



**MEDUSA**

**MEDUSA MINING LIMITED**

ABN: 60 099 377 849

Unit 7, 11 Preston Street  
Como WA 6152

PO Box 860  
Canning Bridge WA 6153

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Email: [admin@medusamining.com.au](mailto:admin@medusamining.com.au)  
Internet: [www.medusamining.com.au](http://www.medusamining.com.au)

04 July 2007

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

Dear Sir/Madam

**NOTICE OF MEETING**

Attached please find a Notice of Meeting despatched to shareholders today.

Yours faithfully

Geoff Davis  
Managing Director



**MEDUSA**

# **MEDUSA MINING LIMITED**

ACN 099 377 849

## **NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT**

**For the General Meeting to be held on  
7 August 2007 at 9.00 am (WST)  
at Broadwater Pagoda Resort Hotel  
112 Melville Parade, Como 6152  
Western Australia**

**This is an important document. Please read it carefully and in its entirety.  
If you do not understand it please consult with your professional advisers.**

**If you are unable to attend the Meeting, please complete the form of proxy enclosed and return it in  
accordance with the instructions set out on that form.**

## **TIME AND PLACE OF GENERAL MEETING AND HOW TO VOTE**

**This General Meeting of the shareholders of Medusa Mining Limited will be held at:**

Broadwater Pagoda Resort Hotel  
112 Melville Parade  
Como Western Australia

Commencing at 9.00 am (WST) on Wednesday, 7 August 2007

### **How to Vote**

You may vote by attending the meeting in person, by proxy or authorised representative.

### **Voting in Person**

To vote in person you need to attend the meeting on the date and at the place set out above. The meeting will commence at 9.00 am (WST).

### **Voting by Proxy**

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of General Meeting as soon as possible and either:

- return the proxy form to the Company's offices at Unit 7, 11 Preston Street, Como, Western Australia; or
- post the proxy addressed to Medusa Mining Limited, PO Box 860, Canning Bridge Western Australia 6153; or
- send the proxy by facsimile to facsimile number +61 8 9367 0602,

so that it is received not later than 9.00 am (WST) on 5 August 2007.

Your proxy form is enclosed.

# Medusa Mining Limited

ACN 099 377 849

## NOTICE OF GENERAL MEETING

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Notice is hereby given that the General Meeting of the Shareholders of Medusa Mining Limited (the "**Company**") will be held at Broadwater Pagoda Resort Hotel, 112 Melville Parade, Como Western Australia on Wednesday, 7 August 2007 at 9.00 am (WST) for the purpose of transacting the following business.

The attached Explanatory Statement is provided to supply Shareholders with information to enable Shareholders to make an informed decision regarding the Resolution set out in this Notice. The Explanatory Statement is to be read in conjunction with this Notice.

### AGENDA

#### **BUSINESS**

##### **Resolution 1 – Approval to Issue Options to Gallagher Holdings Limited**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 7.1 of the Listing Rules of the ASX Limited and for all other purposes, approval is given for the Company to allot and issue 7,000,000 options to acquire fully paid ordinary shares in the capital of the Company to Gallagher Holdings Limited or its nominee and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

**Short Explanation:** Under ASX Listing Rule 7.1, the Company may not issue or agree to issue equity securities in any 12 month period representing more than 15% of its ordinary share capital on issue at the commencement of that period without shareholder approval. Please refer to the Explanatory Statement for details.

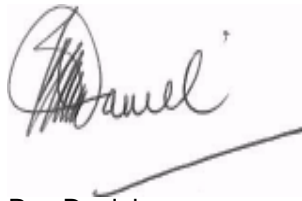
The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity as a Shareholder, if this Resolution is passed and any associate of those persons. However, the Company need not disregard a vote cast on this Resolution if:

- a) it is cast by an allottee as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

## VOTING AND PROXIES

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 9.00 am (WST) on 5 August 2007.
4. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the instructions on that form.

**By order of the Board**

A handwritten signature in black ink that reads "Roy Daniel". The signature is written in a cursive style with a large, stylized initial "R".

Roy Daniel  
Company Secretary  
Dated: 4 July 2007

**MEDUSA MINING LIMITED**  
ACN 099 377 849

**EXPLANATORY STATEMENT**

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This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolution contained in this Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolution.

**1. RESOLUTION 1 – APPROVAL TO ISSUE OPTIONS TO GALLAGHER HOLDINGS LIMITED**

**1.1 Background**

As announced to the ASX on 27 June 2007, the Company and the Subscriber entered into a subscription deed on 21 June 2007 by which the Company agreed to issue 17,500,000 Shares to the Subscriber at an issue price of \$1.15 each ("**Subscription Deed**"). In consideration for the subscription, the Company further agreed by the Subscription Deed to issue to the Subscriber 7,000,000 Options for no further consideration. The terms of the Options proposed to be issued are they have an exercise price of \$1.60 each and an expiry date of 1 February 2009. The full terms of the Options are set out in Annexure "A" to this Notice.

The 17,500,000 Shares were issued to the Subscriber on 27 June 2007 using the Company's 15% placement capacity under ASX Listing Rule 7.1.

The issue of the 7,000,000 Options is conditional upon the Company obtaining necessary Shareholder approval in terms of ASX Listing Rule 7.1 and upon the Subscriber obtaining any necessary approval from FIRB for the issue of the 7,000,000 Options.

The Company will issue the 7,000,000 Options to the Subscriber within 2 Business Days of satisfaction of the conditions.

If the conditions are not satisfied by 15 September 2007 or any later agreed date ("**Drop Dead Date**"), the Company will not issue the 7,000,000 Options the subject of Resolution 1.

If Shareholder approval in terms of this Notice is not obtained and FIRB approval has been obtained or is unnecessary, the Company will pay a break fee of \$4,000,000 to the Subscriber within 2 Business Days of the Meeting or the Drop Dead Date, whichever is earlier.

## 2. Regulatory Requirements - ASX Listing Rule 7.1

Resolution 1 seeks Shareholder approval to issue 7,000,000 Options to the Subscriber.

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue during any 12 month period any equity securities or other securities with rights of conversion to equity if the number of those securities exceeds 15% of the total ordinary securities on issue at the commencement of that 12 month period.

One circumstance where an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders in a general meeting.

The Company is seeking approval under ASX Listing Rule 7.1 for the issue of 7,000,000 Options under Resolution 1 to allow these securities to not be included in the calculation under ASX Listing Rule 7.1. This will enable the Company to have the flexibility to issue equity securities in the future up to the 15% threshold without the requirement to obtain Shareholder approval.

For the purposes of ASX Listing Rule 7.3, the following information is provided to Shareholders:

- (a) The maximum number of securities the Company will issue under Resolution 1 is 7,000,000 Options.
- (b) The Options are intended to be issued within 2 Business Days of Shareholder approval of Resolution 1 and, in any event, will be issued no later than 3 months after the date of this Meeting.
- (c) The Options will be issued in consideration of the Subscriber subscribing for 17,500,000 Shares at a subscription price of \$1.15 per Share to raise gross proceeds of \$20,125,000.
- (d) The allottee of the Options is the Subscriber, who is not a related party of the Company.
- (e) The terms of the Options are set out in Annexure A.
- (f) No funds will be raised from the issue of the Options.
- (g) It is intended that the Options will be allotted on one date.

# MEDUSA MINING LIMITED

(ACN 099 377 849)

## GLOSSARY

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In this Explanatory Statement the following expressions have the following meanings:

"**ASX**" means ASX Limited.

"**ASX Listing Rules**" or "**Listing Rules**" mean the listing rules of the ASX.

"**Business Days**" means a day, other than a Saturday or Sunday, on which banks are open for general banking business in Perth, Western Australia.

"**Company**" means Medusa Mining Limited (ACN 099 377 849).

"**Corporations Act**" means the Corporations Act 2001.

"**Directors**" mean the directors of the Company.

"**Explanatory Statement**" means this Explanatory Statement.

"**FIRB**" means Foreign Investment Review Board.

"**Meeting**" means the meeting convened by this Notice.

"**Notice**" means the notice of general meeting which accompanies this Explanatory Statement.

"**Option**" means an option to acquire a Share.

"**Resolution**" means a resolution referred to in this Notice.

"**Share**" means a fully paid ordinary share in the capital of the Company.

"**Shareholders**" means a registered holder of Shares in the Company.

"**Subscriber**" means Gallagher Holdings Limited (company number HE133001).

"**Treasurer**" means the Treasurer of the Commonwealth of Australia.

"**WST**" means Western Standard Time.



## ANNEXURE "A"

### TERMS OF OPTIONS

The terms of the issue of each of the Options the subject of Resolution 1 are:

1. The options will be issued for no consideration.
2. Each option entitles the holder to one Share (ordinary share) in the capital of the Company.
3. The options may be exercised at any time prior to 1 February 2009 ("**Expiry Date**"), in whole or in part, upon payment of the exercise price per option.
4. The exercise price of the options is \$1.60 per option.
5. The options will not be quoted and are freely transferable.
6. The Company will provide to each option holder a notice that is to be completed when exercising the options ("**Notice of Exercise**"). Options may be exercised by the option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the Expiry Date. The Notice of Exercise must state the number of options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
7. All Shares issued upon the exercise of the options will rank pari passu in all respects with the Company's then issued Shares.
8. There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues or pro-rata issues of securities offered to shareholders of the Company during the currency of the options. Thereby, the option holder has no rights to a change in the exercise price of the option or a change to the number of underlying securities over which an option can be exercised except in the event of a bonus issue. Option holders will be provided with written notice and afforded that period of time as required by the ASX Listing Rules before the record date to determine entitlements to the offer to exercise their options.
9. If from time to time on or prior to the Expiry Date the Company makes a bonus issue of securities to holders of Shares in the Company ("**Bonus Issue**"), then upon exercise of his or her options an option holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise) the number of securities which would have been issued to him or her under that Bonus Issue if the options had been exercised before the record date for the Bonus Issue.
10. In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the issued capital of the Company, all rights of the option holder shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules.

# MEDUSA MINING LIMITED

(ACN 099 377 849)

## PROXY FORM

I/We (name and address)

being a Member of Medusa Mining Limited entitled to attend and vote at the Meeting, hereby

Appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held at Broadwater Pagoda Resort Hotel, 112 Melville Parade, Como, Western Australia on Wednesday, 7 August 2007 at 9.00 am (WST) and at any adjournment thereof.

### Voting on Business of the General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Issue of Options to Gallagher Holdings Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If the chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of the resolution, please place a mark in the box. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution and that the votes cast by the Chair of the meeting for this resolution other than as proxy holder will be disregarded because of that interest. **The Chair intends to vote any such undirected proxies in favour of the resolution.** If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_ %

Please return this Proxy Form to the Company Secretary Medusa Mining Limited, Unit 7, 11 Preston Street, Como, Western Australia or post to PO Box 860, Canning Bridge, 6153 or fax to (08) 9367 0602 by 9.00 am (WST) on 5 August 2007.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2007

**By:**

**Individuals and joint holders**

Signature:

Signature:

Signature:

**Companies** (affix common seal if appropriate)

Director:

Director/Company Secretary:

Sole Director and Sole Company Secretary:

# MEDUSA MINING LIMITED

(ACN 099 377 849)

## Instructions for Completing Proxy Form

1. A member of the Company who is entitled to attend and cast two or more votes at a general meeting of shareholders is entitled to appoint two proxies. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
  - 2 directors of the company;
  - a director and a company secretary of the company; or
  - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.