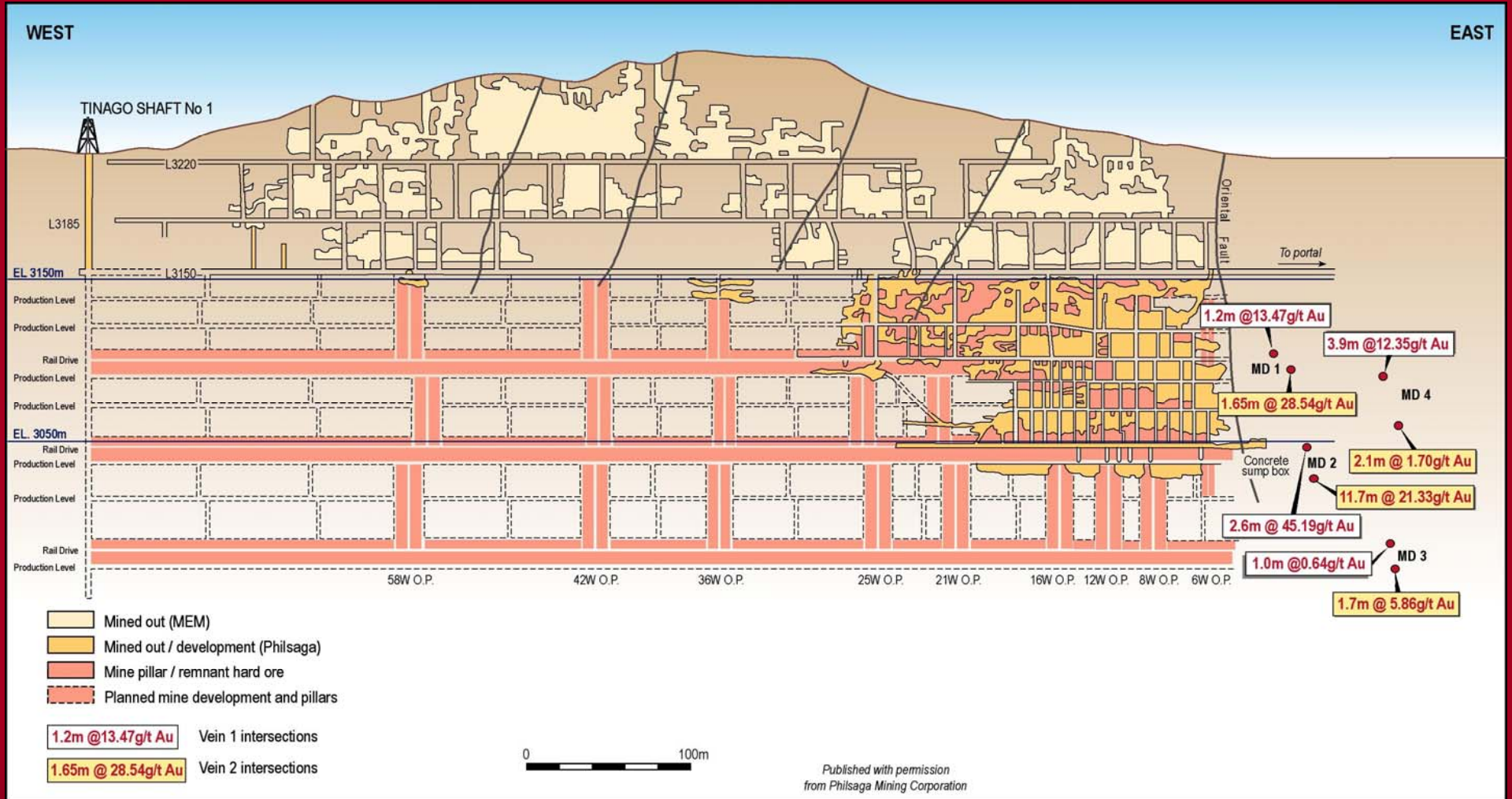
Co-O SURFACE & LEVEL PLAN



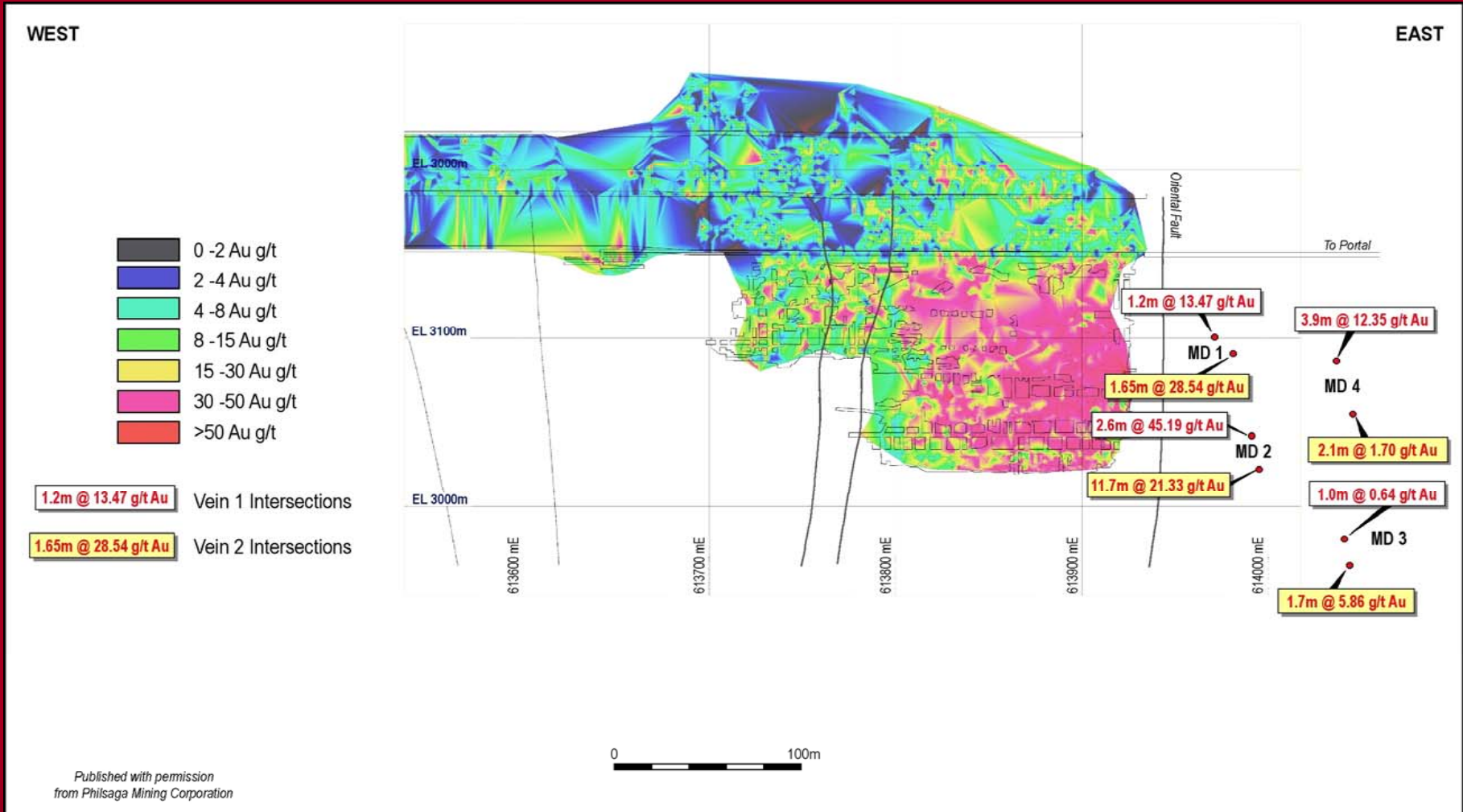
Co-O CROSS SECTIONS



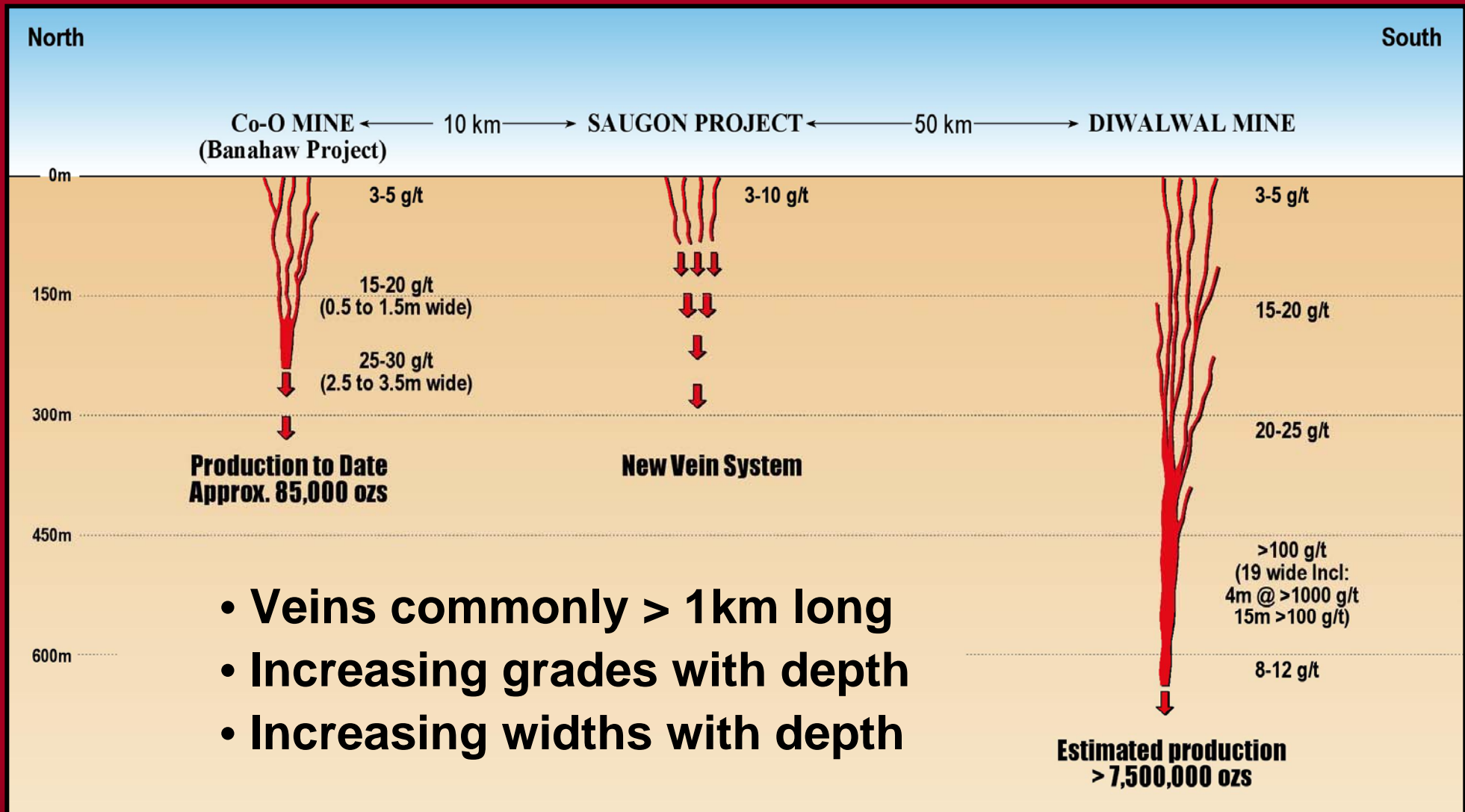
Co-O GOLD MINE LONGITUDINAL PROJECTION



Co-O GOLD CONTOURS



REGIONAL MINERALISATION MODEL



MEDUSA'S FILIPINO EXPERTISE

- **Management team very experienced in the Philippines**
- **Excellent network of professionals (technical, legal, tenement, mining)**
- **Committed Philsaga Management**
- **Experienced contractors (mining, drilling etc)**
- **Excellent local support at all levels of government and community**



COMPANY SNAPSHOT

- **Listed Dec 2003**
ASX Code: MML
- **Strategy**
Explore & mine high grade gold deposits
- **Focus**
Philsaga Co-O production/exploration in the Philippines

Post rights completion

- **Financial**
Market Cap \$30M
Cash \$1.3 – 3.1M
- **Capital Structure**
50.05M shares
26.57M options



BOARD & MANAGEMENT

MEDUSA

- **Geoff Davis** – Managing Director
- **Jeff Schiller, Ted Mein, Simon Cato,** – Non-Exec Directors
- **Roy Daniel** – Chief Financial Officer

PHILSAGA MANAGEMENT

- **Sammy Afdal** – Manager administration, milling & processing
- **Bill Phillips** – Manager Mining
- **Ernie Apostol** – Manager Exploration
- **Jerry Baguio** – Resident Mine Manager
- **Rudy Vega** – Mill Superintendent



SUMMARY

- The Philsaga Plant acquisition will **elevate Medusa from explorer to gold producer.**
- The high-grade Co-O Mine is scaleable and annualised production should increase from 40,000 - 60,000+ ozs during 2006.
- Other potential ore sources.
- Strong cash flow from processing operations to fund ongoing exploration.
- The Board and Management have significant Filipino experience.

