



Mining Limited
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MEDUSA MINING LIMITED
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26 May 2004

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

Dear Sir/Madam,

**OPTION TO PURCHASE THE BRAEMORE PROJECT GRANTED TO TECK
COMINCO AUSTRALIA PTY LTD**

The Company advises that it has granted Teck Cominco Australia Pty Ltd ("Teck") an Option to Purchase the Braemore Project located in the Northeastern Goldfields (Fig. 1) on the following terms:

- The exercise date of the Option is 1st February 2005
- Payment of a \$10,000 option fee to Medusa
- Teck will undertake a program with a minimum of 2000m of RAB drilling
- Teck will purchase the project for \$150,000 cash should they exercise the Option
- On production of more than 500,000 ounces, Medusa will be paid a 1% gross royalty to a maximum payout of A\$1,000,000

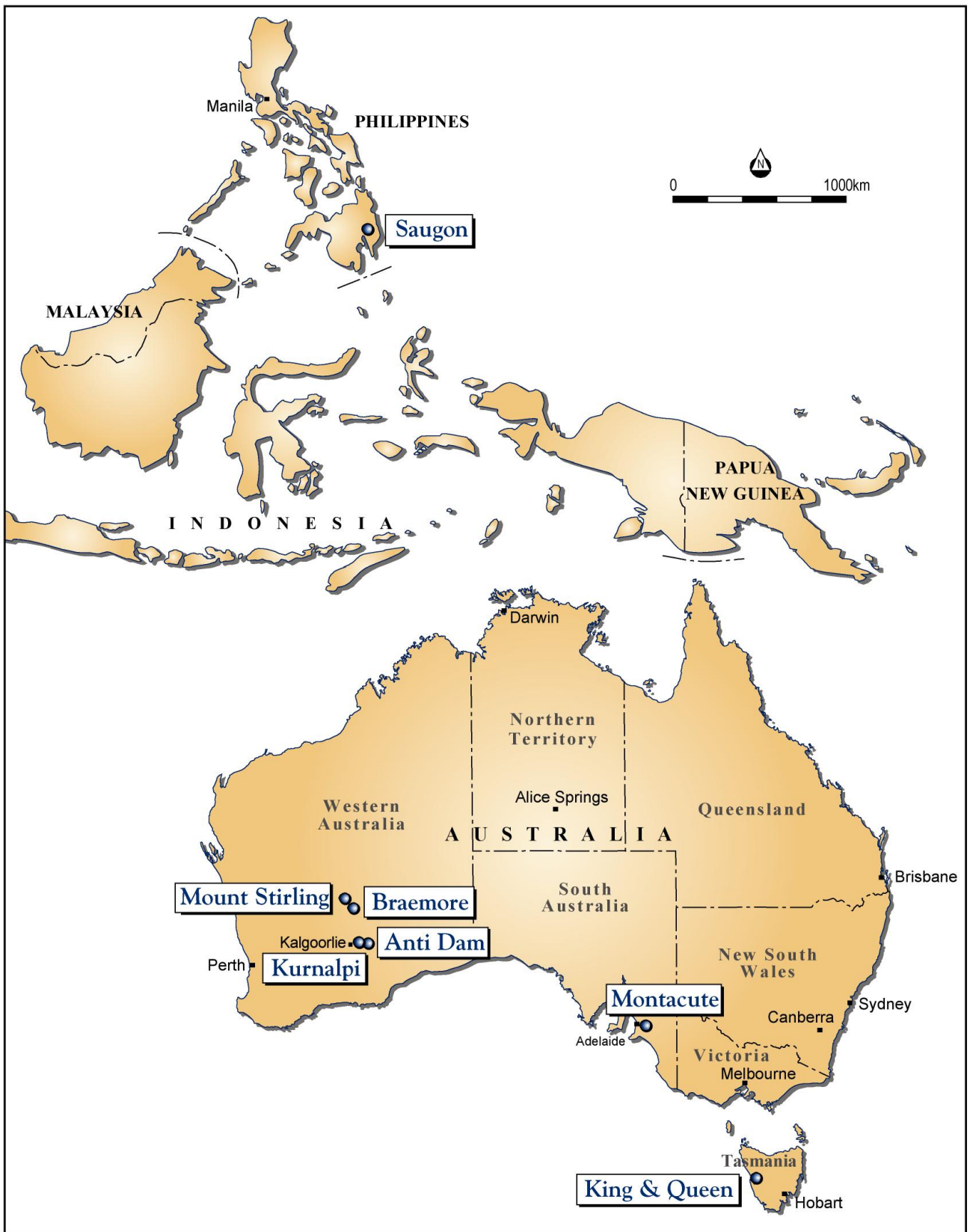
FURTHER INFORMATION

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

Figure 1