

WEST AUSTRALIAN 24/9/08

# Medusa steps up takeover defence

KATE EMERY

Hong Kong's Crosby Capital will have to alter the conditions of its \$182 million bid for Medusa Mining or walk away after the gold producer stepped up its defence. Medusa yesterday reiterated its opposition to the unsolicited bid,

urging shareholders to take no action and saying 17.15 per cent of the company, controlled by the board and management would not be sold into the current bid.

It is unclear if Russian billionaire Alisher Usmanov, with a 12 per cent stake, will accept the bid. Strike Resources also yesterday

confirmed that a planned \$53 million share placement to Mr Usmanov had collapsed. Strike said Mr Usmanov's Gallagher Holdings had been unable to satisfy its due diligence investigation over the second tranche of a \$103 million placement because of the uncertainty created by the international financial crisis.

# Crosby <sup>beat</sup> 28/9/08 shocked by Medusa's response

KATE EMERY

The war of words between Medusa Mining and suitor Crosby Capital has stepped up with the head of the merchant banking group, Ilyas Khan, saying he was "shocked" by the hostility from gold producer Medusa Mining's board in the wake of Crosby's \$182 million bid last week

Speaking to *WestBusiness* yesterday, Mr Khan said the board's unwillingness to work with Crosby had come as a surprise, given its lagging share price and Crosby's year-long involvement with the group.

Medusa has urged shareholders to ignore the bid, which it branded "inadequate and unsolicited". It stepped up its defence earlier this week, saying it was inappropriate to provide an independent expert or give Crosby access to its proprietary information.

Shares in Medusa slipped 5¢ to \$1 yesterday, cementing a 28 per cent slide for the year amid tough conditions for mid-tier gold producers.

But Mr Khan rejected suggestions Crosby's bid was opportunistic.

"We have been involved with Medusa for over a year," he said. "This is not something that's happened overnight so for the offer to be described as opportunistic is misleading."

While Mr Khan would not comment on whether Crosby would consider raising its bid, sources close to the company suggested it would consider waiving certain conditions or lifting its \$1.15 a share offer.

Crosby is also believed to have been in contact with some of Medusa's major backers, likely to include 12 per cent shareholder Russian billion Alisher Usmanov, and to have received some support for its bid. Given Medusa's board controls 17.15 per cent of the company's shares, Mr Usmanov's view on the bid could prove crucial if Crosby hopes to get it over the line.

Crosby's swoop on Medusa is the latest in a series of attempts by the merchant bank to win an Australian resources company.