



MEDUSA

MEDUSA MINING LIMITED

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ANNOUNCEMENT

8 March 2010

BONUS ISSUE OF SHARES

Medusa Mining Limited (ASX & AIM: MML; TSX: MLL) ("Medusa" or the "Company"), is pleased to announce a one for ten bonus issue of shares to all shareholders of the Company.

The Company has achieved several significant milestones in the last calendar year and the bonus issue is in recognition of the invaluable support the Company has received from its shareholders. In addition, it is envisaged that the bonus issue will encourage greater liquidity in Medusa shares.

The bonus shares will be issued for nil consideration and will be distributed on a pro rata basis of **one new ordinary share for every ten ordinary shares** held by existing shareholders at 7.00 pm (AEDT) on 19 March 2010, being the Record Date. The shares will be quoted on an "ex" entitlement basis from 15 March 2010 (16 March 2010 on the TSX). Where a shareholder's total entitlement includes an entitlement to a fraction of a share, that entitlement will be rounded down to the nearest whole number of shares.

Principal terms and conditions of the bonus issue are as follows:

- Class of securities to be issued : fully paid ordinary shares
- Number of securities to be issued : approximately 17,038,196 ordinary shares
- Issue price of securities : nil consideration
- Date securities quoted on an "ex" basis : 15 March 2010 (16 March 2010 on the TSX)
- Record date to determine entitlement : 19 March 2010
- Despatch date : 31 March 2010

The terms applicable to Medusa's unlisted options will be adjusted in accordance with the ASX Listing Rules to reflect the bonus issue. An Appendix 3B in relation to the bonus issue is attached.

Geoff Davis, Managing Director of Medusa, commented:

"The Board is extremely pleased to be in a position to reward shareholders as a result of the Company having rapidly expanded its production over the last 12 months and having met all targets on time. This is indeed a great achievement by our team in the Philippines, and as one of the lowest cost producers in the world with expectations of an expanding resource base, Medusa has now set itself up for a long and productive future."

For further information please contact:

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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

Medusa Mining Limited

ABN

60 099 377 849

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

| | | |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| 1 | +Class of +securities issued or to be issued | Ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Approximately 17,038,196 ordinary shares (final number to be determined after rounding down upon calculations) |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | - |
| 4 | Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: <ul style="list-style-type: none"> the date from which they do the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | Yes |
| 5 | Issue price or consideration | Nil |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

| | | | |
|----|-------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| 6 | Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets) | Issued to shareholders in recognition of their invaluable support and to provide greater liquidity in the Company's shares. | |
| 7 | Dates of entering ⁺ securities into uncertificated holdings or despatch of certificates | 31 March 2010 | |
| 8 | Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 2 if applicable) | Number | ⁺ Class |
| | | 187,420,156 (number to be finalised after bonus issue rounded down is determined) | Ordinary shares |
| 9 | Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in clause 2 if applicable) | Number | ⁺ Class |
| | | 340,000 1,000,000 | \$1.25 options expiring 31 Mar 11; \$1.25 options expiring 22 Jan 12. |
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | Not applicable | |

Part 2 - Bonus issue or pro rata issue

| | | |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| 11 | Is security holder approval required? | No |
| 12 | Is the issue renounceable or non-renounceable? | - |
| 13 | Ratio in which the ⁺ securities will be offered | One share for every ten shares held |
| 14 | ⁺ Class of ⁺ securities to which the offer relates | - |
| 15 | ⁺ Record date to determine entitlements | 19 March 2010 |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | - |
| 17 | Policy for deciding entitlements in relation to fractions | Rounding down |
| 18 | Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. (Cross reference: rule 7.7). | - |
| 19 | Closing date for receipt of acceptances or renunciations | - |
| 20 | Names of any underwriter(s) | - |
| 21 | Amount of any underwriting fee or commission | - |
| 22 | Names of any brokers to the issue | - |

+ See chapter 19 for defined terms.

| | | |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| 23 | Fee or commission payable to the broker to the issue | - |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders | - |
| 25 | If the issue is contingent on ⁺ security holders' approval, the date of the meeting | - |
| 26 | Date entitlement and acceptance form and prospectus will be sent to persons entitled | - |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | - |
| 28 | Date rights trading will begin (if applicable) | - |
| 29 | Date rights trading will end (if applicable) | - |
| 30 | How do ⁺ security holders sell their entitlements <i>in full</i> through a broker? | - |
| 31 | How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | - |
| 32 | How do ⁺ security holders dispose of their entitlements (except by sale through a broker)? | - |
| 33 | ⁺ Despatch date | 31 March 2010 |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities (*tick one*)

(a) Securities described in Part 1 (Quotation is sought only for the ordinary shares described)

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
- 1 - 1,000
 - 1,001 - 5,000
 - 5,001 - 10,000
 - 10,001 - 100,000
 - 100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?
- If the additional securities do not rank equally, please state:
- the date from which they do;
 - the extent to which they participate for the next dividend (in the case of a trust, distribution) or interest payment;
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
-
- 41 Reason for request for quotation now
- Example: In the case of restricted securities, end of restriction period.
 (if issued upon conversion of another security, clearly identify that other security)
-
- 42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)
- | Number | +Class |
|--------|--------|
| | |

+ See chapter 19 for defined terms.

Quotation Agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under section 737 or 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:
(Director/Company Secretary)

Date: 8 March 2010

Print name: ROY DANIEL

+ See chapter 19 for defined terms.