



MEDUSA

MEDUSA MINING LIMITED

ABN: 60 099 377 849

Unit 7, 11 Preston Street
Como WA 6152

PO Box 860
Canning Bridge WA 6153

Telephone: +618-9367 0601
Facsimile: +618-9367 0602

Email: admin@medusamining.com.au
Internet: www.medusamining.com.au

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The Manager
Australian Stock Exchange Limited
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

CONSULTANCY AGREEMENT FOR MANAGING DIRECTOR

Medusa Mining Limited ("Medusa" or the "Company"), is pleased to announce that it has entered into a new consultancy agreement in respect of Mr Geoffrey Davis' services as Managing Director.

This agreement supersedes the previous consultancy agreement in respect of Mr Davis which expired on 31 December 2008.

Attached to this letter is a summary of the material terms of the Consultancy Agreement.

Yours faithfully,

Roy Daniel
Company Secretary

SUMMARY OF CONSULTANCY AGREEMENT IN RESPECT OF GEOFFREY DAVIS

Contract description:	Consultancy agreement between the Company and Harvest Services Aust Pty Ltd ("Consultant") in respect of the provision of services by Geoffrey Davis.
Term:	An initial term ending on 31 December 2011 (subject to earlier termination) ("Initial Term"). If not terminated on or prior to 31 December 2011, the agreement will continue until terminated.
Services:	The Consultant will provide the services of Geoffrey Davis as Managing Director of the Company, who will be responsible for the management of the Company (subject to the direction of the Board); and its operations and strategic development.
Fees:	\$485,000 per annum, subject to annual review by the Board. During the review, the Board will consider the progress of the Company and comparable industry standard fees. The review will also consider whether bonuses should be payable (and the quantum of any bonus) as and when the Company achieves specific milestones in the context of the market conditions.
Termination:	<p>Termination by the Company</p> <p>During the Initial Term (other than as set out below in relation to a "Material Diminution" or default by the Consultant), the Company may terminate the agreement by notice or payment in lieu of notice of a notice period equal to: (a) the number of months remaining in the Initial Term; or (b) 6 months, if the number of months remaining in the Initial Term is less than 6.</p> <p>The Company may immediately terminate the agreement in certain circumstances, including if the Consultant is in default of its obligations and does not remedy that default in addition to other standard default situations.</p> <p>Termination by the Consultant</p> <p>The Consultant may terminate the agreement at any time by giving 6 months' written notice or immediately in certain circumstances, including if the Company is in default of its obligations and does not remedy that default and in certain other standard default situations, in which case the Consultant will be entitled to payment in lieu of notice.</p> <p>Termination by reason of Material Diminution</p> <p>A "Material Diminution" is a change in Geoffrey Davis's status as Managing Director of the Company, including a material change in his authority in respect of the business of the Company or any member of the Company's group; or a change in his reporting relationship with the Board.</p> <p>If a Material Diminution occurs, within 3 months of this occurring, the Consultant may give the Company 2 weeks' written notice of termination of this agreement. Subject to the Corporations Act, the Company must make a payment in lieu of a notice period equal to: (a) the number of months remaining in the Initial Term; or (b) 6 months, if the number of months remaining in the Initial Term is less than 6. After expiration of the Initial Term, the Company must make a payment to the Consultant in lieu of a notice period equal to 12 months.</p>
Protection of the Company's interests:	Geoffrey Davis is restrained from providing services to any party involved or likely to be involved in a business which competes with the Company's business, without the Board's prior consent.