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ASX ANNOUNCEMENT

30 August 2010

MEDUSA ACHIEVES RECORD FULL YEAR PROFIT

Medusa Mining Limited (“Medusa” or the “Company”), is pleased to present its full year financial results for the year ended 30 June 2010, highlighted by a record net profit after tax* (“NPAT”) of US\$65.8 million, up 131% (adjusted underlying NPAT was a record US\$71.7 million, up 152%).

HIGHLIGHTS OF THE FINANCIAL YEAR

FINANCIALS

Key Results	30 June 2010	30 June 2009	Variance	(%)
Revenues	US\$94.6M	US\$42.8M	US\$51.8M	121%
EBITDA	US\$73.7M	US\$30.4M	US\$43.3M	142%
Adjusted underlying EBITDA*	US\$79.6M	US\$30.4M	US\$49.2M	162%
NPAT	US\$65.8M	US\$28.5M	US\$37.3M	131%
Adjusted underlying NPAT*	US\$71.7M	US\$28.5M	US\$43.2M	152%
EPS	US\$0.378	US\$0.187	US\$0.191	102%
Adjusted underlying EPS *	US\$0.412	US\$0.187	US\$0.225	120%

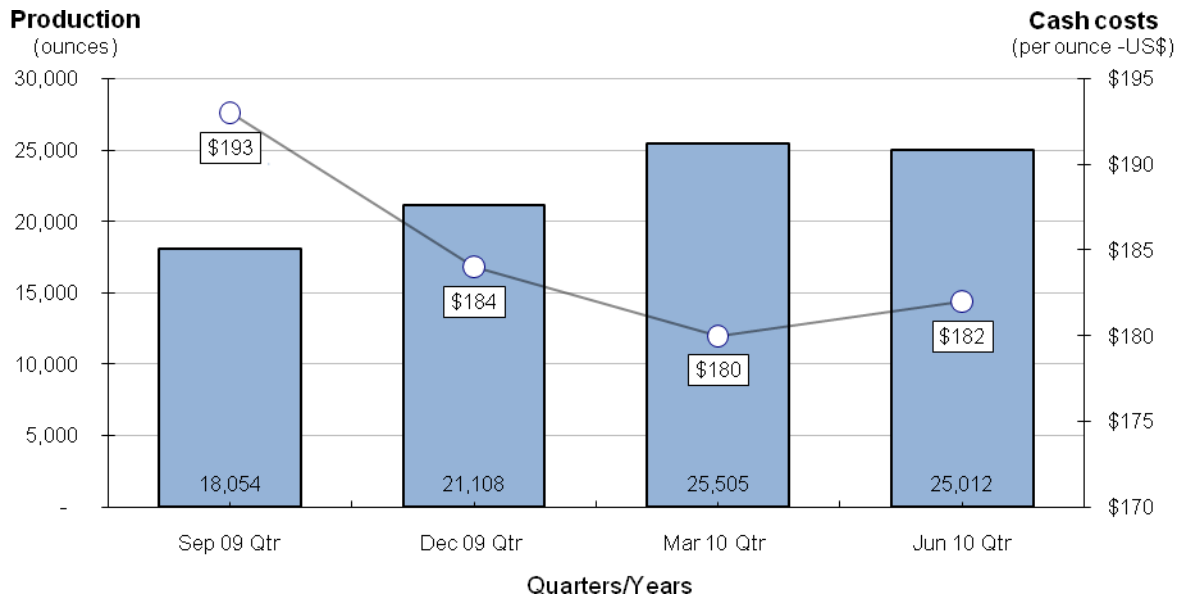
* As a result of a timing issue, bullion awaiting shipment at year end that relate to current year's production has been re-classified from revenue to inventory at cost to comply with Australian Accounting Standards. This timing issue has had a material reduction of US\$5.893 million to current year's profit. Refer Note 6 under Notes to the Financial Statements of the 2010 Annual Report. Subsequent to year end the bullion has been shipped and sold in July 2010 and proceeds relating to the sale has been received.

- Earnings before interest, tax, depreciation and amortisation (“EBITDA”) of US\$73.7 million, up 142% (adjusted underlying EBITDA of US\$79.6 million, up 162%);
- Earnings per share (“EPS”), of US\$0.378 on a weighted average basis, based on NPAT of US\$65.8 million, up 102% (adjusted underlying EPS of US\$0.412, up 120%);
- Revenues increased 121% to a record US\$94.6 million, 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\$1,100 per ounce from the sale of 64,020 ounces of gold for the year (adjusted underlying revenues totalled US\$102.2 million, up 139%);
- The Company remains debt free and had total cash and bullion of US\$55.8 million at year end (2009: US\$26.5 million). The adjusted underlying cash and bullion figure was US\$63.4 million.

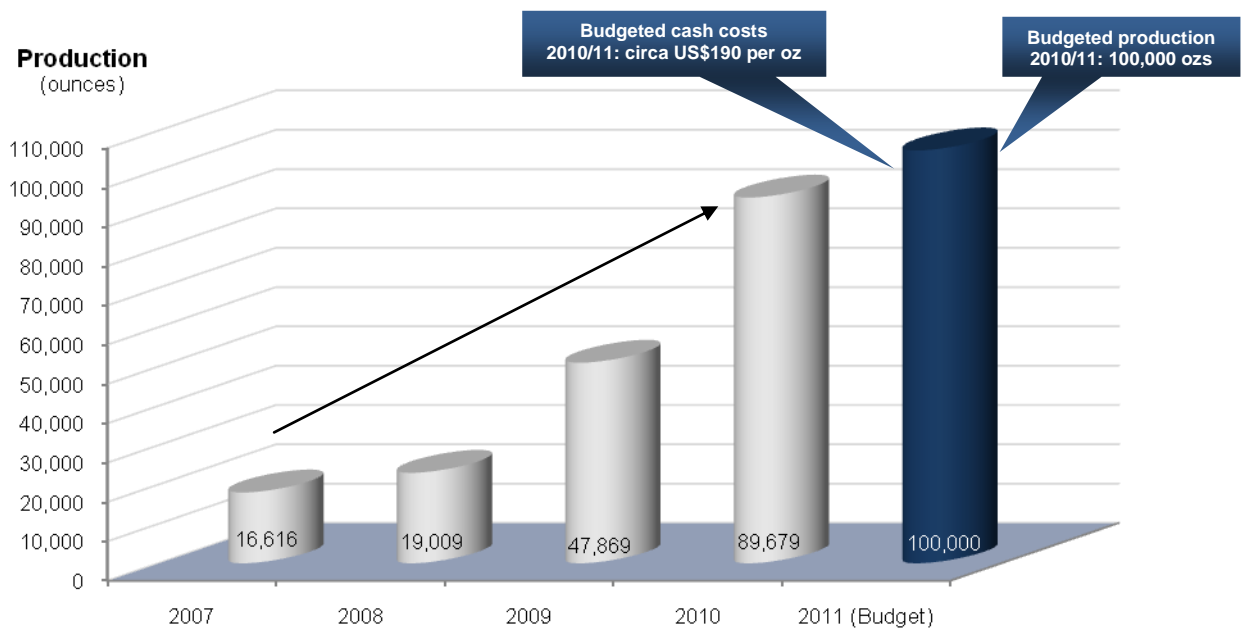
OPERATIONS

Co-O MINE

- The Company produced a record 89,679 ounces of gold for the year, an increase of 41,810 ounces or 87% from the previous year's production of 47,869 ounces, at an average recovered grade of 16.52 g/t gold (2009: 13.30 g/t gold) and cash costs* of US\$184 per ounce (2009: US\$213 per ounce).



* Cash costs refers to the cost of gold produced (net of development costs) and includes royalties and local taxes of US\$46 per ounce for the year (2009: US\$40 per ounce).

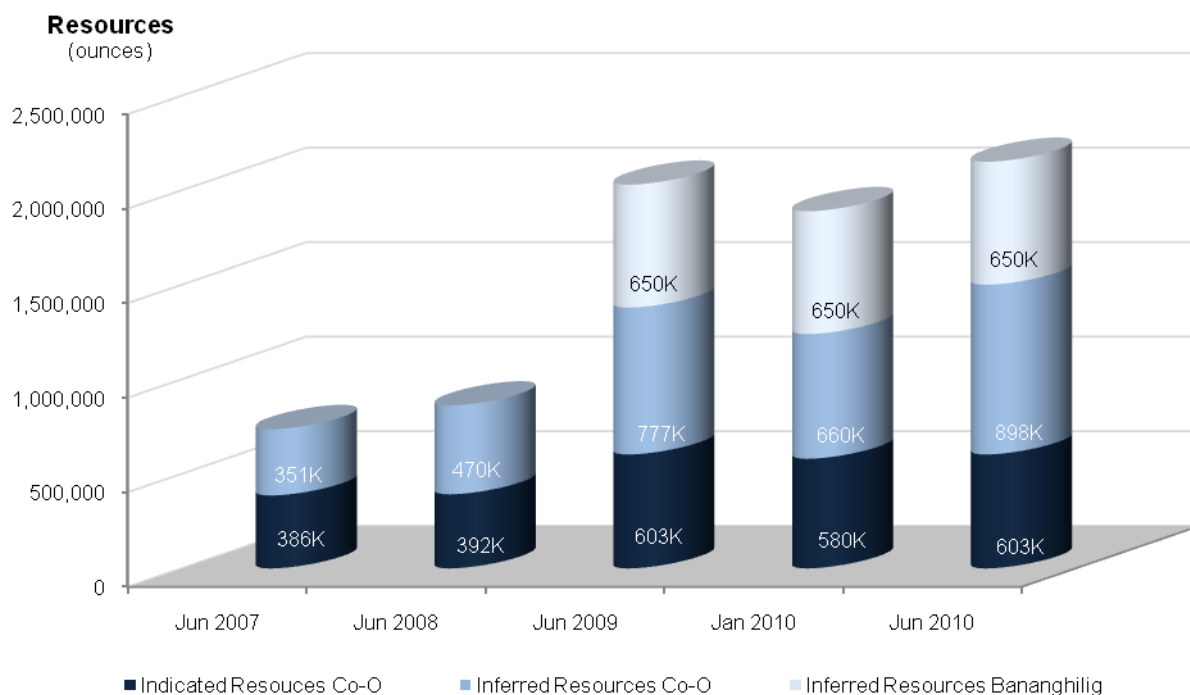


- The budget for the forthcoming fiscal year is to produce 100,000 ounces at cash costs of around US\$190 per ounce.

RESERVES AND RESOURCES

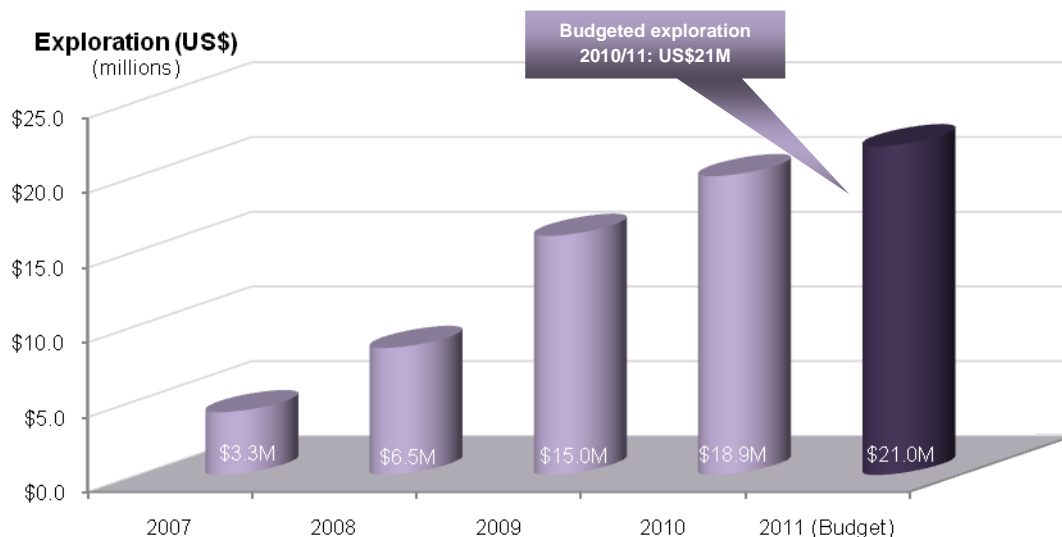
Co-O Reserves	Jun 2010	Jun 2009	Variance
Probable reserves	505,000	500,000	5,000
Co-O Resources	Jun 2010	Jan 2010	Variance
Indicated resources	603,000	580,000	23,000
Inferred resources	898,000	660,000	238,000
Bananghilig Resources	Jun 2010	Jun 2009	Variance
Inferred resources	650,000	650,000	-

- Gold reserves at Co-O increased marginally to 505,000;
- Co-O's gold resources at year end comprised of 603,000 indicated resource ounces and 898,000 inferred resource ounces, representing increases of 23,000 ounces and 238,000 ounces within the indicated and inferred categories respectively.



EXPLORATION

- Contiguous tenement package maintained at >800km²;
- Budgeted exploration for 2011 fiscal year of \$21.0 million (2010 actual: US\$18.9 million);



- Exploration highlights at **Co-O** include:
 - discovery of new veins and extensions to known veins;
 - extension along strike to approximately 1,500 metres;
 - extension across strike to approximately 500 metres;
 - demonstrating that mineralisation extends to over 500 metres below the mine's adit entrance; and
 - estimation of a Conceptual Exploration Target ** for the Co-O Mine of between 3 and 7 million ounces of gold.
- At the **Bananghilig** disseminated gold deposit, drilling has commenced prior to establishing reserves as a basis for a feasibility study;
- At the **Lingig** copper prospect, drilling has identified a coherent body of basalt-hosted mineralisation requiring further drilling;
- Scout drilling is being planned at the newly discovered **Usa** copper-gold porphyry target; and
- At **Saugon**, re-drilling of the First Hit Vein is in progress.

** The potential target size and grade of the Co-O Mine is conceptual in nature and there has been insufficient exploration to define a mineral resource. It is also uncertain if further exploration will result in the target being defined as a mineral resource.

Managing Director, Geoff Davis commented:

"This year has indeed been both challenging and exciting in terms of growth with the Company completing a two phase expansion programme, on schedule, in the March 2010 quarter, whilst producing a record 89,679 ounces of gold for the year at average cash costs (net of development costs, but inclusive of royalties and local taxes) of US\$184 per ounce.

The Company is in the fortunate position of being a low cost gold producer, in an economic climate where the gold is trading near record highs. The strong financial result generated from production and sales, as evidenced with a record adjusted underlying profit of US\$71.7 million, will enable Medusa to fund ongoing development at its flagship Co-O Mine as well as continue its extensive exploration programme.

We believe our landholding sits within one of the most prospective mineralised regions in the Philippines which should enable us to achieve organic growth initially to a mid-tier 300 to 400,000 ounces per year gold producer. Accordingly the Board has approved an exploration budget of US\$21 million for the forthcoming year. To achieve our stated objective, we have commenced work at the large Bananghilig Deposit with the aim of completing mining studies towards the end of 2011. Other prospects will also be examined over time as the Company's landholdings have the potential for the discovery of additional gold and copper mineralisation.

Work at the Co-O Mine has achieved our year's objectives of increasing the global resources to approximately 1.5 million ounces and of maintaining the mine's reserves at around 500,000 ounces. The plan going forward is to maintain resources and reserves at these current levels.

A conceptual exploration target for the Co-O Mine was estimated during the year at between 3 million and 7 million ounces over the life of the mine. This conceptual target size indicates that the Co-O Mine could be a long-lived asset providing funding for future growth.

Financially the Company is in a sound position, being debt free, un-hedged, and with an extremely healthy cash and bullion balance. This year's excellent adjusted underlying financial results set the benchmark for continued strong future earnings."

For further information please contact:

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JORC COMPLIANCE - CONSENT OF COMPETENT PERSONS

Medusa Mining Limited

Information in this report relating to **Exploration Results** has been reviewed and 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 "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and is a "Qualified Person" as defined in "National Instrument 43-101" of the Canadian Securities Administrators. Mr Davis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Cube Consulting Pty Ltd

Information in this report relating to **Mineral Resources** has been estimated and compiled by Mark Zammit of Cube Consulting Pty Ltd of Perth, Western Australia. 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 "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and is a "Qualified Person" as defined in "National Instrument 43-101" of the Canadian Securities Administrators. Mr Zammit consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Crosscut Consulting

Information in this report relating to **Ore Reserves** is based on information compiled by Declan Franzmann, B Eng (Mining), MAusIMM. Mr Franzmann is a full-time employee of Crosscut Consulting. Mr Franzmann has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and is a "Qualified Person" as defined in "National Instrument 43-101" of the Canadian Securities Administrators. Mr Franzmann consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Refer to the revised Technical Report which was filed on Sedar in August 2010 for further discussion of the Co-O Deposit's geology, structural controls, drilling, sampling and assaying information, and any known material environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issue.

DISCLAIMER

This announcement contains certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Medusa, and its officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements. Actual results, performance or outcomes may differ materially from any projections and forward-looking statements and the assumptions on which those assumptions are based. You should not place undue reliance on forward-looking statements and neither Medusa nor any of its directors, employees, servants or agents assume any obligation to update such information.