



MEDUSA MINING LIMITED

ABN: 60 099 377 849

Unit 7, 11 Preston Street
Como WA 6152

PO Box 860
Canning Bridge WA 6153

Telephone: 618-9367 0601
Facsimile: 618-9367 0602

Email: admin@medusamining.com.au
Internet: www.medusamining.com.au

02 September 2005

The Manager
Australian Stock Exchange Limited
Level 4
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

RIGHTS ISSUE OF \$6 MILLION FULLY UNDERWRITTEN

Medusa Mining Limited ("Medusa") is pleased to advise that it has secured commitments from several parties to **fully underwrite** any shortfalls in the Company's Rights Issue ("Issue"), seeking to raise approximately \$6 million.

The underwriting commitments will ensure that Medusa will be able to complete the financial requirements of its agreement to lease (with an option to acquire) Philsaga Mining Corporation's Treatment Plant and associated facilities (the "Transaction").

On completion of the Transaction, anticipated in late September 2005, the Company will be elevated from its current status of junior explorer to gold producer.

It is the Company's intention to seek re-instatement of its securities on the ASX upon finalisation of the Issue and subsequent completion of the Transaction.

Yours faithfully

Geoff Davis
Managing Director
