

Regulatory Story

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Company Medusa Mining Limited
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 Headline Highlights of Half Yearly Report
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ANNOUNCEMENT

22 February 2011

MEDUSA ACHIEVES RECORD HALF-YEAR PROFIT

(ASX & LSE: MML; TSX: MLL)

Medusa Mining Limited ("Medusa" or the "Company"), is pleased to present its interim financial results for the six months to 31 December 2010, highlighted by a record half-yearly Net Profit After Tax ("NPAT") of US\$58.1 million, up 105%.

HIGHLIGHTS FOR THE SIX MONTHS:

Financials

Description	Unit	Dec 2010	Dec 2009	Variance	(%)
Revenues *	US\$	\$78.3 M	\$41.3 M	\$37.0 M	89%
EBITDA	US\$	\$63.3 M	\$31.5 M	\$31.8 M	101%
NPAT	US\$	\$58.1 M	\$28.3 M	\$29.8 M	105%
EPS (basic)	US\$	\$0.310	\$0.168	\$0.142	84%

(*) Includes the sale of bullion that relate to prior year's production (previously re-classified from revenue to inventory at 30 June 2010 to comply with Australian Accounting Standards). Refer 2010 Annual Report.

- Earnings before interest, tax, depreciation and amortisation ("EBITDA") of US\$63.3 million, up 101% from US\$31.5 million in the prior corresponding period;
- Earnings per share ("EPS") of US\$0.310 on a weighted average basis, based on NPAT of US\$58.1 million (six months to December 2009: EPS of US\$0.168 based on NPAT of US\$28.3 million);
- Revenues increased 90% to a record US\$78.3 million, due to increased gold production and a higher price received on sale of gold. Medusa is an un-hedged gold producer and received an average gold price of US\$1,291 per ounce from the sale of 48,883 ounces of gold for the half-year to December 2010 (corresponding period to December 2009: 39,162 ounces at US\$1,047 per ounce) as highlighted in Graph 1 (please see link at the end of this announcement);
- The Company remains debt free and had total cash and cash equivalent in gold on metal account of US\$87.2 million at 31 December 2010 (corresponding period to 31 December 2009: US\$35.5 million).

Operations

Highlights of Half Yearly Report - London Stock Exchange

Description	Unit	Dec 2010	Dec 2009	Variance	(%)
Production	ounces	51,127	39,162	11,965	30%
Cash costs	US\$/oz	\$186	\$189	\$3	1%
Gold price received	US\$/oz	\$1,291	\$1,047	\$244	23%

- The Company produced a record 51,127 ounces of gold for the half-year, an increase of 11,965 ounces or 30% from the previous corresponding period, at an average recovered grade of 14.28 g/t gold (six months to December 2009: 16.65 g/t gold) as highlighted in Graph 2 (please see link at the end of this announcement);
- Average cash cost for the half-year of US\$186 per ounce, was marginally lower than the previous corresponding period's costs of US\$189 per ounce;

Production Outlook

The revised forecast gold production for the fiscal year to 30 June 2011 after taking into account current production of 51,127 is now 102,000 ounces at anticipated cash costs of US\$190 per ounce.

A breakdown of actual and budgeted production ounces and cost per ounce by quarters for the last six quarters and the remaining two quarters of this fiscal year is highlighted in as highlighted in Graph 3 (please see link at the end of this announcement).

New Co-O Plant

The Board on 17 November 2010, approved construction of a new Co-O plant with capacity to produce 200,000 ounces per year.

Capital requirements of the new plant (inclusive of mine development) are estimated at US\$80 million and will be funded out of cashflow.

The preliminary construction schedule after regulatory permitting is estimated to be 21 months.

2011				2012				2013			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Permitting, engineering and construction contracts				Construction commences				Production commences			

Dividends

The Board has approved an interim un-franked dividend payment of A\$0.05 per share payable to shareholders on 23 March 2011.

The relevant dates for the interim dividend are as follows:

Dividend Record Date	: 11 March 2011
Ex-Dividend Date (ASX purposes)	: 07 March 2011
Ex-Dividend Date (LSE purposes)	: 09 March 2011
Ex-Dividend Date (TSX purposes)	: 10 March 2011
Dividend Payment Date	: 23 March 2011

There is no foreign conduit income attributed to the dividend.

Geoffrey Davis, Managing Director of Medusa, commented:

"I am pleased to report that operations have continued smoothly for the half year to 31 December with the Company achieving record production at the low average cash cost of US\$186 per ounce. This record production and elevated gold prices have contributed to a record half-yearly net profit after tax of US\$58.1 million.

Exploration is continuing around the Co-O Mine to increase the likelihood of new vein discoveries to provide additional production. Mine development is continuing with the sinking of the 3-compartment Saga Shaft underway, and the commencement of a new adit to access the Royal Veins and the newly discovered North Tinago vein systems.

The approval by the Board to construct a new Co-O mill with capacity to produce 200,000 ounces of gold is an integral part of the Company's growth strategy. The Company is advancing the permitting process, and is currently engaged in discussions with engineering design and construction groups.

We are also pleased to report that the payment of a dividend twice a year will be an on-going policy to return benefits to our shareholders."

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Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Medusa, and its officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements.

Actual results, performance or outcomes may differ materially from any projections and forward-looking statements and the assumptions on which those assumptions are based.

You should not place undue reliance on forward-looking statements and neither Medusa nor any of its directors, employees, servants or agents assume any obligation to update such information.

The complete Half Year Report for December 2010 is available for viewing on our website
www.medusamining.com.au

Click on, or paste the following link into your web browser, to view the associated PDF document.

http://www.rns-pdf.londonstockexchange.com/rns/6232B_-2011-2-22.pdf

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