



MEDUSA MINING LIMITED

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13 November 2006

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

Dear Sir/Madam,

FUND RAISING FOR COMPLETION OF PHILSAGA TRANSACTION

Medusa Mining Limited ("Medusa" or the "Company") advises that it has raised \$10,645,630 before expenses via the issue of 16,377,892 shares at \$A0.65 per share to sophisticated investors and investment funds from the United Kingdom, Australia and New Zealand. The funds raised from the placement which was managed by Ambrian Partners Limited and Westwind Partners (UK) Limited will enable the Company to proceed to completion of the Philsaga Transaction.

Completion of Philsaga Transaction

At a General Meeting on 29 September 2006, shareholders approved the listing of the Company on the Alternative Investment Market ("AIM") in London, the completion of the Philsaga Transaction by the issue of 25 million shares to the Philsaga Vendors and the raising of up to \$15 million through the issue of up to 30 million fully paid shares.

By the transaction, the Company is required to pay the Philsaga Vendors \$12 million (part of which is to be the subject of vendor finance by Advanced Concept Holdings Limited) and the issue of 25 million shares which will be held in escrow for a minimum period of 12 months. In addition, at completion Medusa will pay to contractors to the mining operation a final payment of \$1 million. Completion is to be effected following listing on AIM.

The current indicative date for the listing of Medusa's securities on AIM is on or about 21 November 2006. During the week commencing 4 December 2006, the Company will proceed to completion of the Philsaga Transaction in the following manner:

- Yandal Investments Pty Ltd will be paid in full being \$3.584 million and issued with 6.4 million shares;
- Secdea Philippines Holdings Corporation will be paid in full being \$80,000 and issued with 4 million shares;

- Advanced Concept Holdings Limited will be paid \$920,000 and issued with 14.6 million shares.

Advanced Concept Holdings Limited has agreed to provide vendor finance for the balance of the cash payment of \$7.416 million on the following terms:

- \$2.416 million to be paid on or before 15 February 2007;
- \$2.5 million to be paid on or before 15 July 2007; and
- \$2.5 million to be paid on or before 15 January 2008.

The above deferred payments do not include interest which has been set at 7.5% per annum. There will be no penalty for any early repayments. The deferred payments and interest will be secured by a charge or equivalent security over the Co-O Mine assets.

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'Geoff Davis', is written over a light pink rectangular background.

Geoff Davis
Managing Director