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ANNOUNCEMENT

09 December 2013

NEW SAG MILL UPDATE - POWERCELLS

(ASX & LSE: MML)

Medusa Mining Limited ("Medusa" or the "Company"), through its Philippine operating company Philsaga Mining Corporation, wishes to announce the following:

The repaired Powercells have been installed, tested and are currently operating without any issues.

The new SAG Mill which was successfully started last week is currently undergoing commissioning and will gradually build to its throughput of 2,500 tonnes per day ("tpd") during the March 2014 quarter.

As advised on 23 October 2013, as a consequence of this delay, the production for the December quarter will be reduced, until the new SAG mill is operating at its anticipated throughput of 2,500 tpd.

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