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MEDUSA MINING LTD



Saugon Gold-Silver Project



Potential near term cash flow from the Saugon high grade gold-silver project.

Medusa's main focus is on high grade underground gold-silver deposits in the southeast of the Philippines.

Medusa is earning a 50% interest in Saugon by contributing the first A\$1.2m, thereafter expenditures are shared with its JV partner, Philsaga Mining Corporation.

The aim of the JV is to develop an underground or number of underground mines producing approximately 150tpd each within the extensive tenement area of approximately 125km².

Philsaga is experienced in narrow vein mining and has 4 years continuous operational experience adjacent to Medusa's Saugon project.

The Saugon project is located in a district with numerous high grade vein deposits which have been or are being mined.

Based on known district production, the JV is anticipating producing head grades in the 20g/t Au range.

The district has never been subject to systematic exploration.

The **First Hit Vein** has produced encouraging exploration winze and drilling results to date including hole SSDH 2b 1m @ 35.95g/t Au, and winze results including 1.90m @ 46.93g/t Au and 707g/t Ag, 2.25g/t Au and 215g/t Ag, 1.90m @ 11.35g/t Au and 177g/t Ag, and including narrow "Black Leaders" within the veins to 0.05m @ 254g/t Au and 5661g/t Ag.

The exploration winze has reached 40m down winze depth and is currently being set up for driving along the veins at this level. Driving expected to commence in mid-July. The winze is capable of producing 150tpd of ore.

The First Hit Vein, which is undergoing intense exploration, is in an area where numerous nearby mineralised vein systems have already been located.

Medusa regards the district as having excellent potential for discovery of additional similar high grade vein deposits and will seek to participate in other prospects.

Medusa's capital costs to achieve production are very low due to being able to access Philsaga's facilities:

- 700 tpd CIP plant 28 kms by good road from First Hit Vein
- Skilled management and mining workforce
- Administration facilities
- Full range mining and exploration equipment

Philsaga and Medusa are conscious of being good corporate and community citizens by being involved in community assistance projects and local government interaction and communication.

Medusa is developing a niche position in the market place

Medusa's association with Philsaga as a specialist narrow vein underground miner enables it to seek other underground narrow vein deposits and build a niche position in the market place.

Medusa is actively seeking additional near term cash flow projects with low capital costs and high profit margins for future development.

