



**MEDUSA**

**MEDUSA MINING LIMITED**

ABN: 60 099 377 849

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Como WA 6152

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**ASX ANNOUNCEMENT**

15 October 2009

**NOTICE OF ANNUAL GENERAL MEETING**

Medusa Mining Limited ("Medusa" or the "Company") advises that its Annual General Meeting ("AGM") will be held on Wednesday, 18 November 2009, commencing at 11.00 am (WST).

The AGM will be held at The Sheraton Perth Hotel (Goldsworthy Room), 207 Adelaide Terrace, Perth, Western Australia.

The Notice of Annual General Meeting and Explanatory Memorandum will be dispatched to shareholders of the Company today.

For further information please contact:

Roy Daniel  
Company Secretary  
Phone: +618 9367 0601  
Website: [www.medusamining.com.au](http://www.medusamining.com.au)

**ABOUT MEDUSA MINING LIMITED**

**Medusa Mining Limited** ("Medusa" or the "Company"), a public company listed on the ASX and AIM, is an Australian based gold producer, focussed solely on the Philippines.

With total current resources of over 2,000,000 ounces of gold, Medusa's corporate strategy is to become a mid tier 300,000 to 400,000 ounce per year, low cost gold producer. The Company is currently expanding its high grade Co-O Mine operations (1,380,000 ounces at 10.8 g/t gold) to increase its production capacity to 100,000 ounces per year, and is conducting near mine exploration to assess the possibilities of further expansion to 200,000 ounces per year. Current cash costs at the Co-O Mine are approximately US\$200 per ounce.

A pipe-line of deposits is now being established with the Bananghilig Deposit (650,000 ounces at 1.3 g/t gold) which is expected to expand, potentially in conjunction with new nearby discoveries.

Further potential upside exists in the discovery of substantial copper deposits within the tenement holding of > 800km<sup>2</sup>.



**MEDUSA**

# **MEDUSA MINING LIMITED**

ACN 099 377 849

## **NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM**

For the Annual General Meeting to be held on  
Wednesday, 18 November 2009 at 11.00 am (WST)  
at The Sheraton Perth Hotel (Goldsworthy Room),  
207 Adelaide Terrace, Perth, Western Australia

This is an important document. Please read it carefully and in its entirety.  
If you do not understand it please consult with your professional advisers.

If you are unable to attend the Meeting, please complete the form of proxy enclosed and return  
it in accordance with the instructions set out on that form.

The Annual Report is available for viewing on [www.medusamining.com.au](http://www.medusamining.com.au)

# NOTICE OF ANNUAL GENERAL MEETING

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Notice is hereby given that the Annual General Meeting of the shareholders of Medusa Mining Limited (the "**Company**") will be held in the Goldsworthy Room, Sheraton Perth Hotel, 207 Adelaide Terrace, Perth, Western Australia on Wednesday, 18 November 2009 at 11.00 am (WST) for the purpose of transacting the following business.

The attached Explanatory Memorandum is provided to supply shareholders with information to enable shareholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Memorandum is to be read in conjunction with this Notice.

## **AGENDA**

### **BUSINESS**

#### **1. Accounts and Reports**

To receive and consider the financial statements and reports of the Directors and Auditors for the year ended 30 June 2009.

#### **2. Resolution 1: Re-election of Director - Kevin Tomlinson**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, Mr Kevin Tomlinson, who retires by rotation in accordance with the Constitution of the Company, and being eligible, offers himself for election, is hereby re-elected as Director of the Company."*

#### **3. Resolution 2: Re-election of Director - Roy Daniel**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, Mr Roy Daniel, who retires by rotation in accordance with the Constitution of the Company, and being eligible, offers himself for election, is hereby re-elected as Director of the Company."*

#### **4. Resolution 3: Re-election of Director - Peter Hepburn-Brown**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, Mr Peter Hepburn-Brown, who was appointed a Director of the Company on 15 September 2009 and in accordance with the Constitution of the Company holds office until the next annual general meeting, and being eligible, offers himself for election, is hereby re-elected as Director of the Company."*

#### **5. Resolution 4: Ratification of previous issue of ordinary shares**

To consider and, if thought fit, to pass, with or without amendment the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rules 7.1 and 7.4 of the Listing Rules of the ASX Limited and for all other purposes, the Company ratifies the allotment and issue on 5 March 2009 of 20,300,000 fully paid ordinary shares in the capital of the Company at \$1.21 per share to institutional and sophisticated clients of Euroz Securities Limited within the meaning of section 708 of the Corporations Act 2001."*

# NOTICE OF ANNUAL GENERAL MEETING

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## Short Explanation:

ASX Listing Rule 7.1 allows the Company to issue up to 15% of its ordinary share capital in any 12 month rolling period without shareholder approval. By obtaining ratification of shareholders under ASX Listing Rule 7.4 to the issue of shares, the Company will obtain relevant approval for the purposes of ASX Listing Rule 7.1 and thereby refresh the Company's capacity to make future issues of securities up to the 15% threshold.

## Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution 4 by an allottee of the issue the subject of this Resolution 4 (an "allottee") and any of the associates of such an allottee. However, the Company will not disregard a vote cast on this Resolution 4, if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **6. Resolution 5: Appointment of Auditor**

To consider and, if thought fit, to pass, with or without amendment the following resolution as an **ordinary resolution**:

*"That, subject to the Australian Securities and Investments Commission granting its consent to the resignation of the Company's current auditor, Grant Thornton (WA) Partnership, for the purposes of section 327B of the Corporations Act and for all other purposes, Grant Thornton Audit Pty Ltd, having been nominated and having consented in writing to act as auditor of the Company, be appointed as auditor of the Company and the Directors be authorized to set its remuneration."*

## **7. Resolution 6: Increase aggregate pool of Directors' remuneration from \$200,000 to \$400,000**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 10.17 of the Listing Rules of the ASX Limited, clause 11.15 of the Company's Constitution and for all other purposes, for the financial year commencing 1 July 2005 and in respect of each financial year thereafter and until otherwise determined by a resolution of shareholders, the maximum aggregate remuneration payable out of the funds of the Company to Non-Executive Directors of the Company for their services as Directors including their service on a committee of Directors be increased from \$200,000 per annum to \$400,000 per annum and such amount, or such lesser amount as the Directors determine shall be divided amongst the Directors as directors fees in such proportions and manner as the Directors may determine."*

## Short Explanation:

Approval is sought under ASX Listing Rule 10.17 and clause 11.15 of the Company's Constitution to enable the aggregate remuneration payable to the Directors to be increased. Information about this resolution appears in the Explanatory Memorandum that forms part of, and accompanies this Notice of Annual General Meeting.

## Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution 6 by an allottee of the issue the subject of this Resolution 6 (an "allottee") and any of the associates of such an allottee. However, the Company will not disregard a vote cast on this Resolution 6, if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

# NOTICE OF ANNUAL GENERAL MEETING

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## 8. Resolution 7: Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following in accordance with section 250R(2) of the Corporations Act:

*"That, the Remuneration Report in the Annual Report of the Company for the financial year ended 30 June 2009 be adopted."*

Short Explanation:

The Remuneration Report is in the Directors Report section of the Company's 2009 Annual Report. Listed companies are required to put the Remuneration Report to the vote for adoption at the Company's Annual General Meeting. The vote on this resolution is advisory only and does not bind the Directors of the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

## VOTING AND PROXIES

1. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 11.00 am (WST) on 16 November 2009.
4. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the instructions on that form.

**By Order of the Board**



Roy Daniel  
Company Secretary

15 October 2009

# EXPLANATORY MEMORANDUM

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This Explanatory Memorandum should be read in its entirety. If shareholders are in doubt as to how they should vote on the resolutions to be proposed at the Annual General Meeting, they should seek advice from their accountant, solicitor or other professional adviser.

## 1. Introduction

This Explanatory Memorandum has been prepared for the information of shareholders of Medusa Mining Limited (the "Company") in connection with the business to be conducted at the Annual General Meeting to be held in the Goldsworthy Room, Sheraton Perth Hotel, 207 Adelaide Terrace, Perth, Western Australia on Wednesday, 18 November 2009 at 11.00 am and should be read in conjunction with the Notice of General Meeting.

## 2. Resolution 1: Re-election of Director

Clause 7.3 of the Company's Constitution provides that at every annual general meeting of the Company, one-third of the Directors (other than alternate Directors and the Managing Director) shall retire from office. The Directors to retire at an annual general meeting are those who have been longest in office since their last election. A retiring Director is eligible for re-election.

Accordingly, pursuant to clause 7.3 of the Company's Constitution, Mr Tomlinson, being a Director of the Company, retires by way of rotation, and being eligible, offers himself for re-election as a Director of the Company.

The Directors recommend that shareholders vote in favour of this resolution.

## 3. Resolution 2: Re-election of Director

Clause 7.3 of the Company's Constitution provides that at every annual general meeting of the Company, one-third of the Directors (other than alternate Directors and the Managing Director) shall retire from office. The Directors to retire at an annual general meeting are those who have been longest in office since their last election. A retiring Director is eligible for re-election.

Accordingly, pursuant to clause 7.3 of the Company's Constitution, Mr Daniel, being a Director of the Company, retires by way of rotation, and being eligible, offers himself for re-election as a Director of the Company.

The Directors recommend that shareholders vote in favour of this resolution.

## 4. Resolution 3: Re-election of Director

Mr Peter Hepburn-Brown was appointed by the Board of the Company on 15 September 2009, and pursuant to clause 7.3(f) of the Company's Constitution holds office until the next annual general meeting.

In accordance with clause 7.3(f) of the Company's Constitution and the ASX Listing Rules, and being eligible, Mr Hepburn-Brown offers himself for re-election as a Director of the Company.

The Directors recommend that shareholders vote in favour of this resolution.

## 5. Resolution 4: Ratification of previous issue of ordinary shares

Under ASX Listing Rule 7.1, the Company is permitted to issue up to 15% of its securities within a twelve month period without the requirement to obtain shareholder approval.

Whilst shareholder approval for the issue of the ordinary shares was not required at the time of the issue, the effect of the issue is to reduce the Company's capacity to issue additional securities in the future without shareholder approval.

ASX Listing Rule 7.4 allows an issue made by the Company without shareholder approval under ASX Listing Rule 7.1, to be treated as having been made with approval for the purposes of ASX Listing Rule 7.1 if it is subsequently approved by shareholders and did not breach ASX Listing Rule 7.1 at the time of issue.

The Company wishes to seek approval for the purposes of ASX Listing Rules 7.1 and 7.4 by ratification in order to renew the Company's capacity to issue up to 15% of the securities of the Company on issue in a 12 month period.

The Company is requesting shareholders to ratify the allotment and issue of 20,300,000 ordinary Shares on 5 March 2009 to institutional and sophisticated clients of Euroz Securities Limited within the meaning of section 708 of the Corporations Act.

For the purposes of ASX Listing Rule 7.5, the following information is provided to shareholders:

- (a) the number of shares allotted was 20,300,000 fully paid ordinary shares;
- (b) the allotted shares were issued at a price of \$1.21 per share;
- (c) the shares rank equally with the Company's existing issued shares;
- (d) the allottees of the securities are investors entitled to accept offers of securities under section 708 of the Corporations Act. None of the allottees are related parties or associates of the Company; and
- (e) the funds raised from the issue of the shares of \$24,563,000, (before expenses) will be applied to the Phase 2 expansion of the Co-O mine and associated milling facilities, the on-going drilling programme at the Co-O mine and for general working capital purposes.

The Directors recommend that shareholders vote in favour of this resolution.

# EXPLANATORY MEMORANDUM

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## 6. Resolution 5: Appointment of Auditor.

The Company's auditor, Grant Thornton (WA) Partnership (formerly known as Bentleys MRI Perth Partnership), has acted as the Company's auditors for a number of years.

To facilitate a new audit firm operating structure, an authorised audit company, Grant Thornton Audit Pty Ltd, has been established to conduct audit engagements.

Subject to approval by shareholders, the appointment of Grant Thornton Audit Pty Ltd will be effective for the 2010 financial year. Grant Thornton (WA) Partnership remained responsible for the audit for the 2009 financial year.

The resolution is conditional upon ASIC's consent to the resignation of the Company's current auditors, Grant Thornton (WA) Partnership, as this is a pre-condition to the auditor under the existing audit firm partnership structure being able to resign. The Company anticipates that this consent will be forthcoming.

In accordance with section 328B of the Corporations Act, notice in writing nominating Grant Thornton Audit Pty Ltd has been given to the Company by a shareholder. A copy of this notice is shown in Attachment "A" to this explanatory memorandum. In accordance with section 328A of the Corporations Act, consent in writing to the appointment as auditor has been given to the Company by Grant Thornton Audit Pty Ltd.

The Directors recommend that shareholders vote in favour of this resolution.

## 7. Resolution 6: Increase aggregate pool of Directors' remuneration from \$200,000 to \$400,000

ASX Listing Rule 10.17 and clause 11.15 of the Company's Constitution provides that the remuneration Directors receive as director's fees will not exceed a fixed sum determined by shareholders in a general meeting without shareholder approval and/ or any increase to such remuneration requires shareholder approval.

The current maximum aggregate level of Directors' fees payable to Non-Executive Directors for their services as Directors (including service on a committee of Directors) is \$200,000 per annum.

The Board considers that for the financial year commencing 1 July 2009 and each financial year thereafter, until otherwise determined by a resolution of shareholders, the maximum aggregate level of Directors' fees payable to Non-Executive Directors should be increased to \$400,000 per annum.

The proposed increase to the maximum aggregate fee pool will provide the Company with the capacity to appoint additional Directors in the future as and when required as the Company develops and set Director's fees at a level consistent with market benchmarks. The sum of \$400,000 or such lesser amount as the Directors determine each year, will be divided amongst the Directors in such proportions and manner as the Directors determine.

The Board considers that a maximum aggregate fee pool of \$400,000 compares favourably with the fee pools of Australian companies of a similar size and stature.

The Directors of the Company being Messrs Tomlinson, Weinberg, Hepburn-Brown, Davis and Daniel each have a material person interest in the outcome of Resolution 6 and therefore abstain from making a recommendation as to the resolution.

## 8. Resolution 7: Adoption of Remuneration Report for year ended 30 June 2009

The Corporation Act requires that the Directors put forward a resolution to shareholders each and every year that the Remuneration Report is adopted. The Remuneration Report is in the Directors Report section of the Company's Annual Report.

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out remuneration details for each Director and each of the Company's executives and group executives named in the Remuneration Report for the financial year ended 30 June 2009.

There will be a reasonable opportunity for shareholders to comment on and ask questions about the Remuneration Report.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. The vote on the proposed resolution is advisory only and will not bind the Board or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

The Directors recommend that shareholders vote in favour of this resolution.

## ATTACHMENT "A"

5 October 2009

The Company Secretary  
Medusa Mining Limited  
Unit 7, 11 Preston Street  
Como WA 6152

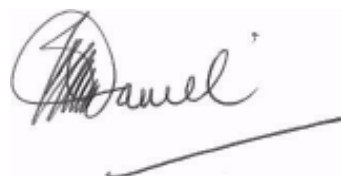
Dear Sir,

### **Re: Nomination of Auditor**

Following the resignation of Grant Thornton (WA) partnership and pursuant to section 328B of the Corporations Act, I nominate Grant Thornton Audit Pty Ltd to be appointed as auditor of Medusa Mining Limited at the Company's 2009 Annual General Meeting.

I am a shareholder of the Company and request that a copy of this nomination is sent to all persons entitled to receive the Notice of AGM and Grant Thornton Audit Pty Ltd.

Yours faithfully

A handwritten signature in black ink that reads "Roy Daniel". The signature is written in a cursive style with a large, stylized initial "R". A horizontal line is drawn below the signature.

Roy Daniel  
Shareholder

# PROXY FORM

I/We  
(name and address)

being a Member of Medusa Mining Limited entitled to attend and vote at the Annual General Meeting, hereby

appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Annual General Meeting to be held in the Goldsworthy Room, Sheraton Perth Hotel, 207 Adelaide Terrace, Perth, Western Australia on Wednesday, 18 November 2009 at 11.00 am (WST) and at any adjournment thereof.

**If no directions are given on how to vote, the Chairman will vote in favour of all of the Resolutions.**

Voting on Business of the Annual General Meeting:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
<b>Resolution 1:</b> Re-election of Mr Kevin Tomlinson as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2:</b> Re-election of Mr Roy Daniel as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3:</b> Re-election of Mr Peter Hepburn-Brown as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4:</b> Ratification of the previous issue of ordinary shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 5:</b> Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 6:</b> Increase of aggregate pool of Directors' remuneration to \$400,000	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 7:</b> Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**OR**

If the chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution and that the votes cast by the Chair of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest. **The Chair intends to vote any such undirected proxies in favour of all resolutions.** If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolutions and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_ %.

Please return this Proxy Form to the Company Secretary, Medusa Mining Limited, Unit 7, 11 Preston Street, Como, Western Australia or fax to +618 9367 0602 by 11.00 am (WST) on 16 November 2009.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

By:

**Individuals and joint holders**

Signature

Signature

Signature

**Companies** (affix common seal if appropriate)

Director

Director/Company Secretary

Sole Director and Sole Company Secretary

## Instructions for Completing Proxy Form

1. A member of the Company who is entitled to attend and cast two or more votes at a general meeting of shareholders is entitled to appoint two proxies. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
  - 2 Directors of the company;
  - a Director and a Company Secretary of the Company; or
  - for a Proprietary Company that has a sole Director who is also the sole Company Secretary - that Director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole Director and sole Company Secretary of the Company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign this proxy form and return the proxy form (by post, delivery or fax) to the Company Secretary:

Registered Office: Unit 7  
11 Preston Street  
Como  
Western Australia 6152

Facsimile Number: +618 9367 0602

Postal Address: PO Box 860  
Canning Bridge  
Western Australia 6153

by no later than 48 hours prior to the time of the commencement of the General Meeting.

7. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the meeting. The date is **11.00 am (WST) on Monday, 16 November 2009.**