

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	Options (unlisted); Ordinary fully paid shares.
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	1. 250,000 options (unlisted); 2. 500,000 options (unlisted); 3. 250,000 options (unlisted); 4. 2,875 ordinary fully paid shares.
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)	1. 250,000 options (unlisted) exercisable at \$0.72 per option expiring on 2 October 2008; 2. 500,000 options (unlisted) exercisable at \$0.90 per option expiring on 2 October 2008; 3. 250,000 options (unlisted) exercisable at \$1.50 per option expiring on 2 October 2008; 4. 2,875 ordinary fully paid shares.

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

4	<p>Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <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 	<p>1-3. Options (unlisted): yes, if and when converted to ordinary shares before expiry date;</p> <p>4. Yes.</p>														
5	Issue price or consideration	<p>1-3. Options (unlisted): issued at no cost;</p> <p>4. 20 cents per share.</p>														
6	<p>Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>1-3. Chairman's package/incentive approved at the Company's AGM on 29 Nov 2005;</p> <p>4. Conversion of options to fully paid shares.</p>														
7	<p>Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p>	24 January 2006														
8	<p>Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="805 913 986 947">Number</th> <th data-bbox="994 913 1444 947">⁺Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="805 958 986 992">53,579,195</td> <td data-bbox="994 958 1444 992">Ordinary Shares</td> </tr> <tr> <td data-bbox="805 992 986 1025">22,707,837</td> <td data-bbox="994 992 1444 1025">20 cent options expiring 31 Jan 2007</td> </tr> </tbody> </table>	Number	⁺ Class	53,579,195	Ordinary Shares	22,707,837	20 cent options expiring 31 Jan 2007								
Number	⁺ Class															
53,579,195	Ordinary Shares															
22,707,837	20 cent options expiring 31 Jan 2007															
9	<p>Number and ⁺class of all ⁺securities not quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="805 1115 986 1149">Number</th> <th data-bbox="994 1115 1444 1149">⁺Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="805 1160 986 1193">600,000</td> <td data-bbox="994 1160 1444 1193">43.34 cent options expiring 23 Dec 2009;</td> </tr> <tr> <td data-bbox="805 1193 986 1227">225,000</td> <td data-bbox="994 1193 1444 1227">60.72 cent options expiring 31 Jan 2007;</td> </tr> <tr> <td data-bbox="805 1227 986 1261">3,000,000</td> <td data-bbox="994 1227 1444 1261">57.64 cent options expiring 16 Dec 2007;</td> </tr> <tr> <td data-bbox="805 1261 986 1294">250,000</td> <td data-bbox="994 1261 1444 1294">72.00 cent options expiring 2 Oct 2008;</td> </tr> <tr> <td data-bbox="805 1294 986 1328">500,000</td> <td data-bbox="994 1294 1444 1328">90.00 cent options expiring 2 Oct 2008;</td> </tr> <tr> <td data-bbox="805 1328 986 1361">250,000</td> <td data-bbox="994 1328 1444 1361">\$1.50 options expiring 2 Oct 2008.</td> </tr> </tbody> </table>	Number	⁺ Class	600,000	43.34 cent options expiring 23 Dec 2009;	225,000	60.72 cent options expiring 31 Jan 2007;	3,000,000	57.64 cent options expiring 16 Dec 2007;	250,000	72.00 cent options expiring 2 Oct 2008;	500,000	90.00 cent options expiring 2 Oct 2008;	250,000	\$1.50 options expiring 2 Oct 2008.
Number	⁺ Class															
600,000	43.34 cent options expiring 23 Dec 2009;															
225,000	60.72 cent options expiring 31 Jan 2007;															
3,000,000	57.64 cent options expiring 16 Dec 2007;															
250,000	72.00 cent options expiring 2 Oct 2008;															
500,000	90.00 cent options expiring 2 Oct 2008;															
250,000	\$1.50 options expiring 2 Oct 2008.															
10	<p>Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)</p>	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?	-

+ See chapter 19 for defined terms.

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	-
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)

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

(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

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)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)		

+ 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.

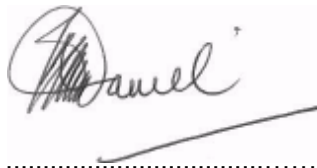
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) 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: Date: 24 January 2006

(Director/Company Secretary)

Print name: ROY DANIEL

+ See chapter 19 for defined terms.