

Regulatory Announcement

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Company	Medusa Mining Ltd
TIDM	MML
Headline	Response to Crosby Capital Offer
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Response to Crosby Capital Offer

23 September 2008

MEDUSA MINING LIMITED
(AIM: MML)

CROSBY CAPITAL'S PROPOSED UNSOLICITED HIGHLY CONDITIONAL TAKEOVER
OFFER

NO ACTION should be taken by Medusa shareholders

On 19 September 2008 Crosby Capital Limited ('Crosby') of Hong Kong announced a proposal to make an unsolicited and highly conditional takeover offer ('Offer Announcement') for Medusa Mining Limited ('Medusa' or the 'Company'). The main points are:

- * Crosby has proposed an offer price of AUD\$1.15 cash per share. The offer price represents only a 21.1% premium to the near 12 month low closing price on Thursday 18 September 2008;
- * no Bidder's Statement has yet been provided - Crosby has indicated that it proposes to make the offer in October 2008; and
- * the proposed offer is highly conditional - it is subject to 21 defeating conditions, details of which are set out in the Offer Announcement. Amongst others, these conditions include;

- (i) a minimum acceptance level of 90%;
- (ii) a detailed investigation and report by an Independent Expert;
- (iii) market-related events;
- (iv) provision of access and information to Crosby, whether or not such information is generally available; and
- (v) no material adverse change.

The Medusa Board has conducted an initial review of the proposed offer and believes that the offer is inadequate and opportunistic. Shareholders are advised to TAKE NO ACTION in relation to Crosby's proposed offer. When the offer documents are received by Medusa, the Company will review these and provide further advice and recommendations to shareholders in a timely manner for shareholders to make an informed decision.

The Medusa Board notes that:

- * The Board and Management of Medusa together hold 17.15% of the issued shares in the capital of Medusa. The Board and Management do not propose to accept Crosby's offer on the terms announced, and on that basis the 90% minimum acceptance condition will not be satisfied.
- * The Board does not consider it appropriate to provide an

Independent Expert or Crosby with access to the Company's proprietary information in the circumstances and for the purposes indicated in the Offer Announcement.

ABOUT MEDUSA

Medusa is an expanding gold producer operating in the Philippines. It has provided production guidance for the period July 2008 to June 2009 of 38,000 to 45,000 ounces, and 80,000 ounces for the following year. The Company's resource base at the Co-O Mine is 862,000 ounces at 10.7g/t gold including probable reserves of 249,000 ounces at 10.7 g/t gold. Drilling is continuing to expand the resources. The Company anticipates a long term cash cost of US\$200 per ounce.

For further information, please contact:

Medusa Mining Limited	+61 8 9367 0601
Geoffrey Davis, Managing Director	
Roy Daniel, Finance Director	
Fairfax I.S. PLC	+44 (0)20 7598 5368
Nominated Adviser/Joint Broker	
Simon Stevens / Ewan Leggat	
Mirabaud Securities Limited	+44 (0)20 7321 2508
Joint Broker	
Peter Krens / Rory Scott	
Lothbury Financial	+44 (0)20 7011 9411
Michael Padley / Louise Davis	

- ---END OF MESSAGE---

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