



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

13 September 2005

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

Dear Sir/Madam

RIGHTS ISSUE - SUBSCRIPTION

Medusa Mining Limited advises that it has received acceptances from shareholders for 2,875,571 new ordinary shares to raise \$1,725,343 in the Rights Issue ("Issue") (which closed on 8 September 2005), representing a shortfall of \$ 4,388,263.

As announced on 5 September 2005, the Company has secured commitments from several parties to take up any shortfall in the Issue. The Directors (at their discretion) are currently in the process of finalising shortfall allocations.

Shareholders who applied for additional shortfall shares in accordance with the Issue Prospectus of 12 August 2005 will be allocated 100% of their application.

The Company anticipates that securities will be allotted and despatched to shareholders on 20 September 2005.

The Board is pleased with the successful outcome of the Issue and takes this opportunity to thank all shareholders for their patience, the participants in the Issue for their commitment, and welcomes new shareholders.

Yours faithfully

GEOFF DAVIS
Managing Director