



**MEDUSA**

## **MEDUSA MINING LIMITED**

ACN 099 377 849

### **NOTICE OF ANNUAL GENERAL MEETING**

**AND**

### **EXPLANATORY MEMORANDUM**

**For the Annual General Meeting to be held on Thursday, 10 November 2011 at 11.00 am (Perth time) at the Goldsworthy Room, Pan Pacific Hotel Perth, 207 Adelaide Terrace, Perth, 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 Annual General Meeting, please complete the proxy appointment form enclosed and return it in accordance with the instructions set out on that form.

**The Annual Report is available for viewing on [www.medusamining.com.au](http://www.medusamining.com.au)**

# MEDUSA MINING LIMITED

ACN 099 377 849

## NOTICE OF ANNUAL GENERAL MEETING

Medusa Mining Limited (**Company**) gives notice that the annual general meeting of the Company will be held on Thursday, 10 November 2011 at 11.00 am (Perth time) at the Goldsworthy Room, Pan Pacific Hotel Perth, 207 Adelaide Terrace, Perth, Western Australia (**Annual General Meeting**).

### ITEMS OF BUSINESS

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Memorandum and the Proxy Appointment Form are part of this Notice.

Terms and abbreviations used in this Notice (including in the Explanatory Memorandum and the Proxy Appointment Form) are defined in Schedule 1 to this Notice (or elsewhere in the body of this Notice).

#### 1. ACCOUNTS AND REPORTS

To receive and consider the Financial Report of the Company, the Directors' Report and the Auditor's Report for the year ended 30 June 2011.

#### 2. RESOLUTION 1 - RE-ELECTION OF DIRECTOR - MR GEOFF DAVIS

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That Mr Geoff Davis, who was re-appointed as a director of the Company on 9 June 2011 and in accordance with ASX Listing Rule 14.4 and the Company's constitution holds office until the next annual general meeting, be re-elected as a director of the Company."*

#### 3. RESOLUTION 2 - RE-ELECTION OF DIRECTOR - MR CICERON ANGELES

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That Mr Ciceron Angeles, who was appointed a director of the Company on 28 June 2011 and in accordance with ASX Listing Rule 14.4 and the Company's constitution holds office until the next annual general meeting, be re-elected as a director of the Company."*

#### 4. RESOLUTION 3 - RE-ELECTION OF DIRECTOR - MR ANDREW TEO

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That Mr Andrew Teo, who retires by rotation in accordance with the Company's constitution, be re-elected as a director of the Company."*

**5. RESOLUTION 4 - DISAPPLICATION OF PRE-EMPTIVE RIGHTS**

To consider and, if thought fit, pass the following resolution as a **special resolution**:

*"That the directors of the Company be empowered pursuant to Rule 2.1A of the Company's constitution to issue Shares and other equity securities for cash as if Rule 2.1A of the Company's constitution did not apply to any such issue, provided that this power shall be limited to the issue of Shares or other equity securities up to an aggregate amount of 9,441,395. The authority granted under this resolution shall expire on the conclusion of the next annual general meeting of the Company or, if earlier, close of business on 10 February 2013 (provided that this authority shall allow the Company before the expiry of this authority to make offers or agreements which would or might require equity securities to be issued after such expiry (including pursuant to any options that have been issued, whether or not vested or exercised, prior to such date) and, notwithstanding such expiry, the directors of the Company may issue equity securities in pursuance of such offers or agreements)."*

**6. RESOLUTION 5 - APPROVAL OF GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR, MR PETER HEPBURN-BROWN**

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That, for the purpose of ASX Listing Rule 10.11 and all other purposes, Shareholders authorise and approve:*

- (a) the grant of 250,000 performance rights to acquire fully paid ordinary shares in the Company to the Company's Managing Director, Mr Peter Hepburn-Brown (or his Permitted Nominee), on the terms and conditions set out in the Explanatory Memorandum; and*
- (b) any issue of fully paid ordinary shares in the Company to Mr Peter Hepburn-Brown upon the exercise of any such performance rights granted to Mr Peter Hepburn-Brown under this resolution."*

**Voting Prohibition and Exclusion Statement for Resolution 5**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution 5 if:

- (a) the proxy is either:
  - (i) a member of the key management personnel for the Company; or
  - (ii) a closely related party of a member of the key management personnel for the Company; and
- (b) the appointment does not specify the way the proxy is to vote on Resolution 5.

However, the above prohibition does not apply if:

- (c) the proxy is the Chairperson of the meeting; and
- (d) the appointment expressly authorised the Chairperson to exercise the proxy even if the resolution is connected directly or indirectly with remuneration of a member of the key management personnel of the Company.

The Company will disregard any votes cast on Resolution 5 by Mr Peter Hepburn-Brown and any associate of Mr Peter Hepburn-Brown. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a Shareholder who is entitled to vote, in accordance with the directions on the Proxy Appointment Form; or
- (b) it is cast by the Chairperson of the Annual General Meeting as proxy for a Shareholder who is entitled to vote, in accordance with a direction on the Proxy Appointment Form to vote as the proxy decides.

**7. RESOLUTION 6 - ADOPTION OF THE REMUNERATION REPORT**

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That, in accordance with section 250R(2) of the Corporations Act, the Remuneration Report, which forms part of the Directors' report for the year ended 30 June 2011, be adopted."*

Short Explanation:

The Remuneration Report is in the Directors' report section of the Company's 2011 Annual Report. At a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the vote. Section 250R(3) of the Corporations Act provides that the vote on this Resolution is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

**Voting Prohibition Statement for Resolution 6**

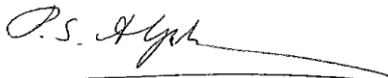
A vote on this Resolution 6 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the key management personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a closely related party of such a member.

However, a person described above may cast a vote on Resolution 6 if:

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (d) the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above.

**By order of the Board**

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Peter Alphonso  
Company Secretary  
7<sup>th</sup> October 2011

## **EXPLANATORY MEMORANDUM**

The Explanatory Memorandum has been prepared to provide Shareholders with information about the items of business to be considered at the Annual General Meeting to be held on Thursday, 10 November 2011 at 11.00 am (Perth time) at the Goldsworthy Room, Pan Pacific Hotel Perth, 207 Adelaide Terrace, Perth, Western Australia.

The Explanatory Memorandum is important and should be read carefully, in its entirety, by all Shareholders. The Explanatory Memorandum is part of the Notice.

### **1. RESOLUTION 1 - RE-ELECTION OF DIRECTOR - MR GEOFF DAVIS**

#### **1.1 Overview**

As part of the restructure to the composition and structure of the Board following the Company delisting from the Toronto Stock Exchange, Mr Geoff Davis stood down as Managing Director and was re-appointed as Non-Executive Chairman by the Board on 9 June 2011. Pursuant to ASX Listing Rule 14.4 and Rule 7.3(f) of the Constitution, Mr Davis holds office until the next annual general meeting of the Company. Mr Davis is eligible for re-election at this time.

In accordance with Rule 7.3(f) of the Constitution, Mr Davis will retire at the Annual General Meeting and, being eligible, will offer himself for re-election as a Director.

Mr Geoff Davis worked initially with BHP for 10 years following his graduation in 1972, before becoming a consultant in 1980 to BHP and numerous mining and exploration companies in Australia, Asia and South America. This work specialised in epithermal precious metal and porphyry copper-gold opportunities, and included project acquisition, assessment and exploration.

Since 1990, most of his work has been with junior explorers where he has been Exploration Manager to a number of these companies. Recently he has also held directorships and senior executive positions in a number of listed and unlisted Australian, Asian and London based exploration and mining companies. Mr Davis has been involved with the Philippines for 31 years and has developed a network of contacts in the mining, exploration, legal and tenement management sectors of the industry which are highly valuable in developing the Company's business interest in the Philippines.

Mr Davis was Managing Director of the Company since its inception on 5 February 2002 until 9 June 2011. He is now a member of the Audit Committee, the Remuneration Committee and the Safety, Health and Environmental Committee.

#### **1.2 Recommendation of the Directors**

The Directors, other than Mr Davis, recommend that Shareholders vote in favour of Resolution 1. Mr Davis does not make a recommendation in relation to Resolution 1 because he has an interest in the outcome of the Resolution.

## **2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR - MR CICERON ANGELES**

### **2.1 Overview**

Mr Ciceron Angeles was appointed by the Board on 28 June 2011 and pursuant to ASX Listing Rule 14.4 and Rule 7.3(f) of the Constitution holds office until the next annual general meeting of the Company. Mr Angeles is eligible for re-election at this time.

In accordance with Rule 7.3(f) of the Constitution, Mr Angeles will retire at the Annual General Meeting and, being eligible, will offer himself for re-election as a Director.

Mr Angeles is a geologist with over 30 years of experience in gold and base metal exploration in Asia, mainly the Philippines, Indonesia, China, Malaysia and Iran. His specialisations include epithermal gold-silver, porphyry copper-gold and Carlin styles of mineralisation.

Mr Angeles obtained his MAppSC in Mineral Exploration from the University of New South Wales, Australia in 1985 and is a Fellow and Chartered Professional in Geology (CPGeo) of the Australasian Institute of Mining Limited and Metallurgy (AusIMM). Mr Angeles was also the Asia Exploration Manager for Newcrest Mining during which time Newcrest brought the Gosowong Mine into production. He is currently a director of GGG Resources plc.

### **2.2 Recommendation of the Directors**

The Directors, other than Mr Angeles, recommend that Shareholders vote in favour of Resolution 2. Mr Angeles does not make a recommendation in relation to Resolution 2 because he has an interest in the outcome of the Resolution.

## **3. RESOLUTION 3 - RE-ELECTION OF DIRECTOR - MR ANDREW TEO**

### **3.1 Overview**

Resolution 3 seeks Shareholder approval for the re-election of Mr Andrew Teo who is retiring as a Director pursuant to Rule 7.3(a) of the Constitution.

Rule 7.3(a) of the Constitution provides that at every annual general meeting of the Company, one third of the Directors (other than the Managing Director) must retire from office. The Directors to retire at an annual general meeting are those who have been longest in office since their last election. If two or more Directors have held office for the same period of time since their last appointment, those Directors are to determine by the drawing of lots (unless they agree otherwise) which Director(s) will retire. Mr Teo has agreed to retire.

A retiring Director is eligible for re-election. Mr Teo offers himself for re-election as a Director.

Mr Teo is the Chairperson of the Audit Committee, and a member of the Remuneration Committee and the Safety, Health and Environmental Committee. He is an accountant with 33 years of extensive and diverse experience in accounting, treasury, corporate, legal and business administration across several industries. Mr Teo is currently the CFO/Executive Director of BGC (Australia) Pty Ltd, one of Australia's largest privately owned companies.

### **3.2 Recommendation of the Directors**

The Directors, other than Mr Teo, recommend that Shareholders vote in favour of Resolution 3. Mr Teo does not make a recommendation in relation to Resolution 3 because he has an interest in the outcome of the Resolution.

## **4. RESOLUTION 4 - DISAPPLICATION OF PRE-EMPTIVE RIGHTS**

### **4.1 Overview**

This Resolution seeks Shareholder approval to renew the authority given to the Directors which would otherwise expire at this Annual General Meeting, to issue Shares and other equity securities for cash without following the pre-emptive provisions in Rule 2.1A of the Constitution. Rule 2.1A provides that the Company must not issue Shares or other equity securities for cash to any person without first offering them to existing shareholders in proportion to their existing holdings.

This Resolution will be proposed as a special resolution. A special resolution is a resolution that must be passed by at least 75% of all votes cast by shareholders entitled to vote on the resolution.

If approved, Resolution 4 authorises the Directors to issue Shares and other equity securities for cash, without first offering them to Shareholders on a pro rata basis until the conclusion of the Company's next annual general meeting or 10 February 2013, whichever is earlier. However, this authority is limited to 9,441,395 Shares. This limit is:

- (a) equivalent to 5% of the issued ordinary share capital of the Company as at the date of this Notice; and
- (b) consistent with the guidelines of the United Kingdom's Pre-Emption Group, which reflect the views of the Association of British Insurers and the National Association of Pension Funds.

The Directors intend to follow the United Kingdom's Pre-Emption Group's guidelines regarding cumulative usage of the authority within a rolling three-year period, namely the issue of Shares amounting to in excess of 7.5% of the issued ordinary share capital of the Company should not take place without prior consultation with Shareholders.

The Directors do not currently intend to exercise this authority. The Directors consider the authority is appropriate in order to retain maximum flexibility to take advantage of business opportunities as they arise. It is common practice for companies with similar pre-emptive provisions to propose annually a resolution to disapply the pre-emptive rights in order to allow the company to issue a specific number of shares in the following 12 month period without the need to seek shareholder approval in relation to the issue of such shares. The Company intends to propose annually at its annual general meeting a resolution to disapply the pre-emptive provision.

### **4.2 Recommendation of the Directors**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

## **5. RESOLUTION 5 - APPROVAL OF GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR, MR PETER HEPBURN-BROWN**

### **5.1 Overview**

Resolution 5 seeks Shareholder approval for the grant of 250,000 performance rights to acquire Shares (**Performance Rights**) to the Managing Director, Mr Peter Hepburn-Brown (or his Permitted Nominee).

The Performance Rights are proposed to be issued to Mr Hepburn-Brown as the core long-term incentive component of his remuneration package, which is in line with market practice in incentivising officers in Mr Hepburn-Brown's position with regard to the long-term performance of the Company and its subsidiaries.

A summary of the key terms of the offer of Performance Rights to Mr Hepburn- Brown and the Performance Rights Terms and Conditions is set out in Schedule 2 of this Notice and the capitalised terms used in this paragraph 5.1 are defined in that summary.

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of equity securities (including performance rights) to a director of the company. As Mr Hepburn-Brown is a Director, approval for the issue of 250,000 Performance Rights to Mr Hepburn-Brown is being sought for the purposes of ASX Listing Rule 10.11 (and for all other purposes).

The following information is provided to Shareholders and is required for the purposes of ASX Listing Rule 10.13:

- (a) the Performance Rights will be granted to the Managing Director of the Company, Mr Peter Hepburn-Brown, or his Permitted Nominee;
- (b) the maximum number of Performance Rights to be granted to Mr Hepburn-Brown (or his Permitted Nominee) pursuant to Resolution 5 is 250,000 (giving Mr Hepburn-Brown an entitlement to potentially acquire a maximum of 250,000 Shares if all Performance Rights vest and are exercised);
- (c) the Performance Rights will be granted to Mr Hepburn-Brown (or his Permitted Nominee) as soon as practicable after the date of the Annual General Meeting, and in any event, no later than one month after the date of the Annual General Meeting.
- (d) the Performance Rights will be granted for no cash consideration, and no amount will be payable on vesting and exercise of the Performance Rights (or the subsequent issue or transfer (as the case may be) of the corresponding number of resulting Shares);
- (f) a voting exclusion statement for Resolution 5 is included in this Notice; and
- (h) no funds will be raised by the grant of the Performance Rights as they are being granted for no cash consideration.

### **5.2 Recommendation of the Directors**

The Directors, other than Mr Hepburn-Brown, recommend that Shareholders vote in favour of Resolution 5. Mr Hepburn-Brown does not make a recommendation in relation to Resolution 5 because he has an interest in the outcome of the Resolution.



## **6. RESOLUTION 6 - ADOPTION OF THE REMUNERATION REPORT**

### **6.1 Overview**

Section 300A of the Corporations Act requires the Directors to include in their report for a financial year, a Remuneration Report. Section 250R of the Corporations Act requires that the Remuneration Report be put to the vote at the Annual General Meeting.

The Remuneration Report, which forms part of the Directors' Report for the year ended 30 June 2011, is set out on pages 56 to 64 of the Company's 2011 Annual Report. Shareholders can view the 2011 Annual Report on the company's website: [www.medusamining.com.au/newsroom/index.html](http://www.medusamining.com.au/newsroom/index.html).

Section 250R(3) of the Corporations Act provides that the vote on the adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, with effect from 1 July 2011, the Corporations Act has been amended to require that if a company's remuneration report receives an 'against' vote of 25 per cent or more at two consecutive annual general meetings, a resolution must be put at the later annual general meeting that another meeting be held (within 90 days) at which all directors (other than the Managing Director) who were in office at the date of that resolution must stand for re-election. So, in summary, Shareholders will be entitled to vote in favour of holding a general meeting to re-elect the board if the Remuneration Report receives "2 strikes".

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out remuneration details for each Director and each of the Company's executives and group executives named in the Remuneration Report for the financial year ended 30 June 2011.

There will be a reasonable opportunity for shareholders to comment on and ask questions about the Remuneration Report at the Annual General Meeting.

Any undirected proxies held by the Chairperson, other directors or other members of key management personnel, or any of their closely related parties, will not be voted on Resolution 6.

If you chose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 6 by marking either "For", "Against" or "Abstain" on the Proxy Appointment Form for that resolution.

### **6.2 No Directors' recommendation on Resolution 6**

Because Resolution 6 deals with remuneration of key management personnel, and in line with recent changes to the Corporations Act relating to voting by key management personnel and their closely related parties on such remuneration related resolutions, the Directors do not make a recommendation to Shareholders about how to vote on this item of business.

## SCHEDULE 1:

### TERMS AND ABBREVIATIONS

Definition	Meaning
<b>Annual General Meeting</b>	The annual general meeting of the Company notified to Shareholders by this Notice
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or the financial market conducted by it (the Australian Securities Exchange), as the context requires
<b>ASX Listing Rules</b>	The official listing rules of ASX, as from time to time amended or waived in their application to a party
<b>Board</b>	The board of Directors of the Company
<b>Chairperson</b>	The chairperson of the Annual General Meeting appointed in accordance with the Constitution
<b>closely related party</b>	<p>Closely related party of a member of the key management personnel means:</p> <ul style="list-style-type: none"> <li>• a spouse or child of the member; or</li> <li>• a child of the member's spouse; or</li> <li>• a dependant of the member or of the member's spouse; or</li> <li>• anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company; or</li> <li>• a company that the member controls; or</li> <li>• a person prescribed by the <i>Corporations Regulations 2001</i> (Cth).</li> </ul>
<b>Company or Medusa</b>	Medusa Mining Limited (ACN 099 377 849)
<b>Constitution</b>	The constitution of the Company
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>Director</b>	A director of the Company
<b>Explanatory Memorandum</b>	The explanatory memorandum enclosed with and forming part of this Notice
<b>key management personnel</b>	Key management personnel has the same meaning as in the accounting standards. So the term broadly includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any director of the Company.
<b>Notice</b>	This notice of meeting incorporating the Explanatory Memorandum and the Proxy Appointment Form
<b>Performance Right</b>	A right to acquire one fully paid ordinary share in the Company subject to the satisfaction of certain performance criteria, as set out in the terms of the grant of the performance right
<b>Permitted Nominee</b>	<p>In respect of a Participant, means:</p> <ul style="list-style-type: none"> <li>• a person who is the spouse, parent, brother, sister or child (<b>close relative</b>) of the Participant or of the Participant's spouse;</li> <li>• a person who is a spouse of a close relative;</li> <li>• a superannuation fund maintained for the benefit of the Participant and/or one or more close relatives and is approved by the Board in its absolute discretion; and</li> <li>• a body corporate in which the Participant has, or any two or more of the Participant and close relatives of the Participant together have a controlling interest.</li> </ul>

<b>Definition</b>	<b>Meaning</b>
<b>Proxy Appointment Form</b>	The proxy appointment form enclosed with and forming part of this Notice
<b>Remuneration Report</b>	Has the meaning given to it by the Corporations Act
<b>Resolutions</b>	The resolutions referred to in this Notice, and <b>Resolution</b> means any of the resolutions referred to in this Notice (as the context requires)
<b>Rule</b>	A rule of the Constitution
<b>Shareholder</b>	The holder of a Share
<b>Shares</b>	Fully paid ordinary shares in the Company
<b>\$ or A\$</b>	A reference to "\$" or "A\$" is to Australian currency, unless otherwise indicated

## SCHEDULE 2:

### SUMMARY OF KEY TERMS IN RESPECT OF GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR, MR HEPBURN-BROWN

<b>Eligible Employee</b>	<p>Under the Performance Rights Terms and Conditions, the Board, may, from time to time, in its absolute discretion, decide that any employee (full time or part time) of the Company or a subsidiary of the Company (together, <b>Group</b>), (<b>Eligible Employee</b>) is eligible to be granted Performance Rights under the Performance Rights Terms and Conditions.</p> <p>Mr Hepburn-Brown is an Eligible Employee.</p>
<b>Invitation to participate</b>	<p>The Board may, from time to time, invite an Eligible Employee to accept an offer and apply for a specified number of Performance Rights. An Eligible Employee who is invited to apply for Performance Rights will receive a written invitation. The invitation will set out, amongst other things, the number of Performance Rights the Eligible Employee (or his or her Permitted Nominee) is invited to apply for, and the Performance Criteria and Performance Period applicable (if any).</p>
<b>Acceptance of invitation</b>	<p>Under the terms of the Performance Rights Terms and Conditions, the invitation to Mr Hepburn-Brown may be accepted by Mr Hepburn-Brown or his Permitted Nominee, by completing and signing the relevant application form and returning it to the Company as specified in the invitation.</p>
<b>No amount payable on grant</b>	<p>No amount is payable by Mr Hepburn-Brown for the grant of Performance Rights under the Performance Rights Terms and Conditions .</p>
<b>Number of Performance Rights and Share Limit</b>	<p>Each Performance Right entitles Mr Hepburn-Brown to one Share when it vests and is exercised.</p> <p>Broadly, the Board must not invite an application for or grant Performance Rights if to do so would result in the aggregate of any one of more of the following exceeding 5% of the issued Shares (at the date of the relevant invitation):</p> <ul style="list-style-type: none"> <li>(a) the number of Shares that would be issued were the Performance Rights the subject of the invitation accepted and exercised;</li> <li>(b) the number of Shares that would be issued were each outstanding offer with respect to the Shares, performance rights and options to acquire unissued Shares under an employee share scheme to be accepted, vested or exercised; and</li> <li>(c) the number of Shares issued during the previous 5 years pursuant to any employee share scheme extended to eligible employees or an Associated Bodies Corporate.</li> </ul> <p>In working out whether the above limit is exceeded, any offer made or option acquired or Share issued (or to be issued) by way of, or as a result of the following is to be disregarded:</p> <ul style="list-style-type: none"> <li>(d) an offer to a person situated outside Australia at the time of receipt of the offer;</li> <li>(e) an offer that did not need disclosure to investors because of section 708 of the Corporations Act;</li> <li>(f) an offer that did not require the giving of a product disclosure statement (as defined in the Corporations Act) because of section 1012D of the Corporations Act; or</li> <li>(g) an offer made under a disclosure document or product disclosure statement (each as defined in the Corporations Act).</li> </ul>

<b>Performance Criteria and Performance Period</b>	The Performance Criteria and the Performance Period relevant to determining whether the Performance Rights to be granted to Mr Hepburn-Brown vest and are capable of being exercised in accordance with the Performance Rights Terms and Conditions are set out in Schedule 3 to this Notice.
<b>Vesting and exercise</b>	<p>Other than in circumstances where Mr Hepburn-Brown ceases to be employed by a member of the Group (and is not immediately employed by another member of the Group) because of a Qualifying Reason or a Change of Control Event occurs, the Performance Rights granted to Mr Hepburn-Brown vest on, and Mr Hepburn-Brown may exercise the Performance Rights only on or after:</p> <ul style="list-style-type: none"> <li>(a) the Board has given notice to Mr Hepburn-Brown that the applicable Performance Criteria have been satisfied; and</li> <li>(b) the vesting date (as specified in the applicable invitation and which must be at least 12 months from the date the Performance Right is granted) (<b>Vesting Date</b>).</li> </ul> <p>(see also the summary alongside the heading "Qualifying Reason and cessation of employment " and "Change of Control Event" below.)</p> <p>A Performance Right can only vest if, at the time of vesting, it has not lapsed or previously vested.</p>
<b>Exercise Price</b>	No exercise price will be payable on exercise of a vested Performance Right.
<b>Lapse</b>	<p>In brief, Mr Hepburn-Brown's unvested Performance Rights will lapse upon the earliest to occur of:</p> <ul style="list-style-type: none"> <li>(a) the end of the Performance Period if the Performance Criteria relating to the Performance Right have not been satisfied;</li> <li>(b) Mr Hepburn-Brown attempting to transfer or grant a security interest in, or over, or otherwise disposing of or dealing with, a Performance Right or interest in it, in contravention of the Performance Rights Terms and Conditions;</li> <li>(c) in certain circumstances when a Change of Control Event occurs (see the summary opposite the heading "Change of Control Event" below);</li> <li>(d) cessation of Mr Hepburn-Brown employment, except in certain circumstances as summarised below opposite the heading "Qualifying Reason and cessation of employment";</li> <li>(e) the Board forming the opinion that Mr Hepburn-Brown has acted fraudulently or dishonestly, or in a manner which is in breach of his obligations to any member of the Group, and the Board determining that Mr Hepburn-Brown's Performance Rights should lapse; and</li> <li>(f) the date that is seven years after the grant of the Performance Rights.</li> </ul>
<b>Cessation of employment - generally</b>	If Mr Hepburn-Brown ceases to be employed by a member of the Group (and does not continue to be employed by another member of the Group), all of Mr Hepburn-Brown's Performance Rights that have not vested as at that date will automatically lapse, unless Mr Hepburn-Brown's employment ceased because of a Qualifying Reason (see immediately below).

<p><b>Qualifying Reason and cessation of employment</b></p>	<p>If Mr Hepburn-Brown ceases to be employed by a member of the Group (and is not immediately employed by another member of the Group) because of a Qualifying Reason, then:</p> <p>(a) the Board must as soon as reasonably practicable after Mr Hepburn-Brown ceases to be employed because of a Qualifying Reason under the Performance Rights Terms and Conditions determine, in its absolute discretion, the number of unvested Performance Rights (if any) that will vest and become capable of exercising in accordance with the Performance Rights Terms and Conditions, notwithstanding that any applicable Performance Criteria have not been satisfied and provide written notice to Mr Hepburn-Brown of that determination; and</p> <p>(b) subject to (a) above occurring, Mr Hepburn-Brown may exercise those unvested Performance Rights as determined by the Board in (a) in accordance with the Performance Rights Terms and Conditions until 30 days after Mr Hepburn-Brown ceases to be employed by a member of the Group (and does not continue to be employed by another member of the Group) (or such other period as specified by the Board).</p> <p>All other unvested Performance Rights of Mr Hepburn-Brown will automatically lapse.</p> <p><b>A Qualifying Reason is:</b></p> <ul style="list-style-type: none"> <li>• the death, total and permanent disablement, retirement or redundancy of Mr Hepburn-Brown, as determined by the Board in its absolute discretion;</li> <li>• Mr Hepburn-Brown ceasing to be employed by a member of the Group as a result of the relevant body corporate ceasing to be a member of the Group, or as a result of a member of the Group selling a business it conducts to someone other than to another member of the Group; or</li> <li>• any other reason as determined by the Board to be exceptional, outside of the control of Mr Hepburn-Brown and which justifies the exercise by the Board of a discretion (it being agreed that the discretion is not intended to be routinely exercised).</li> </ul>
<p><b>Change of control event</b></p>	<p>If a Change of Control Event occurs, then:</p> <p>(a) the Board must as soon as reasonably practicable after a Change of Control Event occurring under the Performance Rights Terms and Conditions determine, in its absolute discretion, the number of unvested Performance Rights (if any) that will vest and become capable of exercising in accordance with the Performance Rights Terms and Conditions, notwithstanding that any applicable Performance Criteria have not been satisfied, and provide written notice to Mr Hepburn-Brown of that determination;</p> <p>(b) subject to (a) occurring, Mr Hepburn-Brown may exercise those unvested Performance Rights as determined by the Board in (a) in accordance with the Performance Rights Terms and Conditions on or before 5.00 pm (Perth time) on the date that is 30 days after that Change of Control Event occurs (or such other period as specified by the Board); and</p> <p>(c) any restrictions on transfer or disposal of the Shares provided for in the terms of the grant of the Performance Rights or under the Performance Rights Terms and Conditions will cease to apply.</p> <p>All other unvested Performance Rights will continue to be governed by the terms of the grant of the Performance Rights, and these Performance Rights Terms and Conditions.</p>

	<p><b>A Change of Control Event</b> means:</p> <p>(a) a takeover bid is made for all of the ordinary shares in the Company;</p> <p>(b) a person's voting power in the Company increases from less than 50% to 50% or more (whether under a takeover bid or otherwise);</p> <p>(c) pursuant to an application made to the court, the court orders a meeting of the Company's shareholders to be held in relation to a proposed compromise or arrangements for the purpose of, or in connection with, a merger by scheme of arrangement under Part 5.1 of the Corporations Act;</p> <p>(d) the Company passes a resolution for a voluntary winding up; or</p> <p>(e) an order is made for the compulsory winding up of the Company.</p>
<b>Adjustments</b>	<p>Subject to the ASX Listing Rules, if the Company makes any new issue of securities or alterations to its capital by way of a rights issue, bonus issue or other distribution, reduction or reconstruction of capital, the Board may make adjustments to Mr Hepburn Brown's Performance Rights and/or Performance Criteria (whilst maintaining that the Performance Criteria is not contrived) on any basis it sees fit in its absolute discretion, to ensure that no advantage or disadvantage accrues to Mr Hepburn-Brown as a result of such corporate actions.</p> <p>During the currency of any Performance Rights and prior to vesting and the issue of Shares in respect of those Performance Rights, Mr Hepburn-Brown is not entitled to participate in any new issue of securities of the Company as a result of him holding Performance Rights.</p> <p>Notwithstanding any other term of issue of the Performance Rights dealing with adjustments, an adjustment must not be made under such adjustment rules unless it is consistent with the ASX Listing Rules. The Company may amend the terms of any Performance Right, or the rights of Mr Hepburn-Brown under the Performance Rights Terms and Conditions, to comply with the ASX Listing Rules applying at the time to any reorganisations of capital of the Company.</p>
<b>Ranking of Shares</b>	<p>Any Share issued on the vesting and exercise of any Performance Right is subject to the constitution of the Company, and ranks equally in every way (including for dividends for which the record date is after the issue) with other Shares then on issue.</p>
<b>Listing</b>	<p>Performance Rights will not be quoted on ASX. Provided that other Shares are quoted by ASX at the time, the Company will apply to ASX for quotation of the Shares issued on vesting and exercise of the Performance Rights as soon as practicable after the issue of those Shares.</p>
<b>Amendment</b>	<p>The Board may by written instrument amend all or any of the provisions of the Performance Rights Terms and Conditions, with retrospective effect, provided that the amendment does not materially reduce the rights of Mr Hepburn-Brown (or any other participant) as they existed before the date of amendment. However, in limited circumstances (for example, for the purpose of complying with relevant legislation or the ASX Listing Rules) amendments may be made even if they materially reduce the rights of Mr Hepburn Brown (or any other participant).</p>

## SCHEDULE 3:

### PERFORMANCE CRITERIA AND VESTING PERIOD IN RESPECT OF GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR, MR PETER HEPBURN BROWN

**Tranche 1 Performance Rights - Commissioning of Co-O Plant Performance Condition:**

The number of Performance Rights set out below (**Tranche 1**) will vest in accordance with the Performance Rights Terms and Conditions on successful commissioning of the new Co-O Plant within the budget and timeframe approved by the Board (**Commissioning of Co-O Plant Performance Condition**).

If the Commissioning of Co-O Plant Performance Condition is not satisfied, subject to the Performance Rights Terms and Conditions, all Tranche 1 Performance Rights will lapse.

Number of Tranche 1 Rights	Grant Date	Vesting Date
100,000 (40% of the total number of Performance Rights)	11 November 2011	As soon as the new Co-O Plant is successfully commissioned within budget, but provided this successful commissioning of the Co-O Plant within budget occurs on or before 30 June 2013.

**Tranche 2 - Continuous Employment Condition:**

Following the vesting of the Tranche 1 Performance Rights, the number of Performance Rights set out below (**Tranche 2**) will vest in accordance with the Performance Rights Terms and Conditions in each year that Mr Peter Hepburn-Brown remains employed by the Company (and, for the avoidance of doubt, up to a maximum of three years following the vesting of Tranche 1 Performance Rights) (**Continuous Employment Condition**).

If the Continuous Employment Condition is not satisfied in any one year then, subject to the Performance Rights Terms and Conditions, all remaining Tranche 2 Performance Rights will lapse.

Number of Tranche 2 Rights	Grant Date	Vesting Date
<b>Year 1</b> <b>50,000</b> (20% of the total number of Performance Rights)	11 November 2011	30 June 2014 or 1 year after the Vesting Date of the Tranche 1 Performance Rights (whichever is the earlier)
<b>Year 2</b> <b>50,000</b> (20% of the total number of Performance Rights)	11 November 2011	30 June 2015 or 2 years after the Vesting Date of the Tranche 1 Performance Rights (whichever is the earlier)
<b>Year 3</b> <b>50,000</b> (20% of the total number of Performance Rights)	11 November 2011	30 June 2016 or 3 years after the Vesting Date of the Tranche 1 Performance Rights (whichever is the earlier)

To avoid any doubt, for each of the Tranche 1 Performance Rights and the Tranche 2 Performance Rights, the **Performance Period** is the period between the Grant Date and the Vesting Date (inclusive of these dates).



## **NOTES**

These Notes form part of the Notice of Annual General Meeting.

### **Right to vote**

The Directors have determined that, for the purpose of voting at the Annual General Meeting, Shareholders are those persons who are the registered holders of shares at 5.00 pm (Perth time) on 8 November 2010.

### **Appointment of proxies**

Each Shareholder entitled to vote at the Annual General Meeting may appoint a proxy to attend and vote at the Annual General Meeting.

A proxy need not be a Shareholder and can be an individual or a body corporate.

A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Annual General Meeting. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

A Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

New sections 250BB and 250BC of the Corporations Act took effect on 1 August 2011 and apply to voting by proxy. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this meeting. Broadly, the changes mean that:

- (a) if proxy holders vote, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chairperson, who must vote the proxies as directed.

More detail on these changes is provided below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed);
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- (c) if the proxy is the Chairperson of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (ie as directed); and
- (d) if the proxy is not the Chairperson – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

### **Transfer of non-Chairperson proxy to Chairperson in certain circumstances**

Section 250BC provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (b) the appointed proxy is not the Chairperson of the meeting;
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
  - (i) the proxy is not recorded as attending the meeting;
  - (ii) the proxy does not vote on the resolution,

the Chairperson of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

### **Lodgement of proxy documents**

For an appointment of a proxy for the Annual General Meeting to be effective:

- the proxy's appointment; and
- if the appointment is signed by the appointor's attorney – the authority under which the appointment was signed (eg a power of attorney) or a certified copy of it,

must be received by the Company at least 48 hours before the meeting.

The following addresses are specified for the purposes of receipt of proxies:

<b>By mail:</b> PO Box 860 Canning Bridge Western Australia 6153	<b>By delivery:</b> Unit 7, 11 Preston Street Como Western Australia 6152	<b>By fax:</b> +618 9367 0602
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### **Bodies corporate**

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's members. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

# PROXY APPOINTMENT FORM

## MEDUSA MINING LIMITED

ACN 099 377 849

### Name and address of member or joint members

### Appointment of proxy

I/We, being a member/s of Medusa Mining Limited and entitled to attend and vote, hereby appoint

\_\_\_\_\_  
Full name of individual or body corporate proxy (please print)

or if that person fails to attend or, if no person is named, the Chairperson of the meeting to attend, act generally and vote as directed below, or, if no directions are given, as the proxy or the Chairperson sees fit, at the Annual General Meeting of the Company to be held on Thursday, 10 November 2011 at 11.00 am (Perth time), and at any adjournment of that meeting.

### Important for Resolutions 5 and 6

**Resolution 5:** If the Chairperson 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 Resolution 5, please be aware that by signing this form you are taken to expressly authorise the Chairperson of the meeting to exercise your proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the key management personnel of the Company.

**Resolution 6:** If you appoint the Chairperson of the meeting, or another member of key management personnel for the Company or a closely related party of a member of the key management personnel for the Company, as your proxy, and you do not direct your proxy how to vote as your proxy in respect of Resolution 6, your proxy 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. You must direct your proxy how to vote on Resolution 6 if you are appointing the Chairperson of the meeting, or another member of key management personnel for the Company or a closely related party of a member of the key management personnel for the Company, as your proxy and wish your votes to be counted.

### Appointing a second proxy

If appointing a second proxy, state the percentage of your voting rights applicable to the proxy appointed by this form.

\_\_\_\_\_  
%

The Chairperson of the meeting intends to vote undirected proxies in favour of each of Resolutions 1 to 6 and **will not cast undirected proxies on Resolution 6.**

# PROXY APPOINTMENT FORM

## MEDUSA MINING LIMITED

ACN 099 377 849

<b>Voting directions to your proxy - please mark ✕ to indicate your directions</b>			
<b>Business</b>			
<b>Item</b>	<b>For</b>	<b>Against</b>	<b>Abstain*</b>
1. Resolution 1 - Re-election of Director – Mr Geoff Davis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Resolution 2 - Re-election of Director – Mr Ciceron Angeles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Resolution 3 - Re-election of Director – Mr Andrew Teo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Resolution 4 - Disapplication of pre-emptive rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Resolution 5 - Approval of grant of performance rights to the Managing Director, Mr Peter Hepburn-Brown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Resolution 6 - Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
* If you mark the Abstain box for a particular item of business, you are directing your proxy not to vote on that item on a show of hands or on a poll and your shares will not be counted in computing the required majority on a poll.			

### Signatures of individual member, joint individual member, attorney or company member

**Member, Attorney or Joint Member**

Sole director & sole company secretary

Director

Director/Company secretary  
(delete one)

\_\_\_\_\_

Contact name

\_\_\_\_\_

Contact daytime telephone

\_\_\_\_/\_\_\_\_/\_\_\_\_

Date

**Enquires:** (within Australia) (08) 9367 0601 (outside Australia) +618 9367 0601

## **INSTRUCTIONS FOR COMPLETION OF PROXY APPOINTMENT FORM**

### **Your name and address**

This is your name and address as it appears on the register of members of the Company. If this information is incorrect, please make the correction on the Proxy Appointment Form. Members sponsored by a broker should advise their broker of any changes. **Please note that you cannot change ownership of your shares using this Proxy Appointment Form.**

### **Appointment of proxy**

If you are entitled to vote at the meeting you have a right to appoint a proxy and should use this Proxy Appointment Form. The proxy need not be a member of the Company and can be an individual or a body corporate.

If you wish to appoint someone other than the Chairperson of the meeting as your proxy, please write the name of that person in the appropriate box. Members cannot appoint themselves. If you leave the box blank, or your named proxy does not attend the meeting, the Chairperson of the meeting will be your proxy and vote on your behalf.

Your proxy's authority to speak and vote for you at the meeting is suspended if you are present at the meeting.

### **Voting directions to your proxy**

You may direct your proxy how to vote by marking ✕ in one of the three boxes opposite each item of business. All your votes will be cast in accordance with your direction, unless you indicate only a portion of votes are to be cast on any item by inserting the percentage of your voting rights applicable to the proxy appointed by this Proxy Appointment Form in the appropriate box. If you do not mark any of the boxes relating to the items of business, your proxy will vote as he or she chooses. If you mark more than one box relating to the same item of business any vote by your proxy on that item will be invalid.

### **Appointing a second proxy**

If you are entitled to cast two or more votes you may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If you wish to appoint a second proxy, an additional Proxy Appointment Form may be obtained by telephoning the Company on +618 9367 0601 or you may copy this form. Both Proxy Appointment Forms should be lodged together.

If you appoint two proxies and the appointment does not specify the proportion or number of your votes each proxy may exercise, section 249X of the *Corporations Act 2001* (Cth) will take effect so that each proxy may exercise half of the votes (ignoring fractions).

If you appoint two proxies, neither proxy will have a right to vote on a show of hands.

If you appoint another member as your proxy, that person will have only one vote on a show of hands and does not have to vote on a show of hands in accordance with any direction by you.

### **Signing instructions**

This Proxy Appointment Form must be signed and dated by the member or the member's attorney. Any joint member may sign.

If this form is signed by an attorney and you have not previously lodged the power of attorney with the Company for notation, please attach a certified copy of the power of attorney to this form when you return it.

If the member is a company that has a sole director or a sole director who is also the sole company secretary, this form must be signed by that person. Otherwise, this form must be signed by two directors or one director and a company secretary. Please indicate the office held by signing in the appropriate place.

### **Lodgement of Proxy Appointment Form**

Proxy Appointment Forms and proxy appointment authorities, for example, the original or a certified copy of the power of attorney (if the Proxy Appointment Form is signed by an attorney) must be received:

- at Unit 7, 11 Preston Street, Como, Western Australia 6152;
- by fax, on fax number +618 9367 0602; or
- by post at PO Box 860, Canning Bridge, Western Australia 6153,

**not later than 11.00am (Perth time) on 8 November 2011.**

Documents received after that time will not be valid for the scheduled meeting.

### **Privacy**

Chapter 2C of the *Corporations Act 2001* (Cth) requires information about you (including your name, address and details of the shares you hold) to be included in the Company's public register of members. This information must continue to be included in the public register if you cease to hold shares. These statutory obligations are not altered by the *Privacy Amendment (Private Sector) Act 2000* (Cth). Information is collected to administer your shareholding which may not be possible if some or all of the information is not collected. Your information is collected by Computershare Investor Services Pty Ltd on behalf of the Company. Computershare Investor Services Pty Ltd's privacy policy is available at [www.computershare.com](http://www.computershare.com).