Medusa Mining Limited: Operations Update-New Mill and Level 8

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COMO, WESTERN AUSTRALIA--(Marketwired - Sep 4, 2013) - **Medusa Mining Ltd.** **(ASX:MML)(LSE:MML) ("Medusa" or the "Company"), through its Philippine operating company, Philsaga Mining Corporation, wishes to announce the following updates:**

New Mill Circuit

The upgraded new milling circuit has been commissioned but, during load commissioning, a compartment of the SAG mill power pack failed. The controller to the power pack has also been deemed faulty and needs to be sent off site for repairs. This is a Vendor supplied, installed and commissioned package and the Vendor has recommended that the whole power pack and controller be returned to their workshops for repair. A complete new power pack unit will be supplied within the next 45 days, therefore, the mill will not be operating until the Vendor has installed and commissioned the new controller and power pack unit.

Production for the September Quarter will be marginally affected by the delay in the commissioning of the new mill but the guidance for the December Quarter will remain unchanged.

Level 8 Development

Since the announcement of 30 June 2013, development on Level 8 has started to achieve improving results, including:

- operation of the ore pass from Level 6 to Level 8 which feeds the underground ore bin by conveyor;
- connection of the Level 8 development with the ventilation rise from Level 6.
- the discovery of a new vein (Don Pedro) parallel to the cross faulting direction, and so far developed over 100 metres with an average width of 2 metres and an average grade of 8 g/t gold. This is being set up for stoping.
- intersection of the high grade Great Hamish Footwall and Main Veins, as well as Catto and Jereme Veins. On-vein development on these has commenced.
- driving south is continuing, aiming to intersect the Great Hamish Hanging Wall and Roysan Veins during September.

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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