

Regulatory Story

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Company	Medusa Mining Limited
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Headline	Placing of Shares
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Placing of Shares

MEDUSA MINING LIMITED
(AIM: MML)

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UNDERWRITTEN AUS\$24.5 MILLION PLACEMENT

Medusa Mining Limited (ASX & AIM: MML) ('Medusa' or the 'Company') is pleased to announce the placing of 20,300,000 fully paid new ordinary shares of no par value at a placing price of Aus\$1.21 (approximately GBP 0.54) per share to institutional and sophisticated clients of Euroz Securities Limited ('Euroz') under section 708 of the Australian Corporations Act.

The gross proceeds of the placing are Aus\$24,563,000. The net proceeds of the placing are Aus\$23,334,850 and will be applied to:

- * the Phase 2 expansion of the Company's Co-O underground goldmine and associated milling facilities in the Philippines, targeting production of 100,000 ounces per annum by early 2010;
- * intensive drilling at the Co-O mine designed to increase resources from the current 1.2 million ounces to approximately 1.5 million ounces, which in conjunction with underground development is also targeting a reserve of approximately 500,000 ounces by August 2009; and
- * general working capital.

The placement is fully underwritten by Euroz.

Application will be made for the new ordinary shares to be admitted to trading on AIM, which is expected to occur on 5 March 2009. The new ordinary shares to be issued pursuant to the placing will rank pari passu with the existing ordinary shares of no par value in the Company.

Following the admission of the new ordinary shares to trading on AIM the Company will have a total of 66,607,548 ordinary shares with voting rights in issue.

Geoff Davis, Managing Director of Medusa, commented:

'The Company is very pleased to welcome new shareholders and acknowledges the invaluable support provided by existing shareholders, as this support has enabled the Company to reach this

pivotal point in its development.

'We are an unhedged, high margin gold producer with an exciting future as we grow our production this year. I believe the market is starting to recognise our potential'.

Market update re interim results for the 6 months to 31 December 2008

Given the conduct of the above placement, Medusa believes it is appropriate to provide an early indication of its half year results to 31 December 2008.

Subject only to final review and sign off by the Company's external auditors, Medusa expects to make a net profit after tax for that period of Aus\$12.0 million.

The Company intends to release its interim results for the six months to 31 December 2008 on or before Friday, 6 March 2009.

For further information, please contact:

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JORC COMPLIANCE -- CONSENT OF COMPETENT PERSONS

Medusa Mining Limited

Information in this announcement relating to exploration results, is based on information compiled by Mr Geoff Davis, who is a member of The Australian Institute of Geoscientists. Mr Davis is the Managing Director of Medusa Mining Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the

'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Davis consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

Cube Consulting Pty Ltd

Information in this announcement relating to Mineral Resources has been estimated and compiled by Mark Zammit of Cube Consulting Pty Ltd. Mr Zammit is a member of The Australasian Institute of Mining & Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Zammit consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

Cube Consulting is an independent Perth based resource industry consulting firm specialising in geological modelling, resource estimation and information technology.

---END OF MESSAGE---

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