



Medusa Mining Limited
A.C.N. 099 377 849
PO Box 860, Canning Bridge
Applecross, WA, 6153
Phone: 618-9367 0601
Fax: 618-9367 0602
Email: admin@medusamining.com.au
Website: www.medusamining.com.au

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

Dear Sir/Madam,

EXPLORATION RESULTS FROM THE SAUGON GOLD PROJECT, PHILIPPINES

The Company is pleased to advise the following highlights:

- **Two diamond drill rigs are now working on the FIRST HIT VEIN**
- **Vein geometry developing, appears to be thickening and plunging to west and showing typical pinch and swell characteristics**
- **Hole SDDH-4 intersected 1.0m of 1.37 g/t Au and 19.8g/t Au in the First Hit Vein position and a new vein with 0.20m @ 9.74g/t Au and 143.3 g/t Ag**
- **Hole SDDH-5 has intersected 0.8m of quartz vein and is drilling ahead in quartz vein**
- **Hole SDDH-6 has intersected 4m of quartz vein and is drilling ahead in quartz vein**
- **The exploration winze has reached a depth of 28m down the decline**
- **New winze vein channel samples include 1.90m @ 24.20g/t Au, 2.10m @ 15.66g/t Au, 1.90m @ 10.36g/t Au, 2.25m @ 11.61g/t Au**
- **High grade, narrow “black leader” veinlets continue to be located in the winze for the First Hit Vein with a recent result of 0.08m @ 134.60g/t Au**

SAUGON GOLD PROJECT (Medusa earning 50%)

The project is located in central eastern Mindanao in the Republic of the Philippines (Figure 1) and is accessed by the national highway over an approximate 2.5 hour drive north of Davao City. Access from the highway to the project is via 5 kilometres of gravel roads. The project is approximately 23 kilometres by road from the Co-O milling facility owned by the Company's joint venture partner, Philsaga Mining Corporation, who is the operator of the joint venture.

Work on the Southern Vein Set commenced in mid 2003, and the vein which is currently being drilled and on which the exploration winze is being sunk has been now named the **First Hit Vein**.

Surveying of a new grid system relating to the national grid system is nearing completion.

Drilling Progress

The drill holes and results to hand are listed in Table I and the collars of the holes are shown on Plan MED 033D.

It is now apparent that drill hole intersections in the First Hit Vein are approximately the true width of the vein.

Indications are that the vein geometry appears to be thickening and plunging to the west of the winze.

Two diamond drilling rigs are now working on the project with the aim of rapidly establishing consistently mineralised vein over +100m of strike length. Drill holes spaced on approximately 50 metre centres where possible. Achieving this objective would enable the project to proceed to production.

Hole SDDH-2B (reported on 10 March 2004) intersected high grade results in massive grey quartz of 1m at 35.95g/t Au and 541.2g/t Ag as shown in cross-section on Plan MED 040A. This vein has a Au:Ag ratio of 1:18.

Subsequent drill hole, SDDH-4, on the same section and above hole SDDH-2B has shown that the vein intersections in both holes correspond to the vein in the exploration winze, and hence the dip of the vein is now established at approximately 60° to the south. Preliminary interpretations are indicating that the vein thickens to the west from near the winze and may have a plunge component in the same direction.

Hole SDDH-3 intersected the projected First Hit Vein position to the east of the winze where it consists of narrow "blotchy" dominantly grey quartz with minor white quartz and clay gouge. It has the appearance of being affected by later faulting. It has returned low values with 0.20m @ 0.09g/t Au and 4.0g/t Ag.

The second deeper intersection in hole SDDH-3 of 1.42g/t Au and 27.6g/t Ag is indicating an increase in gold and silver values and the possibility of a second vein target in this position.

Hole SDDH-4 intersected 1.0m @ 1.37g/t Au and 19.8g/t Ag in the First Hit position. The variety of quartz in this intersection is very similar to the grey quartz intersected in hole SDDH-2B, and has similar Au:Ag ratios of approximately 1:14-18. The gold intersection is within a 3m wide vein and intense silicification zone and highlights the erratic nature of gold mineralization in veins when this intersection is compared to higher grades achieved both below in SDDH-2B and in the winze above hole SDDH-4 on this cross section.

The Company was informed verbally on Friday 24 April that drill holes SDDH-5 and 6 were in progress at 71.8m and 118m respectively as follows:

Hole SDDH-5 had intersected 0.8m of quartz vein from 71m and was drilling ahead in quartz vein.

Hole SDDH-6 had intersected 4m of quartz vein from 114m and was drilling ahead in quartz vein.

TABLE I First Hit Vein: Summary of diamond drill hole results

Hole	North	East	Dip	Azi mut h	From (m)	To (m)	Width (m)	Au g/t	Ag g/t
SDDH-2B	899,267	616,944	55°	316°	108.5	109.5	1.00	35.95	541.2

SDDH-3	899,305	616,977	55°	316°	106.55	106.75	0.20	0.09	4.0
					222.15	222.65	0.50	1.42	27.6
SDDH-4	899,318	616,912	59.6°	290°	64.55	65.55	1.0	1.37	19.8
					89.50	89.70	0.20	9.74	143.2
SDDH-5	899,344	616,964	54.3°	345°	In progress				
SDDH-6	899,233	616,907	51.9°	317°	In progress				

DRILL CORE ASSAYING

All drill core selected for assay was split in half by diamond saw and half core was sent to McPhar Geoservices Phils (Inc) in Manila, a NATA registered laboratory. Medusa personnel were present when these samples were bagged and boxed for dispatch. Core for these drill holes was BQ size.

Gold was assayed by fire assay of a 30 gram charge with Atomic Absorption Spectrometry (AAS) finish. Copper, lead, zinc and silver were assayed by AAS following a hot acid leach. Arsenic was assayed by Vapor Generation/AAS from the acid leach.

Exploration Winze

As of Friday 24 April the exploration winze had reached 28m with 22m to go before commencing the proposed development of the first horizontal driving level at the 50m down winze depth. The winze is being excavated partly in vein and partly in volcanics along the footwall to the vein and has intersected vein material all the way from its collar.

The samples from the east and west walls of the winze to a depth of 20.35m have continued to return a mix of high and modest grades as summarized in Table II and shown on the cross-section on Plan MED 040A. Previously results to a depth of 14.9m were reported on 10 March 2004.

Irregularly intersected "black leader" veinlets have continued to be located including 0.08m@ 134.60g/t Au. These veinlets vary in composition from dominantly black silica to galena-rich.

The quartz in the winze is dominantly vuggy white quartz, in places banded and in places hydrothermally brecciated. This is different to the grey silica varieties intersected in the drill holes, so a change in quartz varieties is expected in the winze before reaching the 50m depth.

Table II Exploration winze vein channel sample results

Depth (m)	West wall width (m)	Au g/t	East wall width (m)	Au g/t
7.5	1.50	6.42	1.05	10.0
8.3	1.80	17.35	1.65	13.80
9.3	1.70	3.14	1.4	5.99
11.0	Grab	5.10	Grab	8.50
12.8	0.30	2.67	0.35	21.96
14.9	0.04	92.32	0.04	96.32
16.5	0.35	0.47	1.90	24.20
17.6	0.30	5.00	2.25	11.61
			Incl. 0.08	134.60
18.0	1.90	10.36	0.25	17.96
19.25	0.25	2.43	1.25	5.30
20.35	0.80	8.73	2.10	15.66

Pulps from the winze sampling to date have been submitted to an independent laboratory for assay checking in addition to assaying for Ag, Cu, Pb, Zn and As.

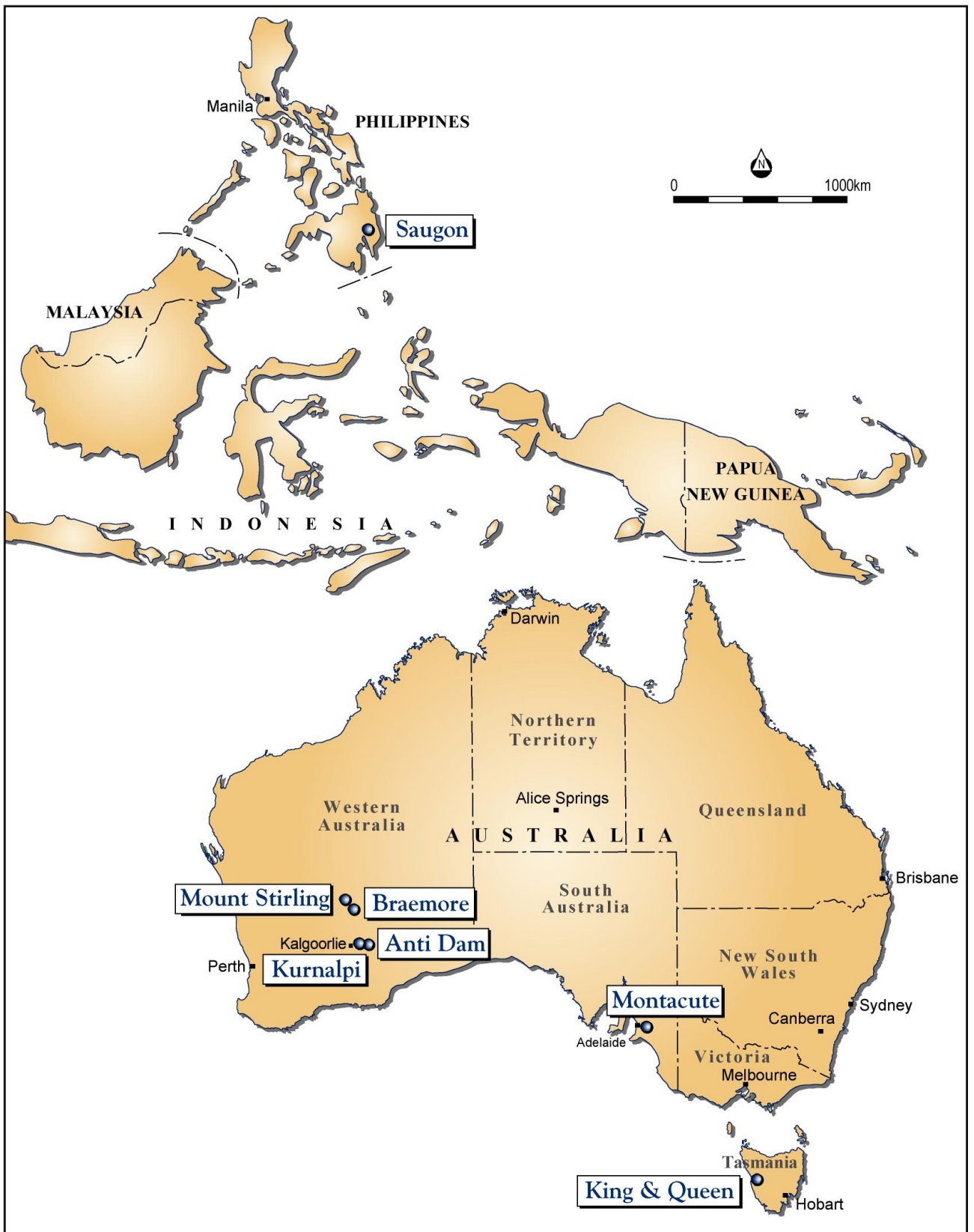
FURTHER INFORMATION

For further information contact the undersigned on 618-93670601 or by email to admin@medusamining.com.au Detailed descriptions of the Company's projects can be viewed in Medusa's Prospectus and subsequent releases on www.medusamining.com.au

Yours faithfully,

Geoff Davis.
Managing Director.

The information in the above announcement was compiled by G J Davis who is a member of the AIG with not less than 5 years experience in the relevant fields, and who consents to the report appearing in the form and context in which it appears.



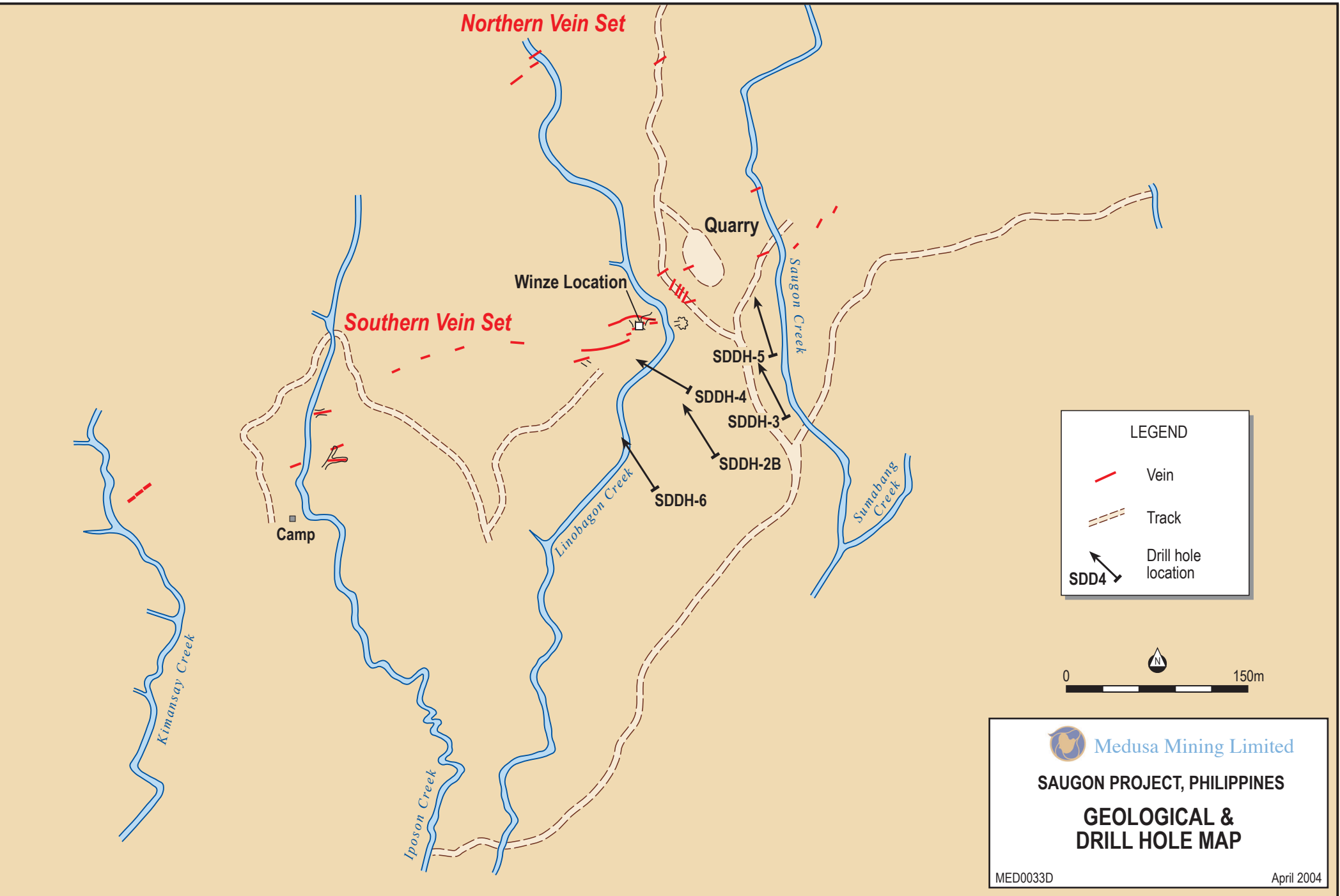
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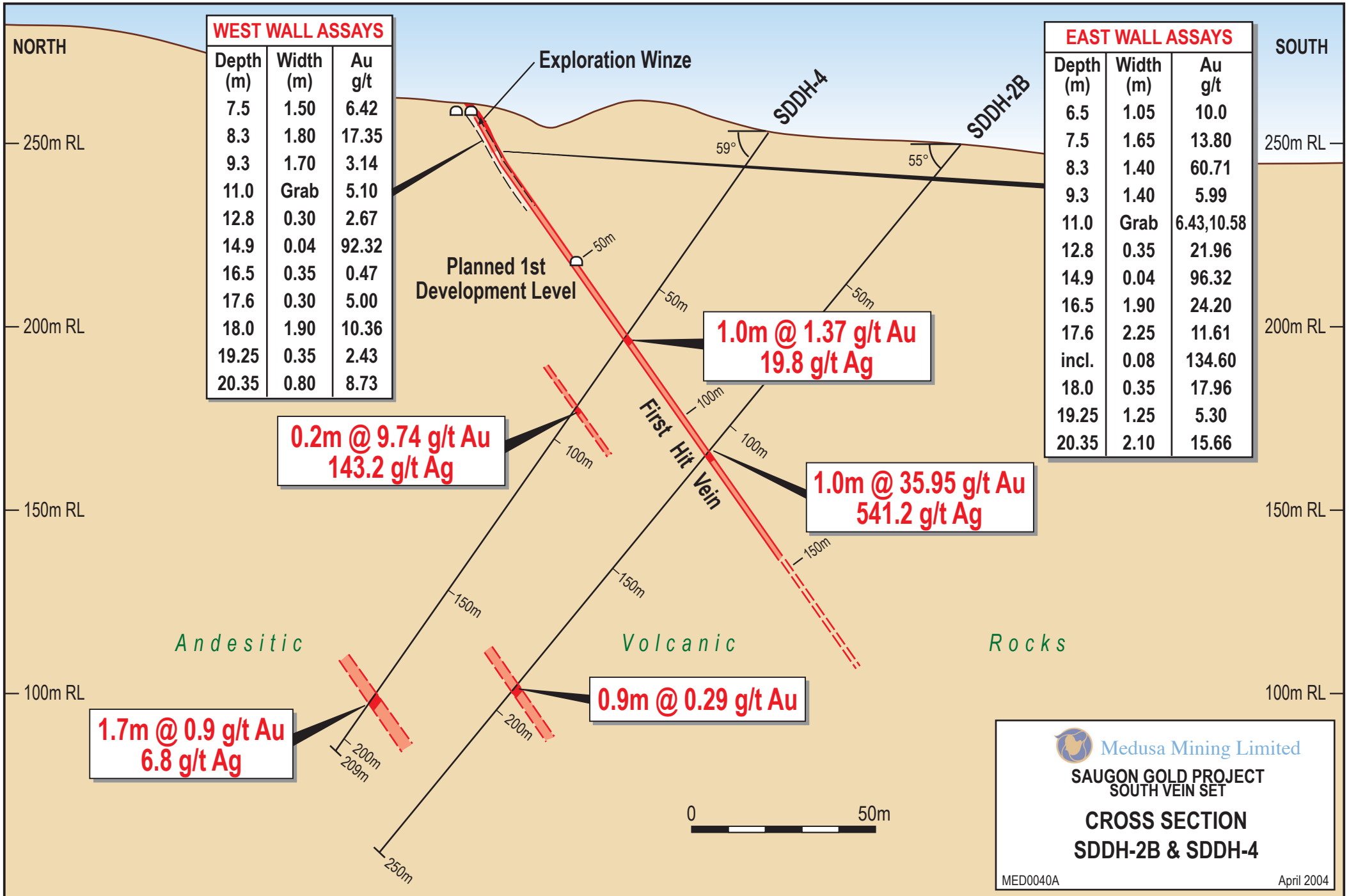
PROJECT LOCATIONS

MED0011D

January 2004

Figure 1





WEST WALL ASSAYS

Depth (m)	Width (m)	Au g/t
7.5	1.50	6.42
8.3	1.80	17.35
9.3	1.70	3.14
11.0	Grab	5.10
12.8	0.30	2.67
14.9	0.04	92.32
16.5	0.35	0.47
17.6	0.30	5.00
18.0	1.90	10.36
19.25	0.35	2.43
20.35	0.80	8.73

EAST WALL ASSAYS

Depth (m)	Width (m)	Au g/t
6.5	1.05	10.0
7.5	1.65	13.80
8.3	1.40	60.71
9.3	1.40	5.99
11.0	Grab	6.43,10.58
12.8	0.35	21.96
14.9	0.04	96.32
16.5	1.90	24.20
17.6	2.25	11.61
incl.	0.08	134.60
18.0	0.35	17.96
19.25	1.25	5.30
20.35	2.10	15.66


**0.2m @ 9.74 g/t Au
143.2 g/t Ag**

**1.0m @ 1.37 g/t Au
19.8 g/t Ag**

**1.0m @ 35.95 g/t Au
541.2 g/t Ag**

0.9m @ 0.29 g/t Au

**1.7m @ 0.9 g/t Au
6.8 g/t Ag**


Medusa Mining Limited
 SAUGON GOLD PROJECT
 SOUTH VEIN SET
CROSS SECTION
SDDH-2B & SDDH-4
 MED0040A April 2004

