



MEDUSA MINING LIMITED  
PO Box 860  
Canning Bridge WA 6153  
Phone: 618-93670601  
Fax: 618-93670602  
Email: [admin@medusamining.com.au](mailto:admin@medusamining.com.au)  
Web: [www.medusamining.com.au](http://www.medusamining.com.au)

14 April 2004  
The Manager  
Australian Stock Exchange Limited  
Level 4  
20 Bridge St  
Sydney, NSW.

Dear Sir/Madam,

**QUEEN RIVER PROJECT, MT LYELL DISTRICT, TASMANIA**

- **EXTENSION OF OPTION TO PURCHASE AGREEMENT TO 19 MAY, 2004**
- **COMPLETION OF BULK SAMPLING WITH PRELIMINARY ENCOURAGING RESULTS**
- **METALLURGICAL TEST WORK AND PROCESS DESIGN COMMENCING**

**Extension of the Option Period**

On 19 January 2004 the Company signed a three month Option to Purchase Agreement for the Queen River Project. As access to the site was not gained until early March, the vendor has agreed to extend the Option period until 19 May 2004 to provide sufficient time for the Company to complete its initial evaluation.

**Work Completed**

A sampling program was undertaken to test the gold and base metal potential of river sediments that have been contaminated by approximately 100 million tonnes of tailings and slag derived from treating the Mount Lyell copper-gold ore upstream. The contaminated sediments contain gold as free particles and within residual pyrite grains.

The program of bulk sampling at 17 sites over approximately 6 kilometres of the Queen River channel has been completed using an excavator and a trommel. The sample sites represent different river environments, eg, fast flowing areas, large banks of gravel, and different sediment types, so that grade variations according to the riverine environment and sediment type could be assessed.

At each sample site between 6m<sup>3</sup> and 30m<sup>3</sup> of minus 3.5mm material was collected after screening out all the river gravels and boulders with a trommel screen. The amount of -3.5mm material varies between sites but is estimated to comprise 25-50% by volume of the total material that was excavated from the river. Collection of the minus 3.5mm fraction recovers a very high percentage of the residual pyrite from the river system.

The river gravels were found to be very simple to excavate, wash and screen using an excavator and trommel.

Grab samples taken of minus 3.5mm material from each sample site have returned assay values of between 0.3 and 4.1g/t gold. Physical examination of the gold particles from panned samples has shown essentially distinct fine and coarse populations of gold particle sizes, being fine gold at <300 microns in size and a possibly significant population at >300 microns in size.

Approximately 2.5 tonnes of -3.5mm material has arrived in Perth for metallurgical test work and process design. Excess minus 3.5mm material has been stored at site for possible additional test work.

### **Background to the Queen River Project**

Two Mining Lease applications cover 10 kilometres of the Queen River which drains the Mt Lyell Mine area. The Option to Purchase Agreement is to allow the Company a three month period, now extended by one month, in which to undertake due diligence investigations on the economic potential of abundant detrital pyrite rich deposits in and along the Queen River as part of an environmental rehabilitation project.

The Queen River pyrite rich deposits have resulted from approximately 100 million tonnes of tailings and some slag material that have been discharged into the Queen River during the mining of the Mt Lyell orebodies which commenced in 1883. Since that time until 1989 the mine produced 104 million tonnes of ore from which were recovered 1.24 million tonnes of copper, 724 tonnes of silver and 42 tonnes of gold.

The water action of the Queen River over approximately 80 years has naturally concentrated heavy minerals, such as pyrite and other sulphide minerals, along the river system, and washed away most of the light minerals, such as clay, quartz and mica. The resulting "natural" pyrite concentrate is a serious environmental problem as it is continuing to oxidize producing acidic discharges, discolouring the river water and releasing metals into the river.

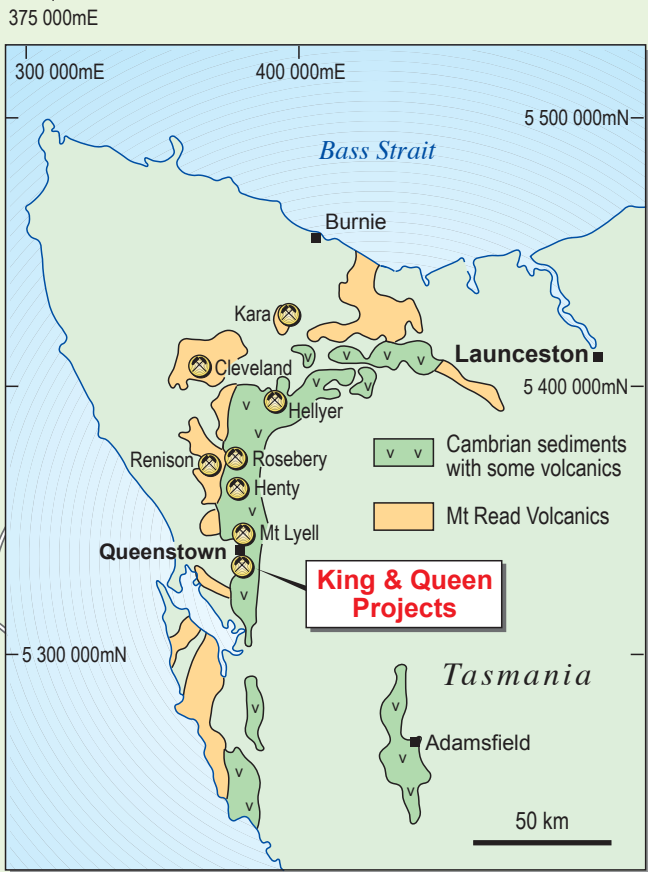
### **Further information**

For further information contact the undersigned on 618-93670601 or by email to [admin@medusamining.com.au](mailto:admin@medusamining.com.au) Detailed descriptions of Medusa's other projects can be viewed in Medusa's Prospectus on [www.medusamining.com.au](http://www.medusamining.com.au)

Yours faithfully,

Geoff Davis.  
Managing Director.

---



Queenstown

King Gold Mine

Queen River

6M/2002  
8M/2002

14M/1996

5 335 000mN

Lyell Highway

Queen River

King River

 Medusa Mining Limited

**KING AND QUEEN PROJECTS  
TENEMENT LOCATION MAP  
MT LYELL DISTRICT, TASMANIA**

MED0038A

January 2004

