



## DRUMMOND BASIN GOLD ACQUISITION

- **Medusa agrees to acquire Australian unlisted public company Ten Sixty Four Limited to secure a 100% interest in a large gold exploration portfolio in Central Queensland**
- **Consideration comprising the acquisition of 20 million Medusa shares, with majority of shares escrowed for a period of 24 months**
- **The land package of 4,150 km<sup>2</sup> in the southern Drummond Basin region is prospective for large, intrusion-related gold systems**
- **Acquisition includes a highly experienced technical team which has driven the Drummond Basin exploration program for the past five years**
- **Multiple targets have been advanced to drill targeting with potential for drilling in the March quarter of 2022**
- **Recent activity in the region by GBM Resources Ltd and QX Resources Ltd**

Medusa Mining Limited (“Medusa” or the “Company”) (ASX:MML) is pleased to advise that it has entered into definitive documentation to acquire a 4,150 km<sup>2</sup> exploration land package in the southern Drummond Basin region of Central Queensland through the acquisition of Australian unlisted public company Ten Sixty Four Limited (“1064”) (the “Acquisition”).

The Acquisition will deliver Medusa a 100% interest in a pipeline of exploration targets that have been built and advanced by the 1064 team over the past five years. Only two targets have been subject to small initial drilling programs and multiple fully permitted drill-ready targets exist across the tenements based on previous exploration programmes.

As part of the Acquisition, 1064’s exploration team will continue to support the exploration program in partnership with Medusa. Having been operating in the region for the past decade, the 1064 team has strong local landowner relationships and has established critical local infrastructure to support exploration including extensive access roads.

### **Andrew Teo, Medusa Managing Director, commented:**

*“Consistent with our growth ambitions in the Asia Pacific, Medusa has been assessing a variety of acquisition opportunities throughout the region. Securing an attractive exploration or development project in Australia to diversify beyond our Co-O Gold Operation in the Philippines has been one of our key objectives and we are pleased to have met this goal with the 1064 acquisition.*

*We have been impressed by the foundational exploration work 1064 has completed across its southern Drummond Basin tenements over the past five years. Significant time and thought have been put into establishing a very solid base for a major exploration drive over the next two to three years.*

*We look forward to drilling a number of the targets that have been generated during 2021 and believe this Australian exploration growth opportunity complements our consistently performing, cash generating operations in the Philippines.*

*An important part of this transaction is the continued involvement of the 1064 team as we continue to advance the project. Having agreed terms with 1064, we will now work together to complete the Acquisition in the coming weeks so we can get on with testing and generating targets across the extensive landholding.”*

**Ryan Welker, 1064 Co-Founder and Managing Director, commented:**

*“The combination of 1064 and Medusa has the potential to create considerable value for all shareholders through a broader asset base. The consistent production profile and profitability of Co-O coupled with the significant exploration potential of the Drummond Basin in Central Queensland may help secure the future growth potential of Medusa and make good use of capital to identify growth opportunities.*

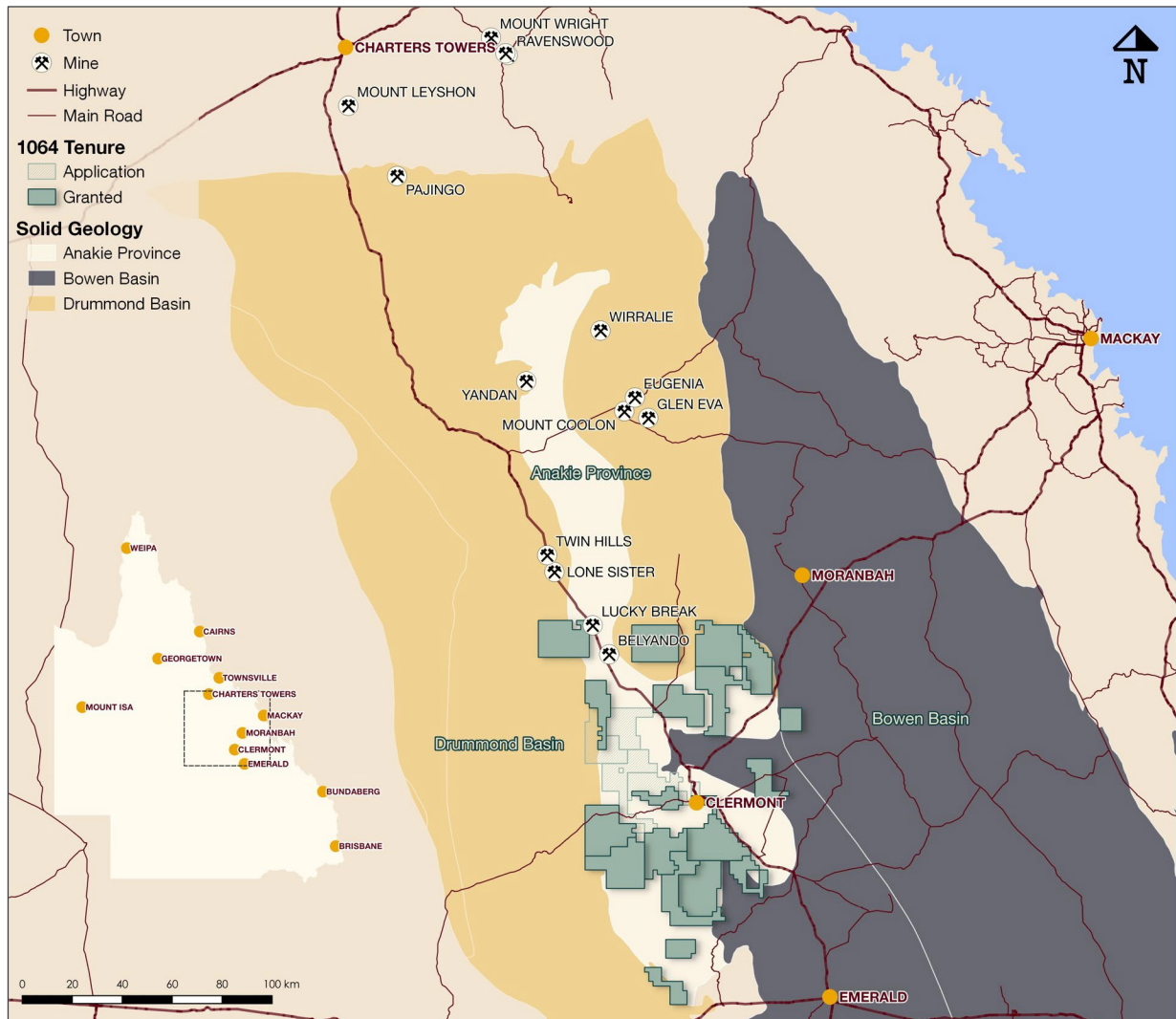
*Joining forces with Medusa will allow for the implementation of an aggressive and cost-effective exploration program to find a deposit of significance here in Australia.”*

## **1064 Background**

The 1064 founders and managers are also currently developing a coking coal resource south of Clermont, Central Queensland through Vitrinite Pty Ltd (“Vitrinite”).

While exploring for coal, Vitrinite carried out extensive exploration activities around Clermont, including geological mapping, more than 330 drill holes, 61 km of 2D Seismic survey, Deep Ground Penetrating Radar and three extensive Falcon airborne gravity / magnetic surveys. This data and local knowledge led to a great appreciation for the area as a very prospective and underexplored gold region that had not been subjected to modern exploration techniques. After building its understanding of the gold potential of the region, 1064 set about establishing a portfolio of tenements prospective for gold in the region (Figure 1).

The 1064 management team is based in Clermont and has established important relationships with relevant local stakeholders. Through the ongoing development of the Vitrinite coal asset, the management team will continue to have a strong presence in Clermont and support Medusa’s exploration activities. Along with the tenements of 1064, the management team will continue to support the project as part of the transaction which will allow for a seamless integration. The transaction also includes the ongoing provision of services by Vitrinite which will ensure that exploration costs remain low, delays are kept to a minimum and giving Medusa the added benefit of leveraging off the sizeable infrastructure they have already built in the region to undertake exploration programs.



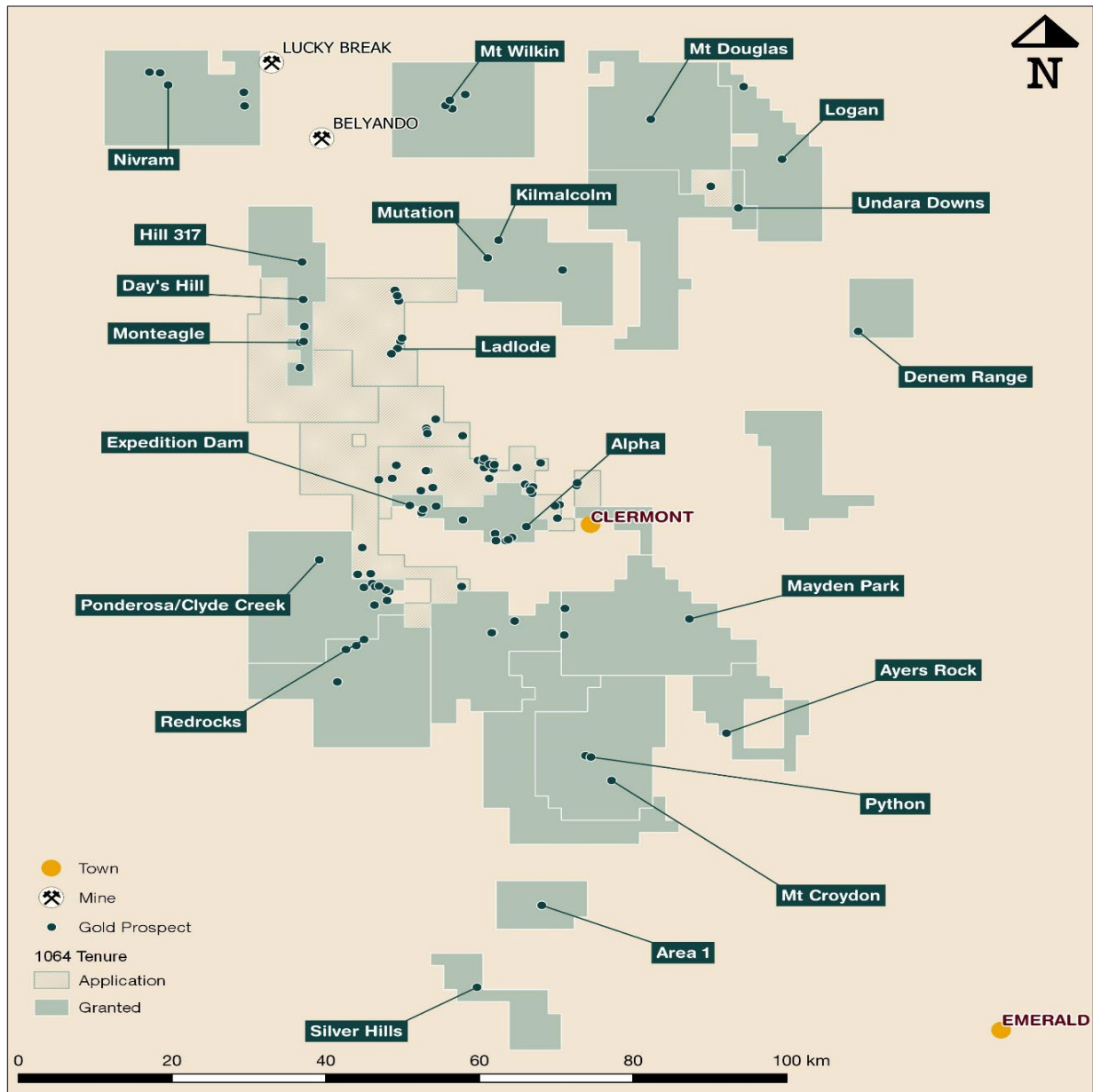
**Figure 1:** The 1064 tenements in the southern Drummond Basin

## Acquisition Projects

The Acquisition covers 25 granted tenements covering 4,150 km<sup>2</sup> in the southern Drummond Basin surrounding the town of Clermont in Central Queensland (Figure 2).

The southern Drummond Basin is well-known for its historical gold production from small high-grade mines of an artisanal nature (in Clermont area, an estimated of more than 385koz gold was produced historically), but the origin of the gold from these small historical mines is not well understood nor has a significant source been identified.

Under its ownership, 1064 has adopted a progressive approach applying modern exploration techniques to the search for large, bulk tonnage intrusion-related gold systems. The project areas were selected through geological, geochemical and geophysical filters. The project areas were selected by 1064 before a more recent increase of interest and activity in the region through companies like GBM Resources Ltd (ASX:GBZ) and QX Resources Ltd (ASX:QXR).



**Figure 2:** Target areas in the Acquisition project area

More than 4,000 soil samples and more than 200 rock chip samples have been completed across the project area. As part of this process, extensive access roads across the tenement holding have been established, expediting future on-ground activities. In addition, reprocessing and interpretation of available geophysical data has also been undertaken by 1064.

Agreements with local landowners have been secured across the five more advanced project areas with limited initial reconnaissance scout drilling completed at two prospects.

Based on the current work completed to date, three large-scale project areas have been identified as priority drilling areas:

- **Mt Wilkin:** a 5.5 km<sup>2</sup> alteration footprint with a 950m x 650m gold in soil anomaly.
- **Monteagle:** an 18 km strike along a regional structural boundary with high-grade rock chip samples. One diamond drill hole intersected a large breccia pipe with significant hydrothermal veining.
- **Nivram:** a 2 km long gold in soil anomaly identified within a 15 km-wide eroded caldera. Targeting a low sulphidation, high grade epithermal deposit.

### **Key Acquisition Terms and Next Steps**

Consideration for the Acquisition is the issue of 20 million fully paid Medusa shares to the shareholders of 1064.

The majority of the Shares to be issued to 1064 shareholders are escrowed for a period of 24 months.

Completion of the Acquisition is subject to the satisfaction of customary conditions precedent (including there being no material adverse change in respect of 1064). The Acquisition is not subject to any regulatory approvals. 1064 is subject to customary conduct of business restrictions until completion of the Acquisition.

Medusa intends to conduct the next drill program in the March 2022 quarter.

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

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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 FY22 guidance is for 90,000 to 95,000 ounces of gold production at an All-In-Sustaining-Cost of between US\$1,250 to US\$1,300 an ounce. Medusa has no long-term debt and is targeting new growth opportunities in the Asia Pacific region.