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10 December 2004

The Manager Australian Stock Exchange Limited Level 4 20 Bridge St Sydney, NSW.

Dear Sir/Madam,

CAPITAL RAISING

The Company advises that, in order to cover due diligence and associated costs of the proposed Philsaga transaction, through State One Stockbrokers, it has completed a sophisticated investor placement one of which is a new cornerstone investor in the company who has specifically requested to be involved in the future equity raising anticipated for completing the Philsaga transaction. The placement has raised \$400,000 before costs and resulted in the issue of 824,742 shares at \$0.485 each.

Further information

For further information contact the undersigned on 618-93670601 or by email to admin@medusamining.com.au Detailed descriptions of Medusa's projects can be viewed on Medusa's website www.medusamining.com.au

Yours faithfully,

Geoff Davis Managing Director