MEDUSA

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ANNOUNCEMENT

24 February 2010

RECORD INTERIM FINANCIAL RESULTS

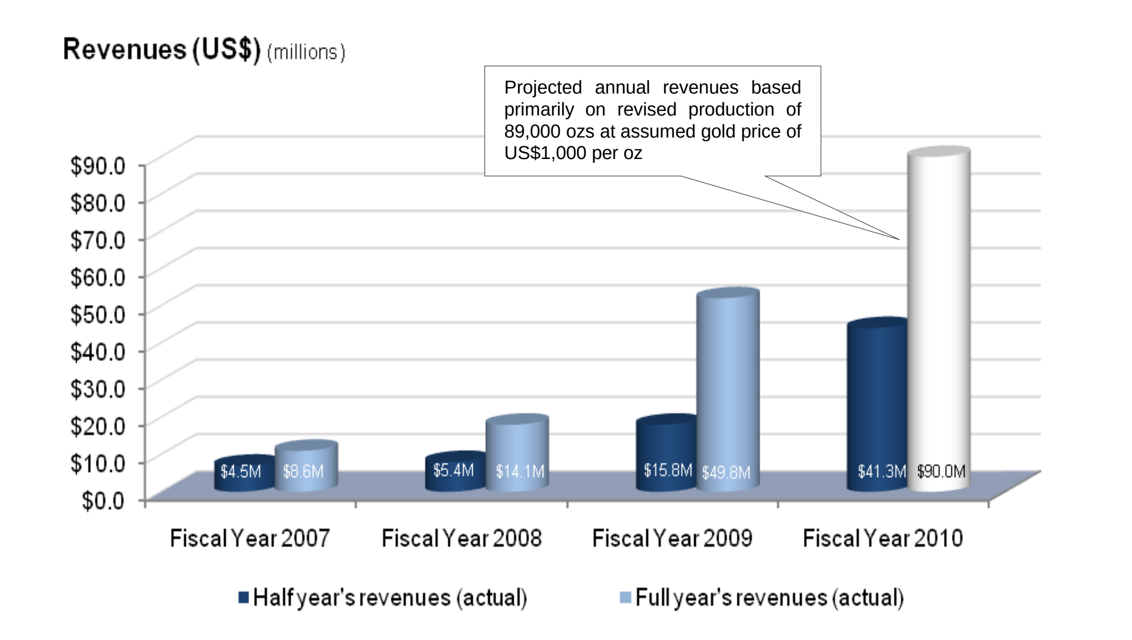
Medusa Mining Limited (ASX & AIM: MML; TSX: MLL)**, is pleased to present its interim financial results for the six months to 31 December 2009, the highlight of which is a record half-yearly Net Profit After Tax ("NPAT") of US$28.3 million.**

HIGHLIGHTS FOR THE SIX MONTHS:

Financials

Key Results	Unit	Dec 2009	Dec 2008	Variance	(%)
Revenues	US$	$41.3 M	$15.8 M	$25.5 M	161 %
EBITDA	US$	$31.5 M	$9.6 M	$21.9 M	228 %
EBIT	US$	$28.3 M	$8.0 M	$20.3 M	254 %
NPAT	US$	$28.3 M	$9.4 M	$18.9 M	201 %
EPS (basic)	US$	$0.168	$0.065	$0.103	158 %
Cash at bank & deposit	US$	$35.5 M	$4.0 M	$31.5 M	788 %

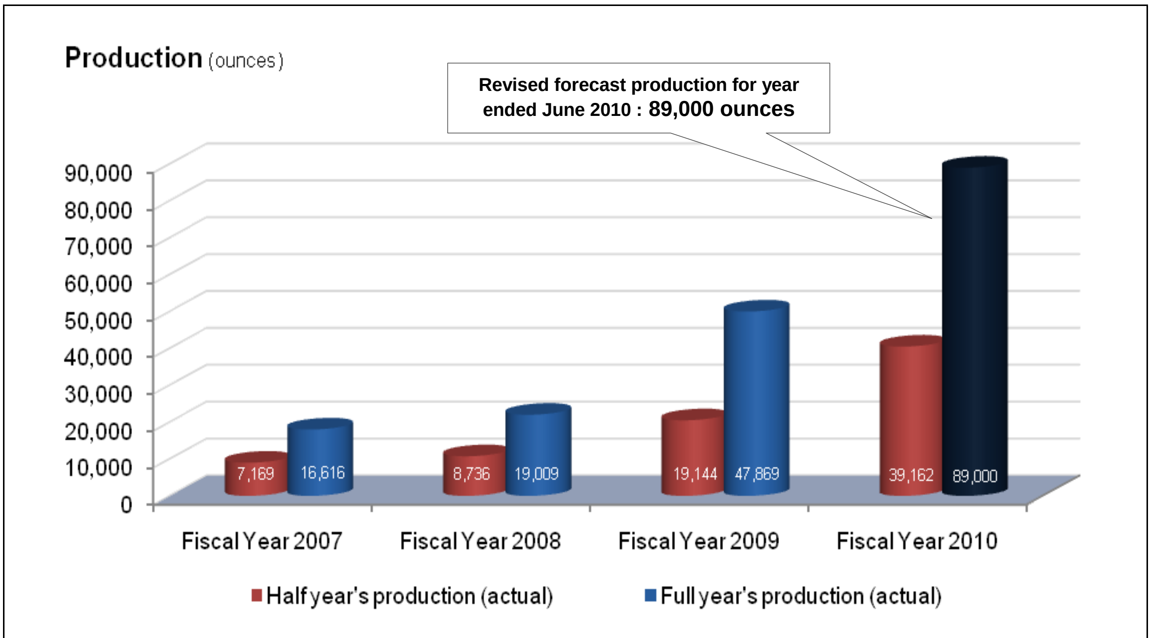
- Record half-yearly Net Profit After Tax ("NPAT") of US$28.3 million, up 201% from US$9.4 million in the prior corresponding period, representing basic earnings of US$0.168 per share on a weighted average basis;
- A 228% increase in half-yearly Earning Before Interest, Tax, Depreciation and Amortization ("EBITDA") of US$31.5 million for the six month period to December 2009 (six months to December 2008: US$9.6 million);
- Revenues increased by 161% to a record US$41.3 million, primarily due to increased gold production and a higher price received on sale of gold. Medusa is an un-hedged gold producer and received an average gold price of US$1,047 per ounce from the sale of 39,162 ounces of gold for the six month period to December 2009 (six months to December 2008:19,144 ounces at US$812 per ounce);
- The Company is debt free and had a cash balance of US$35.5 million at 31 December 2009.



Operations

Key Results	Unit	Dec 2009	Dec 2008	Variance	(%)
Production	ozs	39,162	19,144	20,018	104%
Cash costs	US$	$189	$225	$36	16%
Gold price received	US$/oz	$1,047	$812	$235	29%

- The Company produced a record 39,162 ounces of gold for the half-year, an increase of 20,018 ounces or 105% from the previous corresponding period, at an average grade of 16.65 g/t gold (six months to December 2008: 12.71 g/t gold);
- Average cash costs for the half-year down 16% to US$189 per ounce, compared to the prior previous corresponding period's costs of US$225 per ounce;

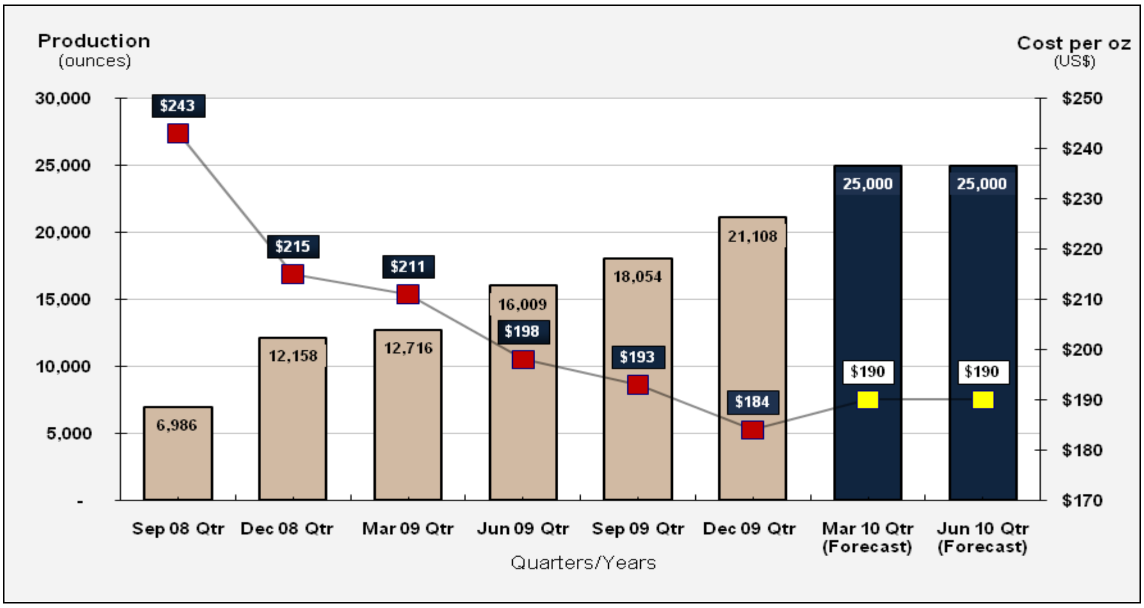


Phase II of the Company's expansion programme to produce 100,000 annualised ounces is on schedule, and the incremental benefits of that expansion are flowing through as evidenced by the record gold production of 39,162 ounces for the last six months.

Outlook

The forecast gold production for the fiscal year to 30 June 2010 has been revised upwards from 86,000 ounces to 89,000 ounces at an anticipated average cash cost of US$190 per ounce.

A breakdown of actual and forecasted production ounces and cost per ounce by quarters for the last six quarters and the remaining two quarters of this fiscal year is highlighted in Graph 1.



Graph 1. Co-O quarterly production graph with unit costs (actual-fiscal year 2008/09, actual-Sep and Dec 2009 quarters and forecast-remainder fiscal year 2009/10).

Geoffrey Davis, Managing Director of Medusa, commented:

"The Company has regularly broken its production targets on a quarterly basis and I am extremely pleased with the total of 39,162 ounces for the half year. This record production coupled with a healthy gold price received, has contributed to a record half-yearly net after tax profit figure of US$28.3 million. Furthermore, the very low production costs of around US$190 per ounce should be highlighted.

Remarkably this has all been achieved through a period of intense re-development of the Co-O Mine and associated infrastructure, and with the expansion programme now complete, our team can concentrate on optimising current production levels at the Co-O Mine, and also focus on increasing output via the addition of new projects as the Company grows into a mid-tier gold producer".

ABOUT MEDUSA MINING LIMITED

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

With current mineral resources comprising Indicated 580,000 ounces of gold and Inferred 1,310,000 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 (Indicated Resources 580,000 ounces of gold inclusive of a Probable Reserve of 500,000 ounces of gold, and Inferred Resources 660,000 ounces of gold) to increase its forecast production to 100,000 ounces per year in 2010, 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$190 per ounce.

A pipe-line of deposits is now being established with the Bananghilig Deposit (Inferred Resource of 650,000 ounces of gold) recently added and which is expected to expand, potentially in conjunction with nearby discoveries.

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

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