



**MEDUSA**

# **MEDUSA MINING LIMITED**

ABN 60 099 377 849

**and Controlled Entities**

## **HALF-YEAR FINANCIAL REPORT**

**31 DECEMBER 2021**

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This report should be read in conjunction with Medusa's Annual Report for the year ended 30 June 2021 and any announcements made by the Company during the interim reporting period, as it does not include all the notes of the type normally included in an annual financial report.

# Appendix 4D

## Half Year Report For the 6 months ended 31 December 2021

Name of entity

**MEDUSA MINING LIMITED**

ABN or equivalent company reference

**60 099 377 849**

Half yearly (tick)

✓

Preliminary final (tick)

Half year/ financial ended ("current period")

**31 December 2021**

### Results for announcement to the market

#### **Revenues and profits:**

US\$'000

Revenues from ordinary activities	down	28%	to	81,819
Profit from ordinary activities after tax attributable to members	down	62%	to	15,321
Net profit for the period attributable to members	down	62%	to	15,321

#### **Dividends:**

<u>Interim dividend</u>	<u>Amount per security</u>	<u>Franked amount per security</u>
- Current period	AUD\$0.02	Nil
- Previous period (half year ended 31 Dec 2020)	Nil	Nil

#### **Net tangible assets per share:**

The net tangible assets per share as at 31 December 2021 was US\$0.888 (31 December 2020: US\$0.810)

#### **Change in control of entities:**

There has been no change in control, either gained or loss during the current period.

#### **Associates and Joint Venture entities:**

The Consolidated Entity did not have a holding in any associates or joint venture entities during the period.

# MANAGING DIRECTOR'S REPORT

Dear Shareholders

For the half-year to 31 December 2021, I am pleased to report on the progress the Company has achieved in delivering production, infrastructure projects and near mine exploration programs at the Co-O gold mine in the Philippines and the subsequent acquisition of a new Australian exploration project. These achievements have all been made in spite of issues arising from the global pandemic which is a credit to the Medusa team.

Gold production for the half year of 43,614 ounces was 7% higher than the June 2021 half and 20% lower than the December 2020 half, primarily due to a reduction in ore feed grade. Ore milled of 261,859 tonnes was 8% higher than the December 2020 half. All-In-Sustaining-Costs ("AISC") of US\$1,312 per ounce were higher than the previous corresponding period which is in line with lower production but are expected to fall in the June 2022 half year.

The Tigerway Decline Project at Co-O made significant progress during the period and has achieved an advance of 131 metres as at 15 January 2022. The eventual completion of the Decline will provide access to ore below Level 12 to underpin the longevity and enhance efficiency and operational flexibility at Co-O.

The regional exploration activities at Co-O for the half year continue to follow a strategic plan. Tenement holdings have been rationalised based on prospectivity and access with resources focused on near mine areas. A Phase 5 drilling program at the Royal Crowne Vein deposit commenced in January 2022 and assessment of advanced gold projects and greenfields projects continues throughout the Philippines and Australasia.

The Company has been actively seeking new project opportunities to add to the consistent operational base provided by Co-O. The recent acquisition of Ten Sixty Four Limited on 24 February 2022 has provided the Company with a large prospective exploration portfolio of 4,150 km<sup>2</sup> in the Drummond Basin of Central Queensland. Multiple gold targets have been advanced to the drill testing stage with potential for drilling in the March quarter 2022. Included in the acquisition is an experienced technical team and the use of supporting infrastructure. Consideration for the acquisition was 20 million Medusa shares, the majority of which were escrowed, ensuring that Medusa's cash holding was protected to fund major operational projects and shareholder returns.

I am pleased to advise the Company declared a dividend of A\$0.02 per share on 28 October 2021 resulting in a payment to shareholders totalling US\$3.13 million. The Board's decision to declare the dividend took into account numerous factors including the Company's cash position, capital requirements and our objective of prioritising shareholder returns.

The Company maintained its high level of sustainability and environmental performance during the half year. All requirements of the Philippines Department of Environment and Natural Resources were met or exceeded, including through the participation in numerous health, education and environmental programs with local communities and the regional government. The Company is proud to announce, during November 2021, Mindanao Mineral Processing and Refining Corporation ("MMPRC"), a member of Medusa's consolidated group, was the recipient of the Philippines Presidential Mineral Industry Environment Award which gave recognition to the private sector's achievements in terms of safety and health, environmental management, reforestation, social development, management, and initiative and effort in combating COVID-19 and providing aid assistance to mining communities.

The Company has a healthy cash balance, inclusive of cash equivalent in gold on metal account, of approximately US\$74 million as at 31 December 2021, which provides for expenditure on the US\$54 million Tigerway Decline project till its completion during the second half of calendar year 2024.

Production guidance for the Co-O mine will remain at 90,000 ounces to 95,000 ounces at an AISC guidance cost of US\$1,250 to US\$1,300 per ounce of gold produced.

In closing, I would like to thank all at site and the Perth office and express our gratitude to the local communities and government agencies in the Philippines during this trying period while trying to contend with COVID-19.

# DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2021 and the review report thereon:

## DIRECTORS

The Directors of the Company at any time during or since the end of the half-year are:

Name	Period of Directorship
<b>Non-Executives:</b>	
Mr Jeffery McGlinn (Chairperson)	since 16 Feb 2021 (appointed Chairperson 19 Mar 2021)
Mr Roy Daniel	since 25 Nov 2015 (will retire on 28 Feb 2022)
Mr Simon Mottram	since 11 Jun 2020
<b>Executives:</b>	
Mr Andrew Teo (Managing Director)	since 15 Feb 2010 (appointed Managing Director on 19 Mar 2021)

## FINANCIALS

Description	Unit	31 Dec 2021	31 Dec 2020	Variance	%
Revenues	US\$	\$81.8M	\$113.7M	(\$31.9M)	(28%)
EBITDA	US\$	\$35.7M	\$69.0M	(\$33.3M)	(48%)
NPAT	US\$	\$15.3M	\$40.1M	(\$24.8M)	(62%)
EPS (basic)	US\$	\$0.074	\$0.193	(\$0.119)	(62%)

Revenues of US\$81.8 million, a decrease of 28% from US\$113.7 million in the previous corresponding period ("pcp"). This decrease in revenues of US\$31.9 million is primarily attributable to both lower grades and lower gold price received on the sale of gold.

Medusa is an un-hedged gold producer and received an average gold price of US\$1,784 per ounce from the sale of 41,802 ounces of gold produced for the half-year to December 2021 (pcp: 55,471 ounces at US\$1,896 per ounce).

Earnings before interest, tax, depreciation and amortisation ("EBITDA") of US\$35.7 million, down 48% from EBITDA of US\$69.0 million in the pcp.

NPAT of US\$15.3 million, down 62% on NPAT of US\$40.1 million from pcp.

Basic earnings per share ("EPS") down 62% to US\$0.074 from pcp EPS of US\$0.193.

The Company had total cash and cash equivalent of US\$74.0 million at 31 December 2021 (pcp: US\$79.3 million).

During the half year:

- Depreciation of fixed assets and amortisation of capitalised mine development and mine exploration was US\$18.0 million (pcp: US\$19.4 million).
- US\$4.1 million was expended on capital works and associated capital at mine and mill for the period (pcp: US\$4.4 million).
- Exploration expenditure, including underground diamond drilling was US\$2.7 million (pcp: US\$2.7 million). Capitalised mine development costs totalled US\$13.7 million (pcp: US\$11.4 million). Corporate overheads of US\$3.4 million (pcp: US\$3.1 million).
- Dividend payment of US\$3.13 Million.

# DIRECTORS' REPORT

## CORPORATE

### Retirement of Non-Executive Director

Mr Roy Daniel, a Non-Executive Director will retire from the Board of Medusa on 28 February 2022. Mr. Daniel has agreed to assist the Company in an advisory capacity and continue as a Director of Medusa's subsidiary and affiliated companies in the Philippines.

### Issue of Performance Rights

Shareholders at a General Meeting on 24 June 2021, approved the issue of 2 million and 1.5 million long term performance rights ("LTPRs") respectively to Messrs. Andrew Teo and Raul Villanueva.

The LTPRs were subsequently issued by the Company on 07 July 2021.

### Dividend Payment

On 19 November 2021 the Company paid an unfranked dividend of A\$0.02 per share to all eligible shareholders. The total dividend paid was US\$3.13 million.

## Co-O OPERATIONS

### FY2022 Production Guidance

As advised in the December 2021 Quarterly Report the Company maintains its FY2022 production guidance of between 90,000 to 95,000 ounces at an All-In-Sustaining-Costs ('AISC') of between US\$1,250 to US\$1,300 per ounce.

## SUBSEQUENT EVENT

On 03 February 2022, the Company entered into an agreement to acquire a publicly unlisted Australian Company, Ten Sixty Four Limited, to secure a 100% interest in a large gold exploration portfolio in Central Queensland, Australia. *(Refer to the ASX announcement on that date).*

The acquisition of Ten Sixty Four Limited was completed on 24 February 2022 when all conditions precedent to the above agreement were satisfied.

The Company issued 20 million shares as consideration for the acquisition, with the majority of the issued shares held in escrow for a period of 24 months.

# REVIEW OF OPERATIONS

## Co-O OPERATIONS

Description	Unit	31 Dec 2021	31 Dec 2020	Variance	(%)
Ore mined	WMT	308,330	270,928	37,402	14%
Ore milled	DMT	261,859	243,382	18,477	8%
Head grade	g/t	5.45	7.34	(1.89)	(26%)
Recovery	%	95.12	96.00	(0.88)	(1%)
Gold produced	ounces	43,614	54,438	(10,824)	(20%)
Gold sold	ounces	41,802	55,471	(13,669)	(25%)
All-In-Sustaining-Costs	US\$/oz	1,312	\$1,057	(255)	(24%)
Average gold price received	US\$/oz	1,784	\$1,896	(112)	(6%)

### Co-O MINE

Underground mining at Co-O performed well during the half-year, producing 308,330 wet tonnes ("WMT"), 10% above budget and 14% higher than the previous period. The head grade in the half year of 5.45 g/t gold decreased by 26% compared to the previous corresponding period and is in line with the Ore Reserve grade.

The Co-O process plant performance was slightly above plan for the half year, treating 261,859 dry tonnes. Throughput was 8% higher than the previous period but offset by the mined grades resulting in gold production of 43,614 ounces, a 20% decrease in gold produced compared to the last corresponding period. Mill recovery remained consistent above 95%.

Mine development achieved 10,373 metres for horizontal and vertical drives. The Company is currently developing resources below Level 9.

During the half-year, diamond drilling continued from Level 8, and a new drill cuddy is being developed at Level 12 to explore and develop the lower levels. Despite the pandemic restriction disruptions, 19,911 metres of drilling was achieved for the half-year (18,705 metres, PCP 2020), including 7,778 metres of resource definition drilling (9,080 metres, PCP 2020) and 12,133 metres of reserve definition drilling (9,625 metres, PCP 2020).

### Projects

The Co-O mine infrastructure projects saw significant progress in the previous corresponding period. The key pillars of development are the internal winzes for hoisting and continued improvements to the dewatering system and primary ventilation.

- The 35E winze allows access to levels 11 and 12. The winder motor has been replaced and is being closely monitored for any issues.
- The 43E Internal Winze Shaft reinforcement and installation of mine rails is ongoing as of this H1 period.
- The East primary ventilation project at Level 7 Alimak Raise shotcreting is now 100% complete, while the Level 10 Alimak Raise advanced 16 metres.
- The dewatering project at Level 10 pump chamber is 85% complete.

### Tigerway (Decline) Project

The Tigerway Decline Project is making significant progress with a total advance of ~131 metres and no adverse health and safety incidents. The Decline construction will provide the best option to access ore below Level 12 to underpin the longevity and enhance operational flexibility at Co-O. The project is progressing to schedule and is expected to complete in September 2024.

The total expenditure to date for the Tigerway Decline Project is approximately US\$10.4 million.

# REVIEW OF OPERATIONS

## EXPLORATION

### The Royal Crowne Vein Prospect

Phase 5 follow up resource definition and extension drilling program has been planned to increase the resources and probe the orebody at depth. The drilling campaign aggregating 1,000 metres commenced on 20 January 2022.

### Tagabaka Prospect (MPSA 299-2009-XIII Parcel 1)

The Tagabaka Scout Drilling Program was completed on 21 October 2021, with five holes drilled for a total of 1,373 metres. The final 3 drill holes of the program were completed during the Quarter.

All drill holes successfully intercepted the targeted mineralised zones; 316 drill core samples were collected and sent for assay. Results returned a peak grade of 1.26 g/t gold, including two samples with grades above 1.0 g/t gold from within the Laila-Brenda Vein system.

Based on the results of this campaign, no future exploration activities are planned at Tagabaka.

## REGIONAL EXPLORATION (NEW PROJECT GENERATION)

The Company remains active in assessing prospective gold areas in the Philippines and the wider Asia Pacific region. The compilation, screening and selection of potential projects remain an ongoing activity.

The objective remains to leverage the Co-O expertise and infrastructure to expand the Company's mineral portfolio.

## TENEMENT OVERVIEW

At the end of the half-year, the Company's tenement holdings remained at eight tenements, with a combined area of approximately 122km<sup>2</sup>.

The tenement holdings EPA 087, which covers an area of about 85 hectares, is scheduled to be relinquished following a technical review concluding the area as non-prospective and of no strategic value to Co-O mine.

The Company has three granted tenements and five tenements under application. Two are currently in the exploration stage and one tenement covering the Co-O Mine is in the operation stage.

All tenements are current and in good statutory standing.

## COVID-19 RESPONSE

The Company continues to proactively monitor the potential impacts of the COVID-19 pandemic on its operations. Management's Anti-COVID-19 Response Plan implemented in February 2020 focuses on ensuring the health and safety of personnel and limiting the disruption risks to mining and processing operations. These protocols are expected to remain in place and will continue to be modified when required for the foreseeable future.

During the half-year, the Company experienced only minor disruptions due to COVID-19 related precautions. As such, the Company has had some minor interruptions to the supply of goods and services; however, there this has had no material impact on gold production.

## REVIEW OF OPERATIONS

### AUDITOR'S INDEPENDENT DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 10 for the half-year ended 31 December 2021.

### ROUNDING OF AMOUNTS

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191 and accordingly, amounts in the Financial Report and Directors' Report have been rounded to the nearest \$1,000 or in certain cases, to the nearest dollar to reflect where rounding in '000 is not permitted.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'Andrew Teo', with a long horizontal line extending to the right.

**Andrew Teo**

Managing Director

Dated this 25<sup>th</sup> day of February 2022

## DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF MEDUSA MINING LIMITED

As lead auditor for the review of Medusa Mining Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Medusa Mining Limited and the entities it controlled during the period.



Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 25 February 2022

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 31 December 2021

	31 Dec 2021 US\$ 000	31 Dec 2020 US\$ 000
Revenue	81,819	113,653
Cost of sales	(54,863)	(58,848)
Gross Profit	26,956	54,805
Other income	16	94
Exploration & Evaluation expenses	(625)	(767)
Administration expenses	(3,816)	(4,048)
Other expenses	(4,979)	(863)
<b>Profit before income tax expense</b>	17,552	49,221
Income tax (expense)/benefit	(2,231)	(9,113)
<b>Profit for the period after income tax expense</b>	15,321	40,108
Other comprehensive profit/(loss):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations (net of tax)	(199)	715
Total comprehensive income	15,122	40,823
<u>Overall operations:</u>		
<b>Basic profit per share</b>	0.074	0.193
<b>Diluted profit per share</b>	0.070	0.191

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	31 Dec 2021 US\$ 000	30 Jun 2021 US\$ 000
<b>CURRENT ASSETS</b>			
Cash & cash equivalents		73,955	51,074
Trade & other receivables		9,151	25,412
Inventories		17,854	16,697
Other current assets		412	657
<b>Total Current Assets</b>		<b>101,372</b>	<b>93,840</b>
<b>NON-CURRENT ASSETS</b>			
Trade & other receivables		20,706	20,869
Property, plant & equipment	4	21,387	17,675
Intangible assets		524	525
Mine Rehabilitation		851	1,036
Development expenditure	5	64,595	62,248
Deferred tax assets		19,332	18,921
Right-of-use assets		1,102	1,415
<b>Total Non-Current Assets</b>		<b>128,497</b>	<b>122,689</b>
<b>TOTAL ASSETS</b>		<b>229,869</b>	<b>216,529</b>
<b>CURRENT LIABILITIES</b>			
Trade & other payables		15,625	14,212
Borrowings		763	1,503
Provisions		291	245
Lease Liabilities		740	579
<b>Total Current Liabilities</b>		<b>17,419</b>	<b>16,539</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings		1,032	200
Deferred tax liability		1,016	806
Provisions		4,341	4,999
Lease liabilities		437	914
<b>Total Non-Current Liabilities</b>		<b>6,826</b>	<b>6,919</b>
<b>TOTAL LIABILITIES</b>		<b>24,245</b>	<b>23,458</b>
<b>NET ASSETS</b>		<b>205,624</b>	<b>193,071</b>
<b>EQUITY</b>			
Issued capital	7	102,995	102,902
Reserves		7,709	7,438
Retained profits		94,920	82,731
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>205,624</b>	<b>193,071</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2021

	Share Capital Ordinary	Retained Profits/ Accumulated Losses	Share Option Reserves	Other Reserves	Foreign Currency Translation Reserve	Total
	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000
<b>Balance at 1 Jul 2020</b>	102,902	82,731	1,155	(1,042)	7,325	193,071
Net profit after tax	-	40,108	-	-	-	40,108
Other comprehensive income / (loss)	-	-	-	-	715	715
Total comprehensive profit/(loss) for the year	-	40,108	-	-	715	40,823
<i>Transactions with owners, in their capacity as owners and other transfers</i>	-	-	223	-	-	223
Share options expensed	-	43	(43)	-	-	-
Transfer from share option reserve						
Dividend paid						
<b>Balance at 31 Dec 2020</b>	<b>102,902</b>	<b>83,820</b>	<b>624</b>	<b>(959)</b>	<b>7,387</b>	<b>193,774</b>
<b>Balance at 1 Jul 2021</b>	102,902	82,731	1,155	(1,042)	7,325	193,071
Net profit after tax	-	15,321	-	-	-	15,321
Other comprehensive income / (loss)	-	-	-	-	(199)	(199)
Total comprehensive profit for the period	-	15,321	-	-	(199)	15,122
Share options expensed	-	-	563	-	-	563
Transfer from share option reserve	93	-	(93)	-	-	-
Dividend Paid	-	(3,132)	-	-	-	(3,132)
<b>Balance at 31 Dec 2021</b>	<b>102,995</b>	<b>94,920</b>	<b>1,625</b>	<b>(1,042)</b>	<b>7,126</b>	<b>205,624</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2021

	31 Dec 2021 US\$ 000	31 Dec 2020 US\$ 000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	96,196	113,653
Payments to suppliers and employees	(42,814)	(45,099)
Payments for exploration expenditure and tenements	(625)	(767)
Interest received	16	21
Other income	-	73
Income tax paid	(2,418)	(7,929)
<b>Net cash provided by operating activities</b>	<b>50,355</b>	<b>59,952</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for Property, Plant and Equipment	(7,860)	(2,128)
Payments for development activities	(15,724)	(14,123)
<b>Net cash used in investing activities</b>	<b>(23,584)</b>	<b>(16,251)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment for lease liabilities	(579)	(286)
Payment for Dividends	(3,132)	-
(Payment of) / Receipt from bank loan	91	(3,210)
<b>Net cash / (used in) provided by financing activities</b>	<b>(3,620)</b>	<b>(3,496)</b>
<b>Net increase / (decrease) in cash held</b>	<b>23,150</b>	<b>40,205</b>
Cash at beginning of period	51,074	38,852
Exchange rate adjustments	(269)	(138)
<b>Cash at end of period</b>	<b>73,955</b>	<b>78,919</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

## **Note 1: Basis of preparation**

The consolidated interim financial report of the Company for the six months ended 31 December 2021 comprises the Company and its subsidiaries (together referred to as the "Group").

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. The Group's functional currencies are Australian dollars, US Dollars & Philippine Pesos. The presentation currency for the Group is US dollars.

Medusa Mining Limited is the Group's ultimate parent company. It is a limited liability company incorporated and domiciled in Australia. The address of its registered office is Suite A, Level 1, 1 Preston Street, Como 6152, Western Australia.

The consolidated annual financial report of the consolidated group for the year ended 30 June 2021 is available on the Company's website.

### **(a) Statement of compliance**

This general purpose interim financial report has been prepared in accordance with requirements of the Corporations Act 2001 and Accounting Standard AASB 134 Interim Financial Reporting.

The interim report does not include all of the information required in annual financial statements in accordance with Australian Accounting Standards. This report is to be read in conjunction with the consolidated annual financial report of the Group for the year ended 30 June 2021 and any public announcements made by the Group during the interim reporting period in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001

The consolidated interim financial report was approved by the Board of Directors on 25 February 2022.

### **(b) Significant accounting policies**

The consolidated interim financial report has been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2021.

The accounting policies have otherwise been applied consistently throughout the Group for the purposes of preparation of this interim financial report.

#### **Adoption of new and amended accounting standards**

A number of new and amended accounting standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of the application of these standards.

#### **Impact of standards issued but not yet applied to the Group**

There are no standards that are effective for the periods beginning on or after 01 July 2021 that are expected to have a material impact on the Group in the current or future reporting periods.

Any new or amended Accounting Standards or interpretations that are not yet mandatory have not been early adopted.

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

	31 Dec 2021	31 Dec 2020
	US\$ 000	US\$ 000
<b>Note 2: Profit/Loss for the period</b>		
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
<u>Revenue items:</u>		
<i>Operating Activities</i>		
Gold and Silver Sales	81,819	113,653
<i>Non-Operating Activities</i>		
Interest Income	16	21
Other Income	-	73
<u>Expense items:</u>		
Depreciation	4,095	4,200
Development Amortisation	13,458	13,111
Other Amortisation	412	434
Employee benefits expenses	9,501	9,787
Recognition of share-based payments	563	223
<u>Other Expenses:</u>		
Provision for VAT impairment	2,593	425
Foreign exchange expense realised	1,265	359
<b>Note 3: Dividends</b>		
Dividend of 2 cents per fully paid share paid on 19 November 2021.	3,132	-

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

	31 Dec 2021 US\$ 000	30 Jun 2021 US\$ 000
<b>Note 4: Property, Plant &amp; Equipment</b>		
<b>Plant &amp; equipment:</b>		
At cost	206,366	204,342
<i>less</i> - provision for impairment	(132,065)	(132,064)
<i>less</i> - accumulated depreciation	(70,393)	(66,331)
Total plant & equipment at net book value	3,908	5,947
<b>Capital works in progress:</b>		
At cost	17,316	11,570
Total capital works in progress at net book value	17,316	11,570
<b>Furniture &amp; fittings:</b>		
At cost	1,388	1,350
<i>less</i> - provision for impairment	(254)	(254)
<i>less</i> - accumulated depreciation	(971)	(938)
Total furniture & fittings at net book value	163	158
Total carrying amount at end of period	21,387	17,675
<b><u>Reconciliations:</u></b>		
<b>Plant &amp; equipment:</b>		
Carrying amount at beginning of period	5,946	10,186
<i>plus</i> - additions	1,935	2,826
<i>plus</i> - transfer from capital works in progress	105	1,225
<i>plus/less</i> - forex differences on translation	(7)	(2)
<i>less</i> - disposal	(9)	(25)
<i>less</i> - depreciation	(4,062)	(8,263)
Carrying amount at end of period	3,908	5,947
<b>Capital works in progress:</b>		
Carrying amount at beginning of period	11,570	4,815
<i>plus</i> - additions	5,854	7,991
<i>less</i> - transfer to plant and equipment	(108)	(1,236)
Carrying amount at end of period	17,316	11,570
<b>Furniture &amp; fittings:</b>		
Carrying amount at beginning of period	158	69
<i>plus</i> - additions	34	149
<i>plus</i> - transfer from capital works in progress	4	12
<i>less</i> - disposal of assets	-	-
<i>less</i> - depreciation	(33)	(72)
Carrying amount at end of period	163	158
Total carrying amount at end of period	21,387	17,675

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

	31 Dec 2021	30 Jun 2021
	US\$ 000	US\$ 000
<b>Note: 5 Development expenditure:</b>		
<b>Co-O Development expenditure:</b>		
At cost	482,835	467,123
<i>less</i> - provisions for impairment	(246,260)	(246,260)
<i>less</i> - accumulated amortisation	(174,141)	(160,763)
Net Co-O Development expenditure	62,434	60,100
<b>Royal Crowne Vein Development expenditure:</b>		
At cost	2,160	2,148
Net Royal Crowne Vein Development expenditure	2,160	2,148
Total carrying amount at end of period	64,594	62,248
<b>Reconciliations:</b>		
<b>Co-O Development expenditure:</b>		
Carrying amount at beginning of period	60,100	57,308
<i>plus</i> - costs incurred	15,712	27,980
<i>less</i> - amortisation expense	(13,377)	(25,188)
Carrying amount at end of period	62,435	60,100
<b>Royal Crowne Vein Development expenditure:</b>		
Carrying amount at beginning of period	2,148	1,489
<i>plus</i> - costs incurred	12	659
Carrying amount at end of period	2,160	2,148
Total carrying amount at end of period	64,595	62,248

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

## Note 6: Segment Information

The Consolidated Group has identified its reportable operating segments based on the internal reports that are reviewed and used by the Managing Director (the chief operating decision maker) and his management team in assessing performance and in determining the allocation of resources.

The Group segments are structured as Mining, Exploration and Other (parent entity activities). Currently the only operational mine is the Co-O mine.

	Mining US\$ 000	Exploration US\$ 000	Other US\$ 000	Total US\$ 000
<b>Segment Revenue and Result</b>				
<u>6 months to December 2021:</u>				
Segment revenue	81,819	-	16	81,835
Segment result	19,929	(625)	(3,983)	15,321
<u>6 months to December 2020:</u>				
Segment revenue	113,653	-	94	113,747
Segment result	42,578	(767)	(1,703)	40,108
<b>Segment Assets and Liabilities</b>				
<u>31 December 2021:</u>				
Segment assets	197,197	72	13,268	210,537
Reconciliation of segment assets to group assets				
add -				
Deferred tax assets	19,332	-	-	19,332
Total group assets				229,869
Segment liabilities				
Reconciliation of segment liabilities to group liabilities	22,368	12	849	23,229
add -				
Deferred tax liabilities	1,016	-	-	1,016
Total group liabilities				24,245
<u>30 June 2021:</u>				
Segment assets				
Reconciliation of segment assets to group assets	194,478	72	3,058	197,608
add -				
Deferred tax assets	18,921	-	-	18,921
Total group assets				216,529
Segment liabilities				
Reconciliation of segment liabilities to group liabilities	22,014	17	621	22,652
add -				
Deferred tax liabilities	806	-	-	806
Total group liabilities				23,458

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

## Note 7: Issued Capital

	31 Dec 2021 (shares)	30 Jun 2021 (shares)	31 Dec 2021 US\$ 000	30 Jun 2021 US\$ 000
Ordinary shares on issue	207,956,301	207,873,301	102,995	102,902
Movement in ordinary shares during the half-year:				
- Balance at beginning of the period	207,873,301	207,794,301	102,902	102,902
- Ordinary shares issued	83,000	79,000	93	-
	207,956,301	207,873,301	102,995	102,902

The A\$ issue price per share has been converted using the exchange rate applicable on the date the funds were received.

## Note 8: Share Based Payments

During the period, 437,000 Performance Rights were issued to Employees (31 December 2020: 83,000), pursuant to their Short-Term Incentive plan, based on results for the financial year ended 30 June 2021. Under the terms of the issue, these employees will be required to remain in employment of the Company for a twelve-month vesting period.

The fair value of the Performance Rights of 53 cents each has been measured at grant date and based on the share price of the Company.

In this period, 310,000 performance rights were cancelled (31 December 2020: 560,000 options and 1,348,000 performance rights were cancelled).

Included under administration expense in the Statement of Profit or Loss and other Comprehensive Income is US\$562,719 (31 December 2020: US\$222,832) relating to equity-settled share-based payment transactions with employees.

## Note 9: Contingent Liabilities

There have been no material changes in contingent liabilities in the period since the 30 June 2021 Annual Report.

## Note 10: Commitments

There have been no material changes in commitments in the period since the 30 June 2021 Annual Report.

## Note 11: Related Parties

Arrangements with related parties continue to be in place.

For details on these arrangements, refer to the Company's Annual Report for the year ended 30 June 2021.

## Note 12: Events Subsequent to Reporting Date

On 03 February 2022, the Company entered into an agreement to acquire a publicly unlisted Australian Company, Ten Sixty Four Limited, to secure a 100% interest in a large gold exploration portfolio in Central Queensland, Australia. (Refer to the ASX announcement on that date).

The acquisition of Ten Sixty Four Limited was completed on 24 February 2022 when all conditions precedent to the above agreement were satisfied.

The Company issued 20 million shares as consideration for the acquisition, with the majority of the issued shares held in escrow for a period of 24 months.

## **DIRECTORS' DECLARATION**

for the half-year ended 31 December 2021

In the opinion of the Directors of Medusa Mining Limited:

- (a) The consolidated interim financial statements and notes of Medusa Mining Limited are in accordance with the Corporations Act 2001, including:
  - (i) Giving a true and fair view of its financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
  - (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



**Andrew Teo**

Managing Director

Dated this 25<sup>th</sup> day of February 2022

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Medusa Mining Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Medusa Mining Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd



Neil Smith  
Director

Perth, 25 February 2022