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ANNOUNCEMENT

16 January 2015

L8 SHAFT UPGRADE

(ASX: MML)

Medusa Mining Limited ("Medusa" or the "Company"), through its Philippines operating company, Philsaga Mining Corporation ("PMC"), wishes to advise that the L8 Shaft upgrade has been completed and commissioned on schedule. Level 8 underground operations re-commenced on afternoon shift on 13 January 2015.

The key benefits of the upgrade are:

- (i) an increase in the total haulage capacity of the mine to approximately 60,000 dry tonnes per month (from approximately 45,000 dry tonnes per month) through the replacement of the previous 3.6 tonne skips with 4.8 tonne skips. The L8 Shaft hauls material from Levels 6, 7 and 8.
- (ii) improved men and materials handling through the installation of double man-cages (replacing single man-cages) which will reduce travel time to work places on Levels 6, 7 and 8.

Geoff Davis, CEO of Medusa, commented:

"This is an important step in improving the efficiency and capacity of the Co-O Mine. We are currently working on formulating and designing the life of mine haulage requirements and anticipate providing an update in late February to mid-March."

For further information please contact:

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DISCLAIMER

This announcement contains certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Medusa, and its officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements. Actual results, performance or outcomes may differ materially from any projections and forward-looking statements and the assumptions on which those assumptions are based. You should not place undue reliance on forward-looking statements and neither Medusa nor any of its directors, employees, servants or agents assume any obligation to update such information.

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