



MEDUSA

QUARTERLY ACTIVITIES REPORT

PERIOD ENDED

31 DECEMBER 2011

Snapshot of Medusa:

- ❑ Un-hedged, low cost, dividend paying gold producer focused on organic growth in the Philippines
- ❑ Growth path to production of 400,000 ozs per year by end 2015/early 2016
- ❑ Growth underpinned by strong cashflow from Co-O Mine (narrow vein underground)
 - FY 2011/12: revised production guidance of 75,000 ozs at cash costs circa US\$230/oz
- ❑ Current Mineral Resources comprise
 - Co-O Mine: Indicated 616k ozs at 12.0 g/t gold; Inferred 1,344k ozs at 8.8 g/t gold
 - Bananghilig: Inferred 650k ozs at 1.3 g/t gold
- ❑ Current Probable Reserves : Co-O Mine 502k ozs @ 10.1 g/t gold
- ❑ Co-O Mine Resources and Reserves to be maintained at current levels
- ❑ Conceptual exploration target size ** of Co-O Mine of 3 to 7 million ozs
- ❑ Excellent exploration upside: high grade vein and disseminated bulk gold targets, plus seven copper targets
- ❑ 820 km² of tenements and exploration budget for FY 2011/12 of US\$27M

Board of Directors:

Geoffrey Davis ((Non-executive Chairman)
Peter Hepburn-Brown (Managing Director)
Ciceron Angeles (Non-executive Director)
Robert Weinberg (Non-executive Director)
Andrew Teo (Non-executive Director)

Capital Structure:

Ordinary shares:	188,903,911
Unlisted options:	715,000
Performance rights:	250,000

Listings:

ASX and LSE (Code: MML)

Contact Details:

PO Box 860
Canning Bridge
WA, Australia 6153
Telephone : +618 9367 0601
Facsimile : +618 9367 0602
Email : admin@medusamining.com.au
Website : www.medusamining.com.au

OVERVIEW:

Co-O MINE PRODUCTION & DEVELOPMENT

- **New Mill:** Construction commencing on new large leach tank, detoxification circuit, thickener upgrade.
- **Production:** 16,270 ounces at a recovered grade of 8.00 g/t gold and cash costs of US\$242 per ounce. Production influenced by accelerated development and operational disruptions by tropical storm Sendong (mid December 2011) and continued torrential rainfall over the Christmas and New Year period.
- **Saga Shaft:** currently at 210 metres. Re-optimisation of development plan recommends sinking directly to Level 8 (350 metres below surface) to install loading facilities. Completion estimated Q4 in CY12. Production revised due to high percentage of development ore produced to support Level 8 development.
- **Emergency assistance:** two mines rescue teams assisted at the Pantukan landslide site, 50km from the Company's operations.

Co-O MINE EXPLORATION

- Drilling is continuing with six surface and five underground rigs. Exploratory drilling for new deep vertical shaft is underway to the east of the Aagsao Shaft.
- Drilling update for the next quarter and regional IP survey planned.

TAMBIS AREA - BANANGHILIG DEPOSIT

- Primarily infill resource drilling in progress with seven rigs with the aim of upgrading majority of resources to Indicated category.
- Drill results announced on 17 January 2012 include 6.05 metres at 17.09 g/t gold, 28.55 metres at 1.54 g/t gold, 12.70 metres at 2.44 g/t gold, 14.05 metres at 1.20 g/t gold, 10.70 metres at 1.88 g/t gold, 11.95 metres at 1.19 g/t gold and 7.45 metres at 3.55 g/t gold.

SAUGON PROJECT

- Drilling completed, IP survey nearing completion.

ANOLING

- Drilling with four rigs is underway.

CORPORATE & FINANCIALS (unaudited)

- Total cash, cash equivalent in gold on metal account and bullion at end of quarter of approximately US\$80.2 million

** The potential target size and grade is conceptual in nature, and there has been insufficient exploration to define a mineral resource, and it is uncertain if further exploration will result in the target being defined as a mineral resource. Refer to Stock Exchange announcement dated 24 August 2011.

PROJECT OVERVIEW

The locations of the Company's projects are shown on Figures 1 and 2.

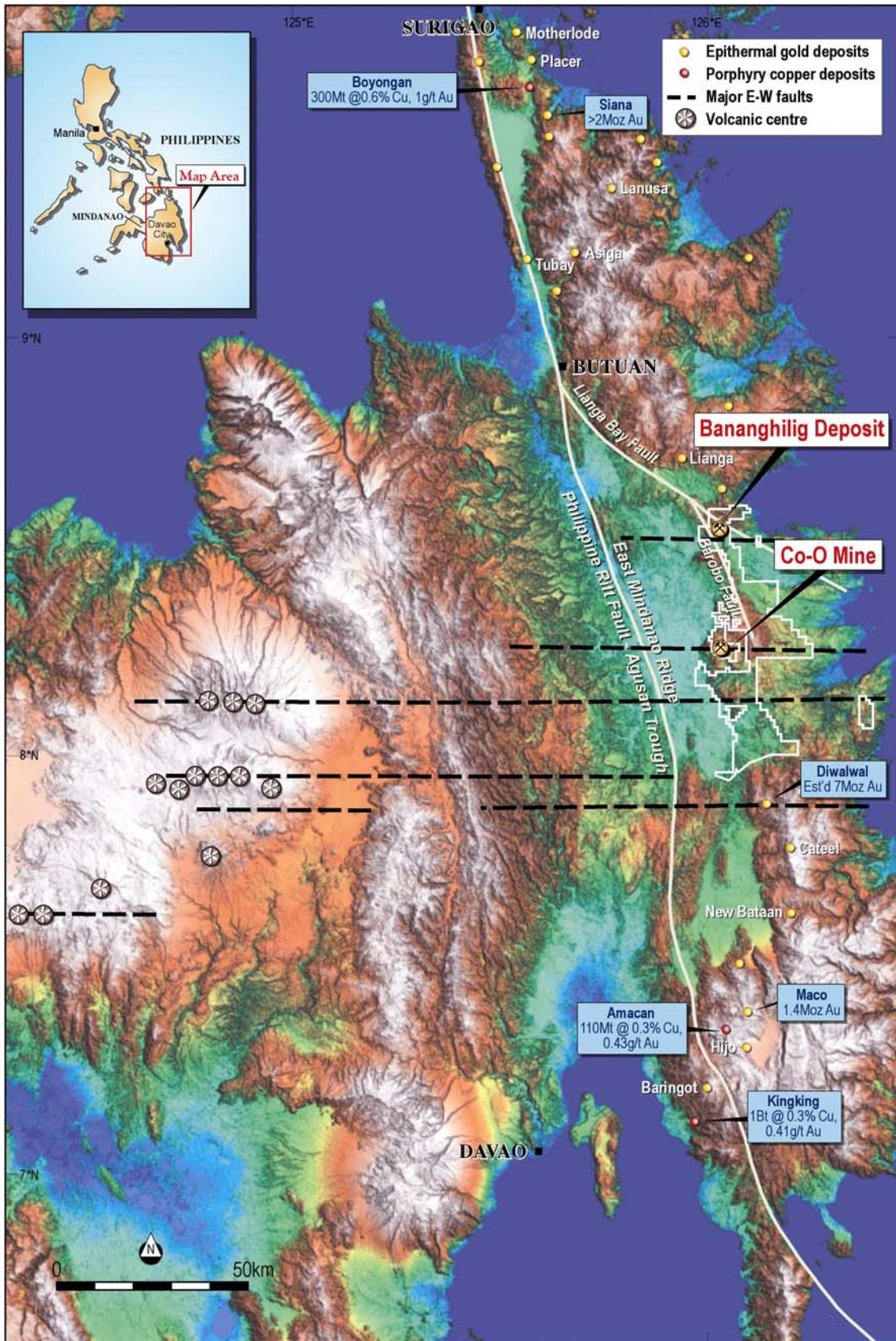


Figure 1. Location diagram showing the Company's tenement areas and prominent East-West structures

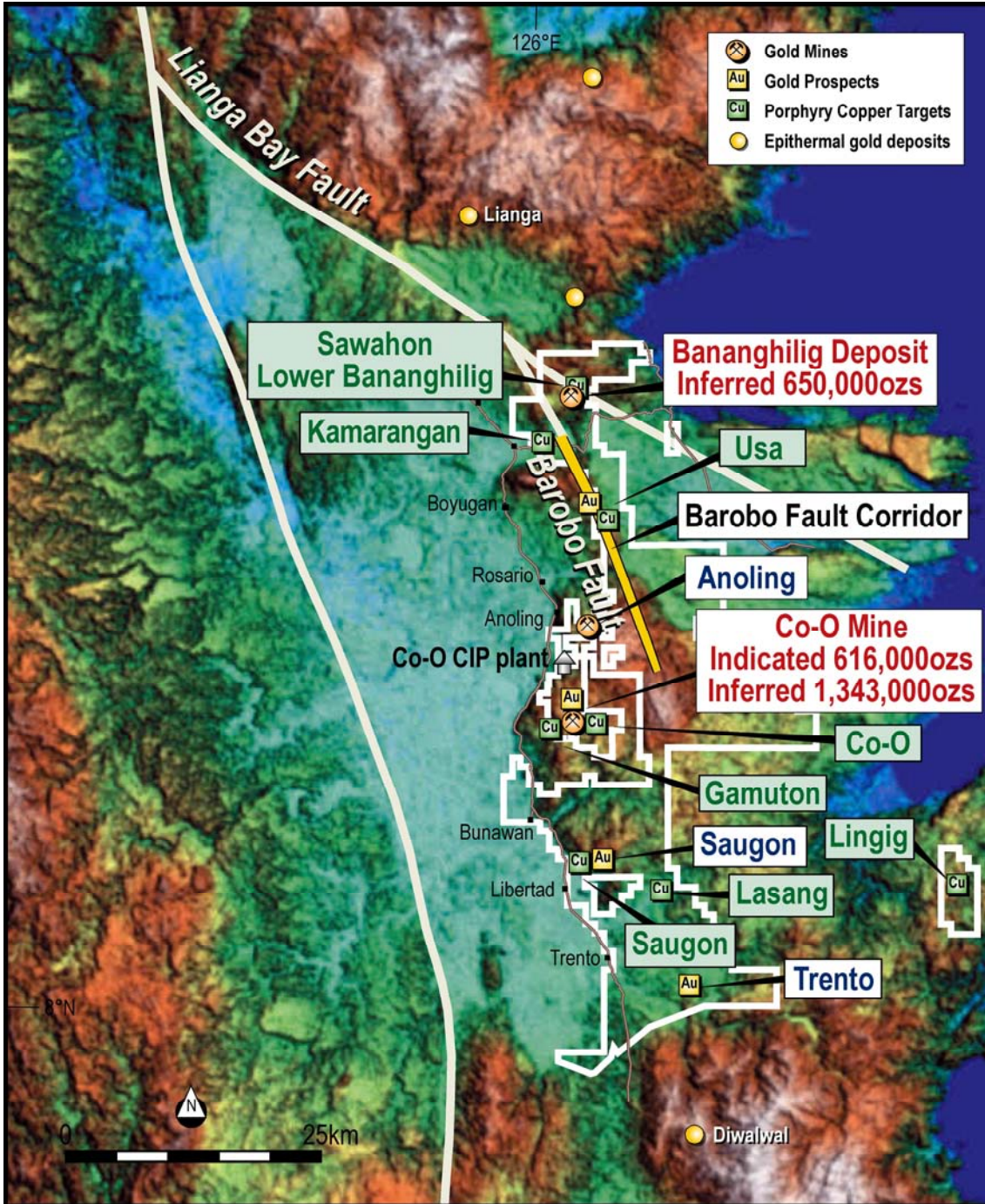


Figure 2. Regional tenement map showing mines and prospects.

Co-O MINE

Gold Production

The production statistics for the December 2011 half-year and quarter with comparatives for the previous three quarters are summarised in Table I below.

Table I. Gold production statistics

Description	Unit	Qtr ended 31 Dec 11	Qtr ended 30 Sep 11	Qtr ended 30 Jun 11	Qtr ended 31 Mar 11	HY ended 31 Dec 11
Tonnes mined	WMT	71,872	41,596	69,562	71,060	113,468
Ore milled	DMT	68,008	42,152	76,365	71,747	110,160
Recovered grade	gpt	8.00	8.33	11.05	11.58	8.10
Recovery	%	93%	93%	93%	94%	93%
Gold produced	ozs	16,270	10,510	25,233	25,114	25,780
Cash costs (1)	US\$/oz	\$242	\$291	\$194	\$191	\$261
Gold sold	ozs	10,000	15,446	21,423	25,911	25,446
Average gold price received	US\$	\$1,761	\$1,587	\$1,518	\$1,401	\$1,655

Note:

(1) Net of development costs and includes royalties and local business taxes

Gold production for the quarter was 16,270 ounces, at an average recovered grade of 8.00 g/t gold and cash costs of US\$242 per ounce, inclusive of royalties and local business taxes.

As previously advised to the market, the mine continues to operate pre-dominantly in development mode to prepare for the future production increase and all development ore mined to date has been treated through the mill. The increased amount of development ore treated is the primary reason for the lower recovered grade for the past two quarters, compared to quarters from the previous years.

Disruption to production during the quarter was experienced following the passing of tropical storm Sendong (see announcement 19 December 2011) followed by continued torrential rain over the Christmas and New Year period. As a consequence of this disruption over several weeks, in combination with the accelerated development program currently undertaken to prepare for the future production increase and the decision to sink the Saga Shaft to Level 8 (previous target Level 6), the Company has revised its production guidance to 75,000 ounces for the financial year.

Whilst cash costs per ounce for the quarter is relatively high at US\$242 per ounce (YTD: US\$261 per ounce), primarily as a result of a drop in gold production, the Company anticipates, that the unit costs will average circa US\$230 per ounce for the year as production increases in the second half of the financial year.

Medusa, an un-hedged gold producer, sold 10,000 ounces of gold at an average price of US\$1,761 per ounce during the quarter.

Preliminary Development Timetable

Graph 1 is the updated Preliminary Development Timetable and Production Guidance for the new Co-O Mill followed by the Bananghilig Project.

The total estimated Capex (inclusive of mine development and shaft sinking) for the Phase 3 expansion of Co-O is US\$70 million which will be funded entirely from the Company's cash flow.

New Co-O Mill

In November 2010, the Board approved the construction of a new mill with capacity to produce 200,000 ounces of gold per year based on processing up to 750,000 tonnes per year at the current reserve grade of the Co-O Mine.

The application to upgrade the Environmental Clearance Certificate for the current Co-O Mill to 2,500 tonnes per day awaits signing in Manila pending completion of a mining industry policy review.

Operations

Mine Development

Major renovations are continuing at the Co-O Mine to modernise the mine for its expected long life.

Acceleration of the lateral development is on-going to ensure the underground infrastructure and on-vein development will be in place for the Saga Shaft. This accelerated development reached a record during the quarter and consequently increased the proportion of development ore supplied to the mill which is expected comprise the majority of the mill feed during this accelerated development period.

Sinking of the Saga Shaft progressed smoothly, except for interruptions in December during the passing of tropical storm Sendong and subsequent torrential rainfall, and is currently at 210 metres depth.

A re-optimisation of the development programme has determined that the best outcome is to sink the Saga Shaft directly to Level 8 (approximately 350 metres below surface) and by-pass Level 6 as envisaged in the earlier design. The re-optimisation is based on

- 70% of the resources (approximately 1.3 million ounces) are above Level 8;
- The successful up-grading of the Agsao Shaft during the September quarter;
- Continuing good underground exploration results; and
- The increasing rate of development.

The successful upgrading of the Agsao Shaft means the mine can now haul approximately 1,000 tonnes per day to feed the mill at its current capacity. Minor fine tuning is continuing at the Agsao Shaft.

Development on Level 6 is continuing mainly to the east from the Sabor Shaft. A second internal shaft between Levels 5 and 6 has been completed to increase production from Level 6. Preparations are underway to sink ore passes from Level 5 to Level 8.

Mine Production

Production was disrupted by the passing of tropical storm Sendong (Washi) on 16th and 17th of December 2011 (as announced on 19 December 2011). Torrential rain disrupted transport of ore from the mine to the mill due to haul road damage. Torrential rain continued over the Christmas and New Year period triggering landslides and overflowing the Agsao River bridge immediately adjacent to the mine resulting in erosion around the bridge abutments, and also, separately, of some embankments within close proximity of the Saga Shaft.

The continual rain has severely hampered the haul road repairs and forced reduction of ore haulage to avoid damaging the road. Repairs are continuing but are dependent on weather conditions.

Ore trucked to the mill during the quarter was predominantly development ore, low grade stockpiles and some stope ore.

The re-optimisation of the sinking of the Saga Shaft to Level 8 will mean that the high rate of development will continue until this shaft is completed, continuing the high percentage of development ore in the mill feed. Once the Saga Shaft is completed with an estimated haulage capacity to 1,500 tonnes per day, then it will be possible to increase the amount of stope ore that is hauled and processed.

It is estimated that the Saga Shaft will be completed and hauling from Level 8 commenced during the December quarter 2012.

The Company provided two of its mine rescue teams to local authorities in the Compostella Valley region approximately 50 kilometres south of the Company's operations to assist with rescue activities at the isolated Pantukan landslide disaster area. The landslide hit the village of Pantukan during the same period of torrential rain that the Co-O Mine site experienced in early January 2012.

Mill Expansion

The current status of activities is:

- Construction of a new large leach tank and a detoxification plant, and planned refurbishment of four small leach tanks to commence in February;
- Site works for the construction of new crushing and grinding sections (separate from the current crushing and grinding sections) to commence in February 2012;
- Upgrading of the thickener and the elution circuit to commence in March 2012;
- 80% completion of tailings dam number 5 which was interrupted during November and December by rain. Approximately 2 weeks of work remain to be completed.

Exploration

Drilling with six surface rigs and five underground drilling rigs is continuing. Drilling of two vertical holes located east of the Agsao River to approximately 1,000 metres is underway to test for suitable positions for a new deep shaft, likely to target 750 metres depth initially.

The Company plans to announce drilling results during April 2012.

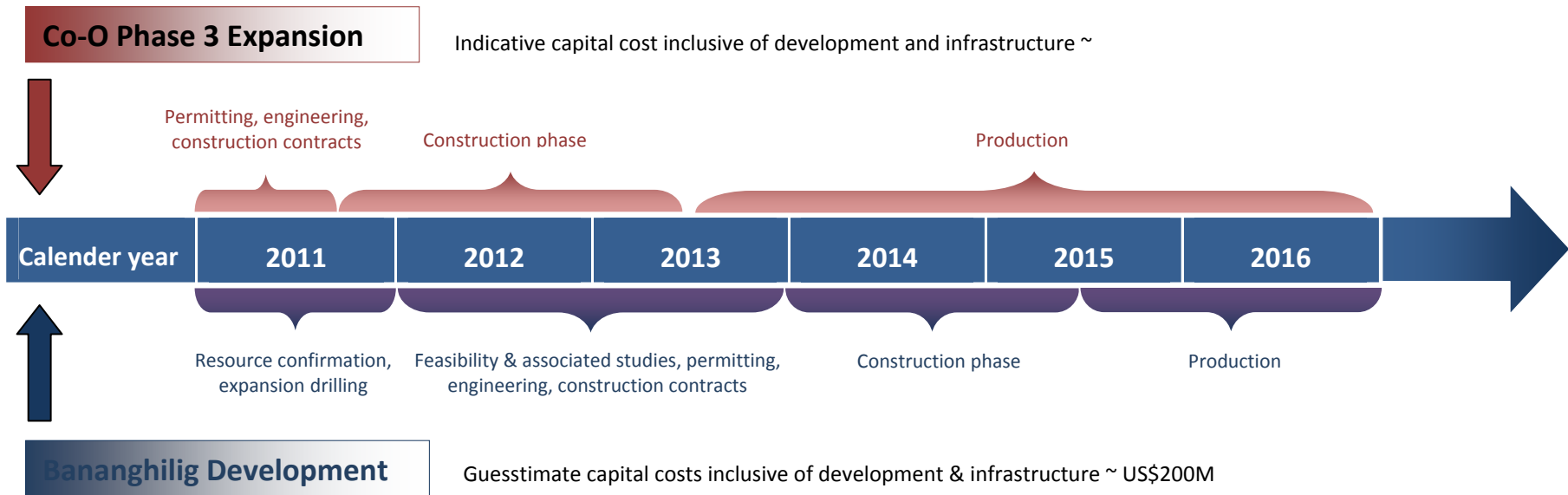
Planning has commenced of an extensive regional Induced Polarisation/Resistivity ("IP/Res") and ground magnetics programme around the Co-O Mine.

Health and Safety

Lost time accident frequency rate (LTAFR) for the six months to 31 December 2011 is 1.10 including exploration. By comparison, the latest West Australian gold mining industry figure available to 30 September 2011 was 3.10, excluding exploration statistics of 6.70.

As reported on 31 October 2011, an underground miner on afternoon shift was involved in a fatal accident in a shrinkage stope at the mine. The broken ore that the miner was standing on collapsed due to an undetectable cavity caused by bridging above the full ore chute.

There were no breaches of any of the project's operating regulations during the quarter.



Production profile (ounces)

Calendar years

CY (Jan - Dec)	CY 2011 (Actual)	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016
Co-O Mill	77,127	110,000	160,000	200,000	200,000	200,000
Bananghilig Mill	-	-	-	-	100,000	200,000
Total	77,127	110,000	160,000	200,000	300,000	400,000

Financial years

FY (Jul - Jun)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Co-O Mill	75,000	120,000	200,000	200,000	200,000	200,000
Bananghilig Mill	-	-	-	-	200,000	200,000
Total	75,000	120,000	200,000	200,000	400,000	400,000

Graph 1. Preliminary Development Timetable

TAMBIS REGION

The Tambis project comprising the Bananghilig Gold Deposit (Fig. 2) is operated under a Mining Agreement with Philex Gold Philippines Inc. over Mineral Production Sharing Agreement (“MPSA”) 344-2010-XIII which covers 6,262 hectares.

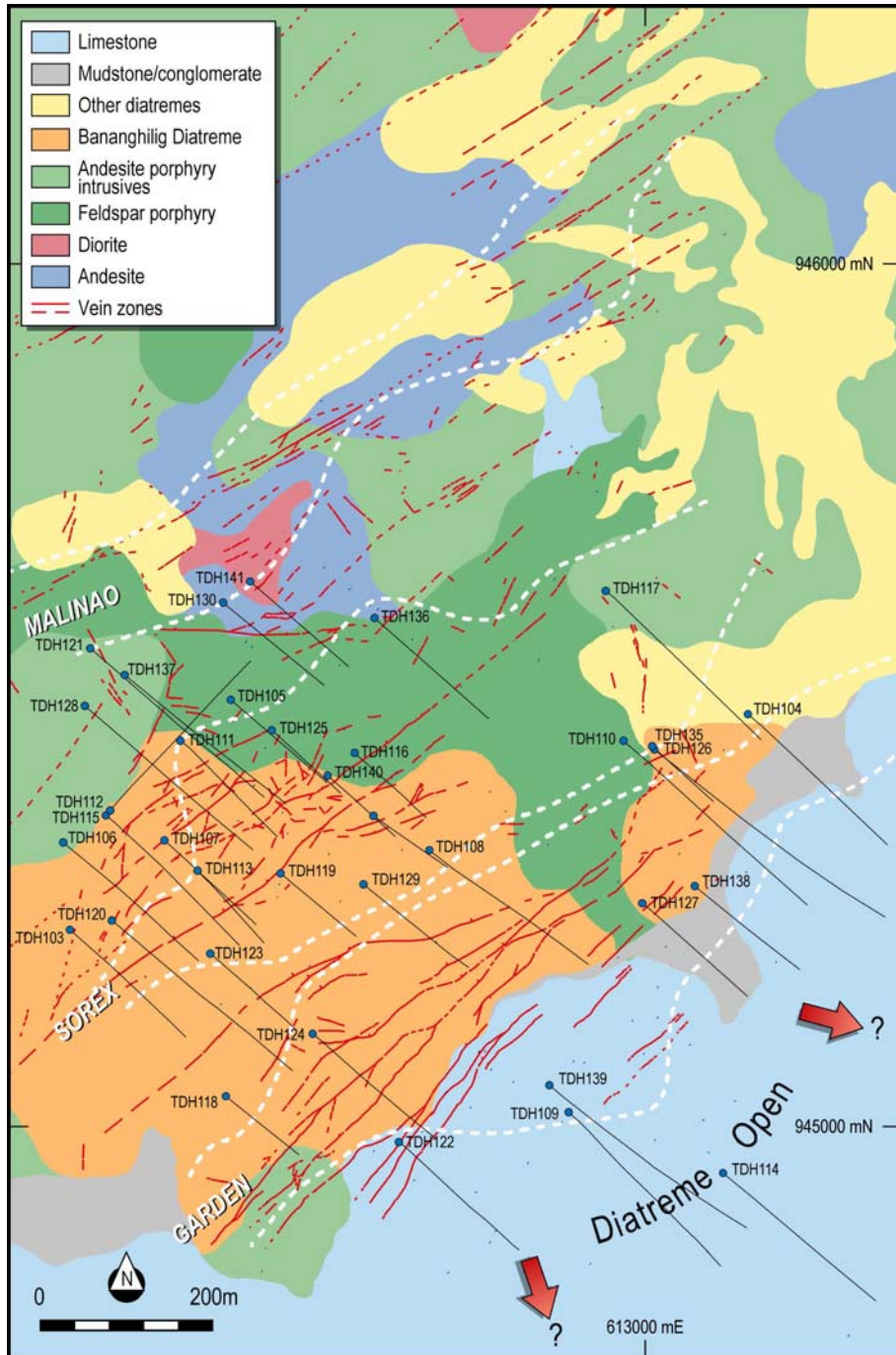


Figure 3. Interpreted geological map showing drill hole locations for TDH 103-130 & 135-141.

BANANGHILIG GOLD DEPOSIT

In July 2010, new regional and detailed mapping and drilling programmes were commenced with the aim of validating the current resource of 650,000 ounces of gold and extending it to provide a reserve of approximately 1,000,000 ounces. This reserve would form the basis for a feasibility study which would target production of 200,000 ounces of gold per year from a new milling facility.

The announcement of 12 September 2011 summarises the Tambis regional geological setting, local geological setting, deposit description and mineralisation, shows a typical cross-section through the deposit and the drill hole intersections obtained for the period 24 July 2010 to 31 August 2011. Additional information is contained in the September 2011 quarterly report dated 24 October 2011.

On 17 January 2012 a drilling update contained continuing good results. Drilling is now focussed on infill to upgrade as much of the resources as possible to the Indicated category. A new resource estimate is planned for the September quarter 2012.

DRILL RESULTS

During the period 31 August 2011 to 31 December 2011, 8,568.95 metres of diamond drilling in 21 holes has been completed. The drilling continues with 7 rigs in the area.

Figure 3 shows only the drill holes with new assays, being holes TDH 103 to 141 excluding TDH 131 to 134 which have been drilled outside the Bananghilig area.

First pass assaying for gold has been undertaken on all samples submitted to the laboratory. Additional assaying is on-going from selected intervals for base metals, silver and other elements. The announcement dated 17 January 2012 contains additional detailed information and drill hole intersections are reported down to 0.5 g/t gold. The results are summarised in Table II where significant intercepts are defined on the following basis:

- (i) lower cutoff grade of 0.5 g/t Au, and
- (ii) ≥ 5 metres downhole intercept width at ≥ 1.00 g/t Au, or
- (iii) ≤ 5 metres downhole intercept width at ≥ 5 gram*metres, and
- (iv) maximum of 3 metres of downhole internal dilution at ≤ 0.5 g/t Au.

Table II. Bananghilig surface drill hole results ≥ 1 g/t gold

Hole number	East	North	Dip (°)	Azimuth (°)	From (metres)	Width (metres)	Grade (uncut) (g/t gold)
TDH 103	945228	612334	-60	130	169.80	1.00	9.74
TDH 105	945493	612520	-60	130	55.95	3.00	3.12
					62.95	6.05	17.09
					80.15	2.85	3.98
					136.10	0.70	22.19
TDH 107	945331	612443	-60	130	45.80	2.45	2.06
					103.60	3.05	2.59
					136.70	1.30	43.75
TDH 108	945320	612748	-60	130	106.75	1.45	4.01
					122.80	14.35	1.09
					388.10	1.00	5.68
					402.10	1.00	13.20
TDH 109	945018	612911	-60	130	347.15	16.55	1.00
					406.70	10.25	1.13
TDH 110	945447	612974	-60	130	438.55	1.00	5.93
					455.45	1.00	20.19
TDH 113	945296	612481	-60	130	6.40	1.50	10.53
					116.65	4.25	2.20
TDH 114	944947	613088	-60	130	75.90	1.65	3.14
					94.15	5.95	1.26
					454.15	2.15	4.38

Hole number	East	North	Dip (°)	Azimuth (°)	From (metres)	Width (metres)	Grade (uncut) (g/t gold)
TDH 115	945367	612381	-60	40	89.95	0.70	9.23
					135.80	28.55	1.54
					116.90	0.80	8.51
					140.45	5.45	2.75
					181.25	3.55	10.03
					201.20	4.75	1.20
					292.65	3.45	6.98
					332.80	1.40	4.48
TDH 118	945037	612514	-60	130	38.80	4.40	8.90
					109.20	12.70	2.44
TDH 119	945294	612578	-60	130	37.55	2.00	5.54
TDH 120	945239	612383	-60	130	241.00	1.00	6.42
					338.05	6.00	1.43
TDH 122	944983	612713	-60	130	139.00	4.70	1.87
TDH 123	945200	612496	-60	130	228.10	4.50	2.99
TDH 124	945108	612614	-60	130	107.20	3.50	2.30
TDH 127	945259	612994	-60	130	22.30	5.10	1.76
					232.35	1.00	10.87
					242.60	6.65	2.17
					265.40	7.50	1.92
					275.90	14.05	1.20
					299.95	7.00	1.01
TDH 130	945606	612511	-60	130	24.70	1.40	6.25
					165.25	2.35	5.32
					187.90	2.00	2.68
					194.10	10.70	1.88
					264.85	4.35	2.63
					287.60	0.90	14.02
					317.25	9.65	1.50
331.90	5.00	1.41					
TDH 137	945522	612397	-60	130	446.45	5.95	2.13
TDH 138	945278	613055	-60	130	151.30	5.80	2.36
TDH 140	945406	612631	-70	130	3.25	8.75	3.01
					17.00	6.00	1.52
					67.00	4.70	3.04
					108.15	11.95	1.19
					121.10	6.05	1.15
					175.45	9.35	1.45
285.90	6.25	1.33					
TDH 141	945630	612542	-60	130	41.50	15.90	1.18
					61.15	5.75	1.18
					127.00	2.65	6.18
					143.60	2.30	17.19
					262.15	7.45	3.55

Notes:

- (i) Intersection widths are downhole drill widths not true widths;
- (ii) Assays denoted by (*) are by Philsaga Mining Corporation's laboratory, all other assays are by McPhar Geoservices Inc. in Manila;
- (iii) Check surveying of collar positions in progress;
- (iv) Grid coordinates based on the Philippine Reference System 92.

DRILLING, DRILL HOLE SAMPLING AND ASSAYING PROCEDURES

Drilling Procedures

Drilling, sampling and analytical methodologies are of internationally acceptable standards. Drilling and analyses are carried out by independent contractors, SBF Philippines Drilling Resources Corp. (SBF), and Intertek Testing Services Philippines, Inc. (Intertek) respectively.

Drilling is carried out by SBF using wireline diamond coring techniques, with the core being predominantly HQ triple-tube (HQ3) diameter (OD 61mm). The holes are initially collared using PQ drillbits (OD 123mm) to recover PQ3 core (OD 83mm) until the drillbit encounters competent ground, then the coring bit is reduced to HQ3 for the remainder of the drill hole. If difficult conditions are encountered, then the drill bit is changed to NQ3 (core OD 45mm) and the hole continued until the planned depth or bad ground conditions prevent further drilling, whichever occurs first. Core recovery is generally better than 95% and is considered to be good.

Drill Core Sampling

Drill core is recovered from the inner tube and handled carefully to preserve the integrity of the drill core. Structural measurements are taken: Rock Quality Determinations (RQD,) and Fracture Densities. The core is then placed in plastic core trays, aligned, photographed and marked up for sampling.

The drill core is then cut in half by diamond core saw and sampled at one (1) metre intervals or at lithological boundaries. The samples are placed in individually labelled plastic sample bags, a sample number ticket included, and then sealed for despatch to Intertek's Sample Preparation laboratory in Surigao City. The integrity of the core samples are supervised at all times by the geologist until despatch to the laboratory where they are accompanied by company personnel until receipt by Intertek.

One Certified Reference Material (CRM), one Blank and if possible, one Duplicate is included within each successive group of twenty samples that are submitted to the laboratory. QA/QC monitoring of the drilling program and the results is ongoing.

Analytical Procedures

Sample preparation is undertaken by Intertek at their Surigao City laboratory, where each sample is dried at 105°C for 6 to 8 hours and crushed to 95% passing 2 mm by jaw crusher, before a 1kg split is taken for fine pulverising, using a riffle splitter or rotary sample divider. Pulverised sample is nominally pulverised to 95% passing 75µm (200 mesh).

Quality control procedures include a 1 in 15 resplit after crushing for partial preparation and after pulverising for total preparation. These resplits are also analysed and included in the analysis report. Sizing tests are carried out on 1 in 20 assay pulps at 75µm (200 mesh) to monitor the pulverising stage. Four 250 gram splits are obtained, one for sample analyses and the remaining three for storage for future reference.

Standard laboratory procedure is to clean the crusher and pulveriser regularly with barren material and/or bowl wash, to minimise carry-over contamination.

Pulverised samples are analysed by classical fire assay techniques on a 50 gram charge with Atomic Absorption Spectrometer (AAS) finish. All assays over 5 g/t gold and other selected samples are re-assayed using gravimetric fire assay techniques on a 50 gram sample.

USA PORPHYRY COPPER-GOLD PROSPECT

A Memorandum of Agreement with Corplex Resources Inc. covers the Usa prospect which is located within MPSA application XIII-00077. Processing of the tenement application is progressing.

LINGIG

The Lingig prospect is located in Mineral Production Sharing Agreement 343-2010-XIII with an area of 3,824 hectares over which the Company has an operating agreement.

An IP/Res and ground magnetics programme will commence shortly.

ANOLING

The Mines Operating Agreement with Alcorn Gold Resources Inc. covers MPSA application 039-XIII situated approximately 8 kilometres by road to the north of the millsite as shown on Figure 2. Approval of the MPSA is awaited.

Four drill rigs are currently operating. It is anticipated that results will be announced in June 2012.

Mapping, trenching and sampling are on-going.

SAUGON PROJECT

First Hit Vein

Background

Figure 2 shows the Saugon Project located approximately 28 kilometres by road from the Co-O Mill. Work in 2004 involved drilling at the First Hit Vein (holes SDDH1 to SDDH35) in conjunction with underground development via a 30 metre deep inclined winze down the vein-breccia to assist in understanding the mineralisation.

Further details are contained in the announcements dated 20 April 2010 which summarised the historical results and 1 December 2010 which contained drilling results for holes SDDH 36 to 64A. Some additional results for hole SDDH 69 are contained in the 2011 Annual Report.

Exploration

Drilling has been completed. Regional mapping and prospect trenching are continuing and the IP/Res and ground magnetics programme is nearing completion.

An update of results is expected to be provided in the March 2012 quarterly report.

FINANCIALS (unaudited)

As at 31 December 2011, the Company which is debt free, had total cash, cash equivalent in gold on metal account and bullion of approximately US\$80.2 million (30 Sep 2011: US\$80.9 million).

During the quarter,

- the Company sold 10,000 ounces of gold at an average price of US\$1,761 per ounce (Sep 2011 qtr: sold 15,446 ounces of gold at an average price of US\$1,587 per ounce);
- incurred exploration expenditure of US\$7.3 million (Sep 2011 qtr: US\$8.0 million);
- spent US\$3.6 million on capital works, associated sustaining capital at the mine and mill and also costs for the new mill construction and infrastructure (Sep 2011 qtr: US\$5.4 million); and
- spent US\$7.9 million on general and accelerated mine development, inclusive of shaft sinking costs (Sep 2011 qtr: US\$6.7 million).

Managing Director, Peter Hepburn-Brown commented:

I am pleased to advise that the expansion of the Co-O operation to 200,000 ounces per annum is picking up pace with the commencement of construction activities at the mill commencing in January 2012.

A review of the underground shaft haulage system in the December quarter, together with the successful upgrading of the Agsao Shaft in the September quarter has shown that the Saga Shaft, currently being sunk, is best optimized by sinking directly to the Level 8 before installing ore hoisting facilities rather than the Level 6 as previously announced. This will allow accelerated development to occur, not only on the Level 6, but also Levels 7 and 8 and will allow ore to be stockpiled prior to completion of the expanded mill in mid-2013, thus allowing a smooth transition to 200,000 ounces in FY 2014.

Completion of the Saga Shaft and commencement of ore haulage is now expected in the last quarter of Calendar Year 2012.

Tropical storm Sendong and continued torrential rains in late December and January caused disruptions to the Company's operations and adversely impacted gold production. However despite these short term setbacks, the Company remains in a healthy financial position.

I continue to urge all shareholders to focus on our long term objectives of developing a profitable long term asset.

For further information please contact:

Australia

Medusa Mining Limited

+61 8 9367 0601

Geoffrey Davis, Chairman

Peter Hepburn-Brown, Managing Director

United Kingdom

Fairfax I.S. PLC

+44 (0)20 7598 5368

Financial Adviser and Broker

Ewan Leggat/Laura Littley

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 Chairman 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.

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.

Information in this report relating to **Ore Reserves** is based on information compiled by Dr Spero Carras of Carras Mining Pty Ltd. Dr Carras is a Fellow of the Australasian Institute of Mining & Metallurgy and has 30 years of experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as 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. Dr Carras consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DISCLAIMER

This announcement may contain 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.