



Mining Limited
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MEDUSA MINING LIMITED
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31 May 2004

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

Dear Sir/Madam,

QUEEN RIVER PROJECT, MT LYELL DISTRICT, TASMANIA

The Company advises completion of its evaluation work program on the economic potential of abundant detrital pyrite rich deposits in the Queen River, downstream of the Mt Lyell Copper Mine and Queenstown, Tasmania.

Subsequently, Medusa has entered into discussions with the vendors of the Mining Leases to the project offered under an Option to Purchase Agreement.

These discussions on the outcome of the Queen River Project are expected to be completed by mid June 2004.

Further to the Company's ASX announcement of 19 January 2004, advising of Medusa's execution of an Option to Purchase Agreement, Medusa undertook comprehensive investigations on the economic potential of abundant detrital pyrite rich deposits in and along the Queen River.

The vendor of the mining leases granted Medusa an extension of the original three month period agreed in order that Medusa could complete its testwork program and evaluation of results as noted in ASX announcements of 14 April and 20 May 2004.

With the completion of Medusa's comprehensive investigation, the Vendors have requested and entered into further discussion with Medusa regarding possible development of the project. Such discussions are expected to be completed by mid June 2004.

Further information

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

Yours faithfully,

Geoff Davis.
Managing Director
