

Regulatory Story

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Company	Medusa Mining Limited
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Medusa Mining Limited

Publication of Annual Report and Financial Statements

29 August 2011

Medusa Mining Limited ("Medusa" or the "Company") advises that its annual report and financial statements for the year ended 30 June 2011 has been published. The document can be accessed through the link at the end of this announcement and the Company's website (www.medusamining.com.au).

A copy of this report has been filed with the National Storage Mechanism and will be available for inspection shortly at www.hemscott.com/nsm.do.

HIGHLIGHTS OF THE FINANCIAL YEAR

Financials

- Earnings before interest, tax, depreciation and amortisation ("EBITDA") of US\$120.7M, up US\$47.0M or 64%
- Earnings per share ("EPS") of US\$0.587 on a weighted average basis, based on net profit after tax ("NPAT") of US\$110.4M (2010: EPS of US\$0.378 based on NPAT of US\$65.8M)
- Revenues increased 58% to a record US\$149.6 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\$1,371 per ounce from the sale of 96,217 ounces of gold for the year.
- The Company paid un-franked dividends totalling A\$0.10 per share in two equal instalments during the year.

Item	30 Jun 2011	30 Jun 2010	Variance
Revenues	US\$149.6M	US\$94.6M	58%
EBITDA	US\$120.7M	US\$73.7M	64%
NPAT	US\$110.4M	US\$65.8M	68%
EPS (basic)	US\$0.587	US\$0.378	55%
Cash & bullion	US\$102.1M	US\$55.8M	83%
Dividend paid	A\$0.10	-	-

The Company remains debt free and had total cash and cash equivalent in gold on metal account of US\$102.1M at year end (2010: US\$55.8M).

Figure 1 (please see the link at the end of this announcement) shows the revenue from 2007 to 2011

Operations

Description	Unit	30 June 2011	30 June 2010
Tonnes mined	WMT	262,610	198,693
Ore milled	DMT	266,613	179,609
Recovered grade	gpt	12.63	16.52
Recovery	%	94%	94%
Gold produced	ounces	101,474	89,679
Cash costs (1)	US\$/oz	\$189	\$184

(1) Net of development costs and includes royalties and local business taxes but no by-product credits

- The Company produced a record 101,474 ounces of gold for the year, an increase of 11,795 ounces or 13% from the previous year's production of 89,679 ounces, at an average recovered grade of 12.63 g/t gold (2010: 16.52 g/t gold);

- The average cash cost for the year of US\$189 per ounce, was marginally higher than the previous year's average cash costs of US\$184 per ounce.

- The production guidance for the forthcoming fiscal year is between 100,000 to 110,000 ounces at cash costs of around US\$200 per ounce. There is currently a heavy emphasis on mine development to prepare the Co-O Mine for future production increase.

Figure 2 (please see link at the end of this announcement) shows production from 2008 to 2011 and also budgeted production for 2012

Reserves and Resources

Co-O Reserves	Jun 2011	Jun 2010	Variance
Probable reserves	502,000	505,000	(3,000)
Co-O Resources	Jun 2011	Jun 2010	Variance
Indicated resources	616,000	603,000	15,000
Inferred resources	1,344,000	898,000	446,000
Bananghilig Resources	Jun 2011	Jun 2010	Variance
Inferred resources	650,000	650,000	-

- Gold reserves at Co-O maintained at the 500,000 ounces level

- Co-O's gold resource at year end comprised of 616,000 indicated resource ounces and 1,344,000 inferred resource ounces, representing increases of 15,000 ounces and 446,000 ounces within the indicated and inferred categories respectively

Figure 3 (please see link at the end of this announcement) shows resource from June 2007 to June 2011

Exploration

- Contiguous tenement package maintained at >800km²;
- Budgeted exploration for 2012 fiscal year of US\$27.0 million (2011 actual: US\$26.7 million);
- Exploration highlights at Co-O include:
 - discovery of new veins and extensions to known veins to the north and east;
 - extension along strike to approximately 1,600 metres;
 - extension across strike to approximately 750 metres;
 - demonstrating that mineralisation extends to at least 750 metres below the mine's adit entrance; and
 - estimation of a Conceptual Exploration Target ** for the Co-O Mine of between 3 and 7 million ounces of gold.

** The potential target size and grade of the Co-O Mine is conceptual in nature and there has been insufficient exploration to define a mineral resource. It is also uncertain if further exploration will result in the target being defined as a mineral resource.

- At the Bananghilig disseminated gold deposit, drilling commenced in July 2010 to validate and extend resources and establish reserves as a basis for a feasibility study;
- At Saugon, re-drilling of the First Hit Vein has produced encouraging results; and
- A large geophysical Induced Polarisation and ground magnetics programme is ongoing over the Tambis intrusive-breccia complex, Kamarangan, Usa, Saugon and Lingig.

Figure 4 (please see the link at the end of this announcement) shows exploration from 2008 to 2011 and also budgeted exploration for 2012.

New Co-O Mill

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

Subsequently, after evaluation of three sites, the preferred option is the complete remodelling of the current mill site. The initial Capex was estimated at US\$80 million, inclusive of mine development and the Saga Shaft, which has now been reduced to approximately US\$70 million.

Permitting requires the upgrading of the current Environmental Clearance Certificate which is anticipated to be completed by late September 2011.

The SAG mill has been ordered and the winder for the Saga Shaft has been secured.

Replacement and transferral of buildings and facilities in and around the current mill commenced in July 2011 to make room for the expansion.

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

Preliminary Development Timetable

Figure 5 (please see link at the end of this announcement) sets out the preliminary development timetable.

Dividends

The Board has approved a final un-franked dividend payment of A\$0.05 per share payable to shareholders on 30 September 2011.

The relevant dates for the interim dividend are as follows:

Dividend Record Date	16 September 2011
Ex-Dividend Date (ASX purposes)	12 September 2011
Ex-Dividend Date (LSE purposes)	14 September 2011
Dividend Payment Date	30 September 2011

There is no foreign conduit income attributed to the dividend.

The Managing Director, Peter Hepburn-Brown, commented:

"It is both a privilege and a challenge to be invited to become Medusa's Managing Director as it enters the next growth phase in its quest to become a 400,000 ounce producer by 2015. We are confident we have the mineralisation to support these aspirations within achievable time frames.

This last financial year has been the first full year of production at the rate of 100,000 ounces from the Co-O Mine and we have forecasted production of between 100,000 to 110,000 ounces for the current financial year. Over the next few quarters there will be heavy emphasis on development at the Co-O Mine to prepare for the future production increase, similar in principle to a pre-strip at an

open pit mine. We are developing new levels, sinking new and deeper shafts, and planning infrastructure that will support mining to a depth of approximately one kilometre with drilling to date pointing to good grades up to 750 metres below surface. Exploration at the mine effectively discovered in excess of 560,000 ounces during the year which includes the replacement of approximately 101,000 ounces mined during the year. This is in line with the stated Company policy of replenishing, at a minimum, whatever ounces which have been mined on an annual basis. The total resources at the Co-O Mine as at 30 June 2011, now stands at 1,960,000 ounces, an increase of 30% from the previous figure of 1,501,000 ounces at 21 June 2010.

The Co-O Mine has produced to date around 450,000 ounces and has a current resource of 1,960,000 ounces. Drilling during the year and the new resource estimate have strongly reinforced the Conceptual Exploration Target size of 3,000,000 to 7,000,000 ounces. Currently the quantified amount of gold in the deposit of 2,410,000 ounces is approaching the lower limit of this range, indicating the Co-O Deposit is potentially a world class deposit in terms of size and thus promising to be a long life mine.

Medusa has continued its aggressive exploration programme having spent just under US\$27 million to 30 June 2011 (US\$19 million to 30 June 2009) which achieved 131,500 metres of core drilling and we have budgeted US\$27 million in the current financial year. Six surface rigs and five underground rigs will continue drilling at the Co-O Mine with seven surface rigs at the Bananghilig Deposit and up to 3 rigs at the Anoling, Saugon and other projects during the year.

Copper exploration was limited during the year except for Induced Polarisation and ground magnetics surveys which commenced in May 2011 (and are ongoing) over the Tambis intrusive-breccia complex, Kamarangan, Saugon, Usa and Lingig. Subject to encouraging results, we expect to initiate drilling on prioritised copper targets in the current financial year.

Financially the Company is in a sound position with approximately US\$102 million in cash and cash equivalent in bullion as at 30 June 2011. The Company has continued to produce gold at cash costs of just under US\$200 per ounce in an economic climate where the gold price has continued to climb.

The margins generated from gold sales, as evidenced by the record profit in excess of US\$110 million (US\$65.8 million in 2010), enables Medusa to self-fund the Co-O Mill expansion to 200,000 ounce capacity, continue its extensive exploration programme and pay a dividend twice a year. The Capex for the Co-O Mill expansion is estimated at US\$70 million inclusive of concurrent mine development and shaft sinking.

The Company's involvement in a diverse range of community activities continued during the year, including establishing partnerships with government bodies and attracting corporate sponsors for some of its activities. Education continued to be a major focus, but with its rice growing programmes, establishment of long term income rubber tree reforestation plantations and many other projects, we are proud of our contribution to others within our operating environment.

The Company has increased the availability of training programmes for

employees and reinforced its focus on health and safety issues. It continuously reviews and updates work practices and procedures and is using external consultants to assist in this process.

In closing, I would like to welcome Mr Jun Angeles who joined our Board in July this year, and to thank my fellow Directors and our Perth office staff. Particular appreciation is due to our over 2,600 strong Filipino team under the guidance of Mr Sam Afdal, our managers and all employees and contractors. It has been a great team effort as we again achieved record results for the year. We also very much appreciate the continued support of the local communities and the relevant government agencies which enable us to expand our activities and thereby provide benefits to an increasing number of people."

http://www.rns-pdf.londonstockexchange.com/rns/1638N_-2011-8-29.pdf

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Regulatory

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

Medusa Mining Limited

ABN

60 099 377 849

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	+Class of +securities issued or to be issued	Ordinary shares
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	440,000
3	Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)	Fully paid ordinary shares
4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: <ul style="list-style-type: none"> the date from which they do the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	Yes
5	Issue price or consideration	\$1.25

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Exercise of Employee Unlisted Options	
7	Dates of entering ⁺ securities into uncertificated holdings or despatch of certificates	7 December 2010	
8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 2 if applicable)	Number	⁺ Class
		188,233,911	Ordinary shares
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in clause 2 if applicable)	Number	⁺ Class
		600,000 150,000	\$1.25 options expiring 22 Jan 12. \$4.40 options expiring 28 Nov 13
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	-
12	Is the issue renounceable or non-renounceable?	-
13	Ratio in which the ⁺ securities will be offered	-
14	⁺ Class of ⁺ securities to which the offer relates	-
15	⁺ Record date to determine entitlements	-
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	-
17	Policy for deciding entitlements in relation to fractions	-
18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. (Cross reference: rule 7.7).	-
19	Closing date for receipt of acceptances or renunciations	-
20	Names of any underwriter(s)	-
21	Amount of any underwriting fee or commission	-
22	Names of any brokers to the issue	-

+ See chapter 19 for defined terms.

23	Fee or commission payable to the broker to the issue	-
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	-
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	-
26	Date entitlement and acceptance form and prospectus will be sent to persons entitled	-
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	-
28	Date rights trading will begin (if applicable)	-
29	Date rights trading will end (if applicable)	-
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	-
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	-
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	-
33	⁺ Despatch date	-

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities (*tick one*)

(a) Securities described in Part 1 (Quotation is sought only for the ordinary shares described)

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
- 1 - 1,000
 - 1,001 - 5,000
 - 5,001 - 10,000
 - 10,001 - 100,000
 - 100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?
- If the additional securities do not rank equally, please state:
- the date from which they do;
 - the extent to which they participate for the next dividend (in the case of a trust, distribution) or interest payment;
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
-
- 41 Reason for request for quotation now
- Example: In the case of restricted securities, end of restriction period.
 (if issued upon conversion of another security, clearly identify that other security)
-
- 42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)
- | Number | +Class |
|--------|--------|
| | |

+ See chapter 19 for defined terms.

Quotation Agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

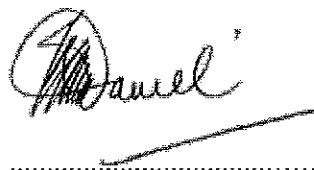
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under section 737 or 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:
(Director/Company Secretary)

Date: 7 December 2010

Print name: ROY DANIEL

+ See chapter 19 for defined terms.