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ANNOUNCEMENT

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Co-O MINE SERVICE SHAFT UPDATE

Medusa Mining Limited (“Medusa” or the “Company”), through its Philippine affiliate, Philsaga Mining Corporation (“PMC”), is pleased to advise a progress update on the construction of the Service Shaft to Level 8 at the Co-O Mine which commenced in April 2015.

Figure 1 schematically illustrates the description and progress of the Service Shaft.

The Alimak ⁽ⁱ⁾ (2 metres x 2 metres) raise has completed 250 metres of the 350 metres from Level 8 up to Level 3 and a new Alimak nest ⁽ⁱⁱ⁾ is now being excavated at Level 3, and will continue for 100 metres to Level 1.

The second concrete pour out of seven for the collar of the Service Shaft is complete and once the collar is fully formed, a blind sink of 33 metres to Level 1 will be undertaken using a crane and kibble ⁽ⁱⁱⁱ⁾.

The shaft headframe, main winder and sinking equipment are scheduled to arrive during the last quarter of 2015 and once installed, a sinking stage will be used to widen the shaft to its final dimensions (3.2 metres x 3.65 metres) ^(iv) from Level 1 to Level 8. Installation of ground support to the walls and equipping the level accesses between Levels 3 to 8 will be done simultaneously. The rope guided man-cage is scheduled to be installed in the second quarter 2016.

On commissioning, all men and material movement will be transferred to the Service Shaft from the L8 Shaft, and the latter will then be used exclusively to hoist ore, to attain its planned capacity of 1,700 tonnes per day.

Geoff Davis, CEO of Medusa, commented:

“The construction of the Service Shaft has got off to a great start and should be completed within the estimated timelines with all long lead times items ordered and being manufactured.”

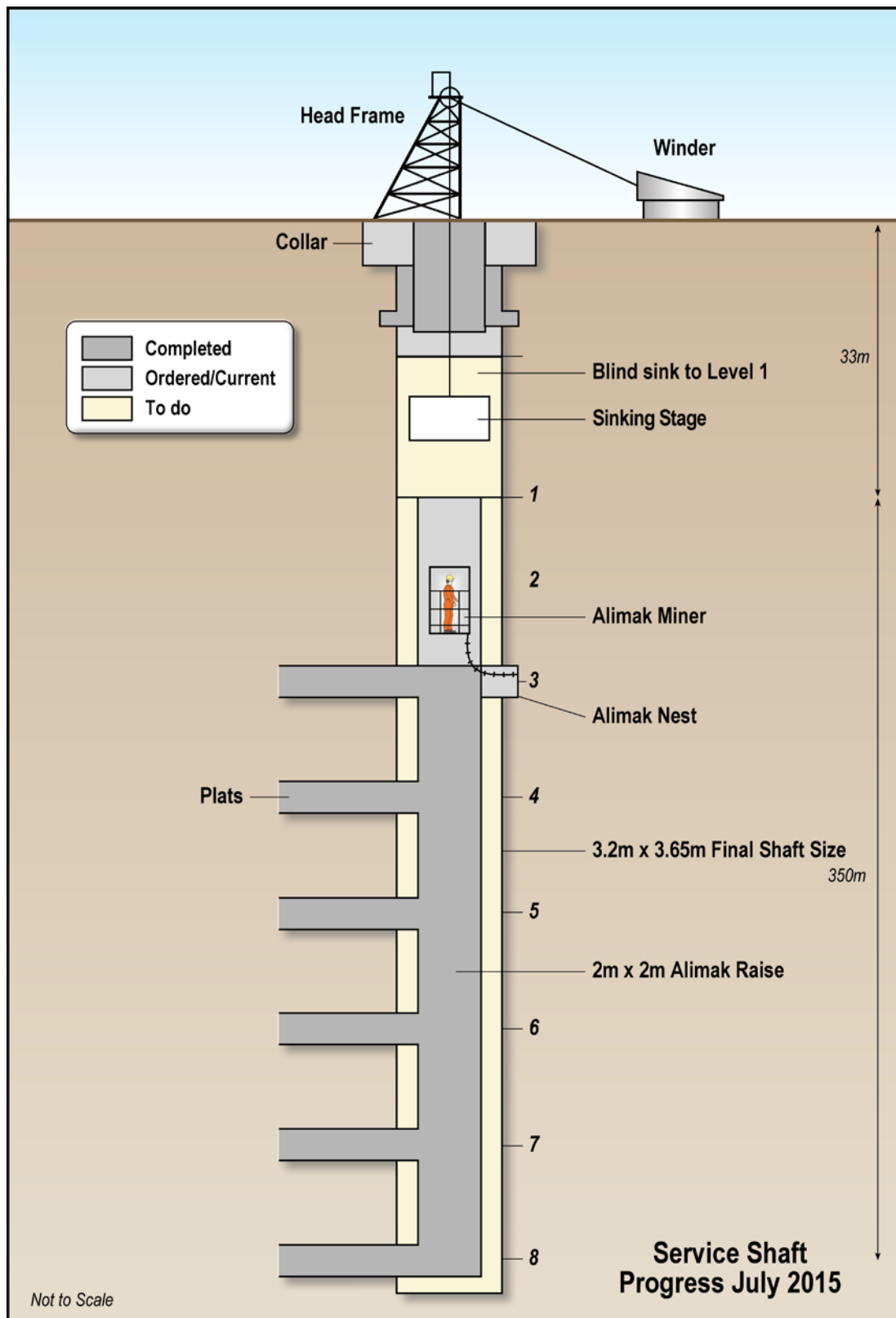


Figure 1 – Service Shaft schematic progress diagram.

Notes:

1. Alimak Raise - a climbing platform that provides miners a safe and efficient method to construct long vertical raises. A cage climbs a vertical raise fastened to the wall of the raise. The miners stand atop of the cage to drill the face, and the cage retreats to a nest at the bottom of the raise during blasting;
2. Alimak Nest - where the Alimak retreats to when blasting;
3. Kibble - an engineered sinking bucket for lowering men and materials as well as hoisting broken rock;
4. The final dimension has been chosen to allow a loco/ mine car to be lowered intact, where currently they need to be dis-assembled to be lowered down the L* shaft.

DISCLAIMER

This announcement contains certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements.

Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

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