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The Manager
Australian Stock Exchange Limited
Level 4
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

1. HIGH GRADE DRILLING RESULTS CONTINUE, CO-O GOLD MINE, PHILIPPINES

Philsaga Mining Corporation ("Philsaga") has advised that diamond drill hole MD 4 has intersected further high grades in the Co-O vein system approximately 120m to the east of the Oriental Fault and which is interpreted as an extension of the high grade Central Vein within the Co O vein system. These intersections confirm the understanding of the Co-O vein system and Philsaga is commencing a new hole 75m east of MD 4 to test for additional strike extensions.

Key points are:

- Drill hole MD 4 (up dip from MD 3) has intersected extensions of the Co-O two vein system at approximately 120 metres east of the Oriental Fault and between the 3050 and 3100m levels in the mine.
- The MD 4 intersections confirmed the two vein system (as intersected in holes MD1-3)

VEIN 1:	141.20 – 145.1m	3.9m at 12.35g/t Au
(including	141.20 - 143.7m	2.5m at 17.53g/t Au)
VEIN 2:	181.50 – 183.6m	2.1m at 1.7g/t Au

2. ROAD 17 PROSPECT

- At the new Road 17 Prospect, a program of sampling and trenching has now outlined the vein system and altered sediments over a strike length of 1800m (and further extensions expected) with assays in the vein to 13g/t Au.

1. CO-O VEIN EXTENSIONS CONTINUE ON EAST SIDE OF ORIENTAL FAULT

Medusa has been advised by Philsaga that they have completed a fourth diamond cored drill hole, MD 4, east of the Oriental Fault.

This hole confirms the extension of high grades in the Co-O vein system to approximately 120m to the east of the Oriental Fault, the previously defined eastern limit to the Co-O mine's stoping.

As in holes MD 1, 2 and 3, two veins have been intersected in hole MD 4:

All the intersections east of the Oriental Fault are listed below:

- MD 1: VEIN 1: 164.60-165.80m 1.20m @ 13.46g/t Au
VEIN 2: 178.00-179.65m, 1.65m @ 28.54g/t Au
- MD 2: VEIN 1: 199.4-202.0m, 2.60m @ 45.19g/t Au
VEIN 2: 221.6-233.3m, 11.70m @ 21.30g/t Au
- MD 3: VEIN 1: 242.90 – 243.90m 1.00m @ 0.64g/t Au
VEIN 2: 260.50 – 262.20m 1.70m @ 5.85g/t Au
- MD 4: VEIN 1: 141.20-145.30m 3.9m @ 12.35g/t Au
VEIN 2: 181.50-183.60 2.1m @ 1.70g/t Au

True widths in holes MD1-3 are currently estimated to be approximately 25-30% of the down hole widths and in MD 4 are estimated at approximately 30-35%.

The success of the first four MD holes to intersect and identify the eastern extension of the Co-O vein system over an approximate strike length of 120m has resulted in Philsaga planning another drill hole further 75m to the east.

2. ROAD 17 PROSPECT VEIN and CARLIN-STYLE DISSEMINATED MINERALISATION

Since the ASX announcement of 2 March 2005 regarding the Road 17 prospect approximately 2 kilometres east of the Co-O mine, an extensive trenching and mapping program has been undertaken. The work has concentrated along a section of an E-W mineralised fault parallel to and approximately 1000m south of the Co-O vein system that had been pitted by local prospectors.

The trenching and mapping has now defined the mineralised Road 17 structure over a strike length of 1800m and is still open east and west. The structure is consistently gold bearing with grades ranging from approximately 1g/t to 13g/t Au with widths varying from 0.2-2m. Some of the silica associated with the vein is grey jasperoidal and slightly pyritic, suggestive of near surface, low temperature and therefore in the upper sections of the mineralising system.

Initial sampling also demonstrated that disseminated gold mineralization is hosted by shales and siltstones with the first sampling returning 12m @ 1.17g/t Au across the bedding of the sediments. The trenching has shown the sediments are commonly clay-silica altered for up to approximately 15m away from the mineralised structure commonly with grades of 0.1-0.6g/t Au.

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 on www.medusamining.com.au

Yours faithfully

Geoff Davis.
Managing Director

The information in the above announcement was compiled by Geoff Davis, who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Geoff Davis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



FIGURE 1

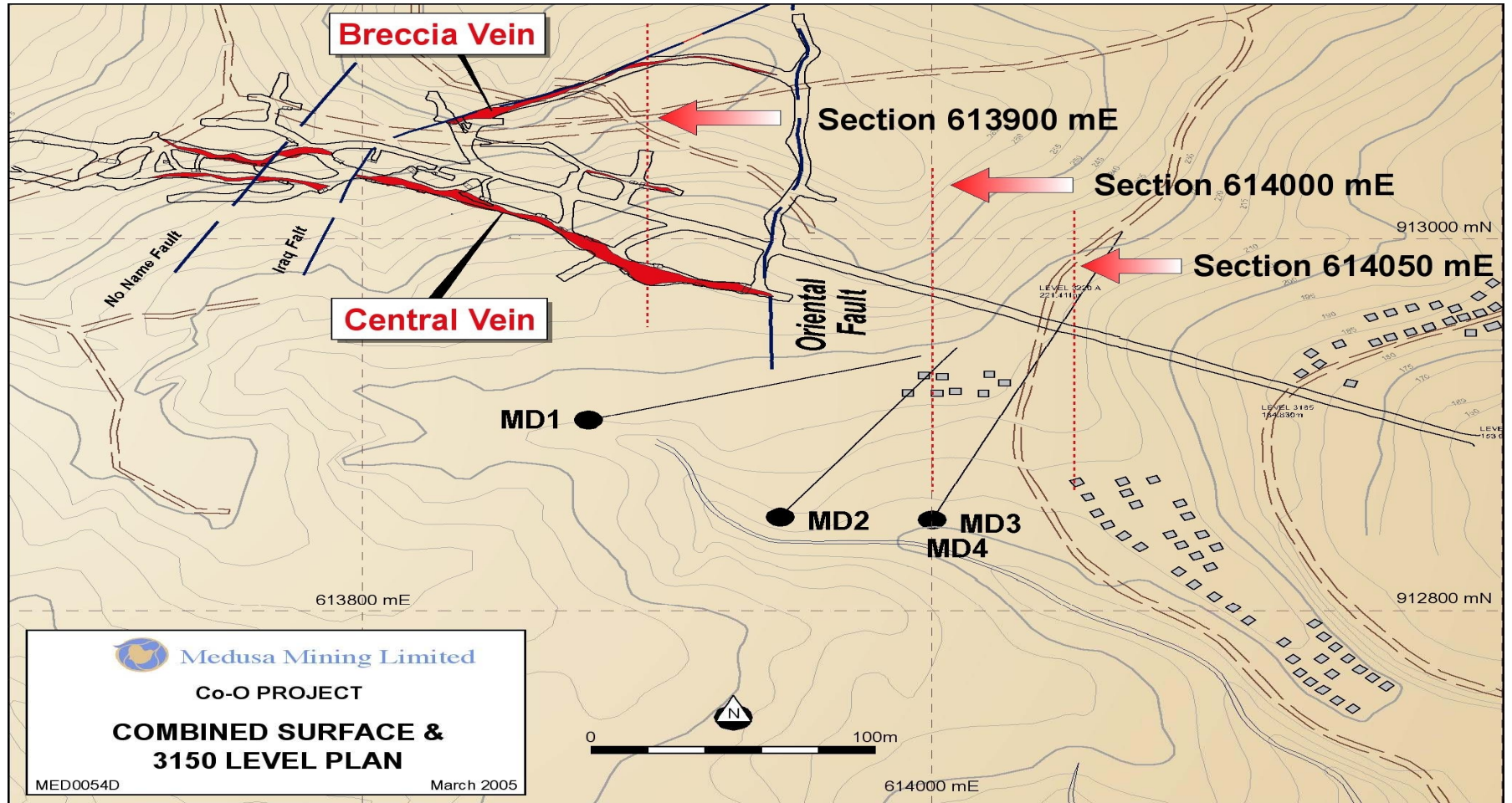


FIGURE 2

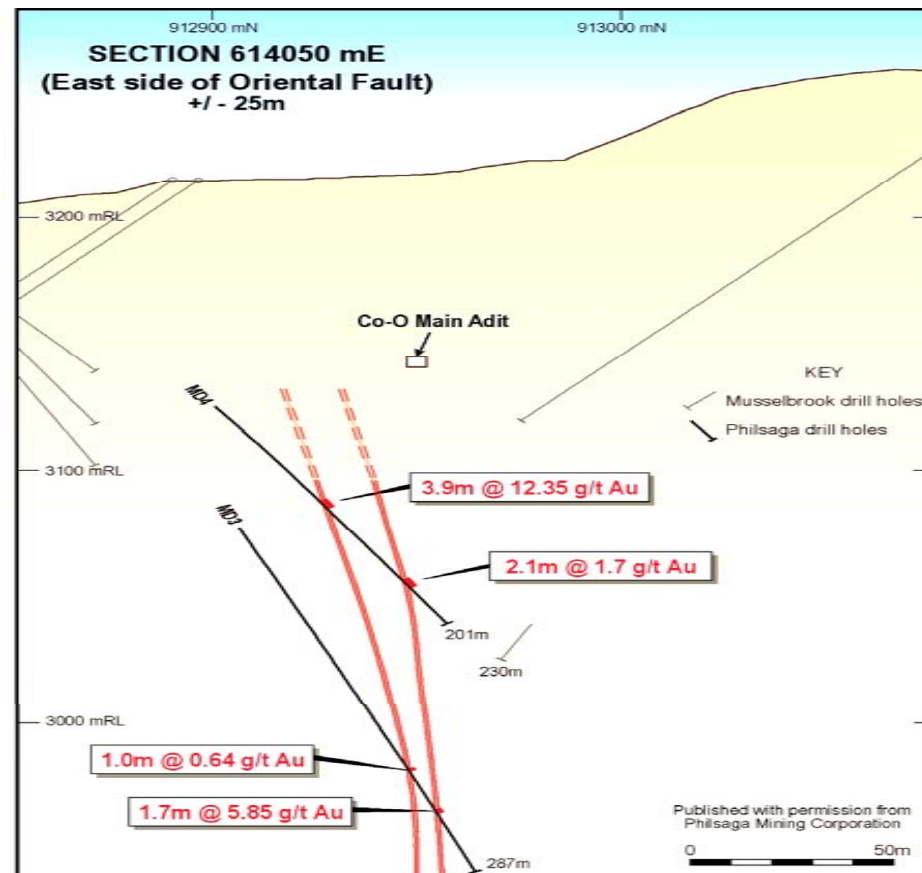
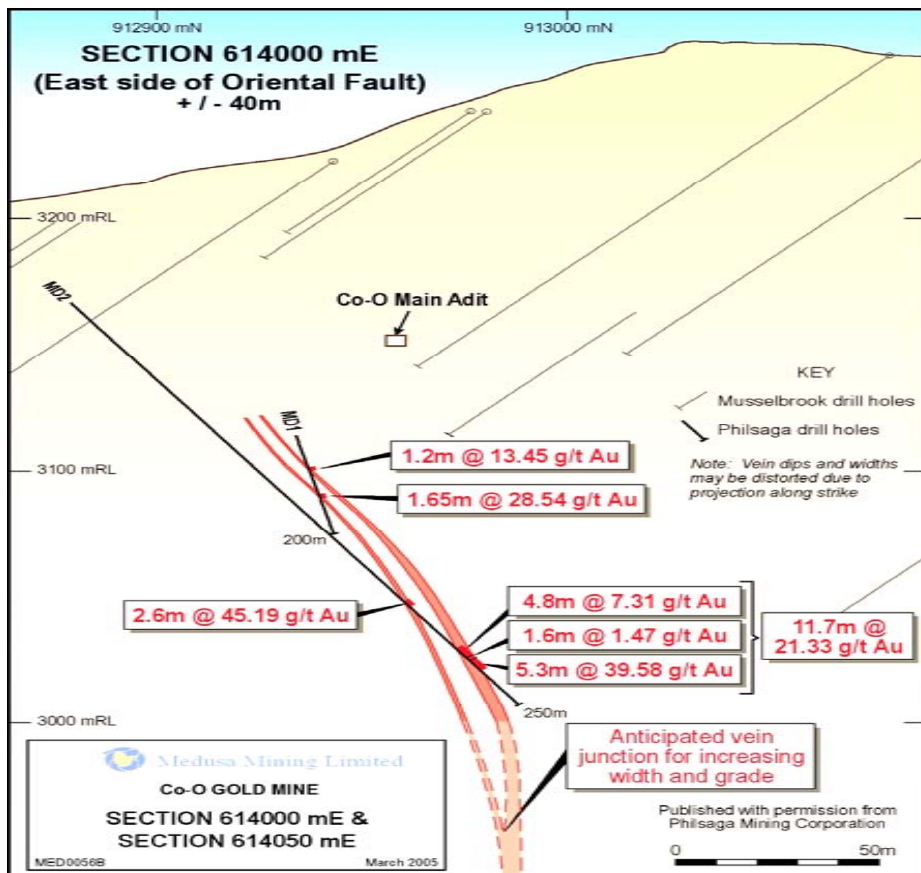


FIGURE 3

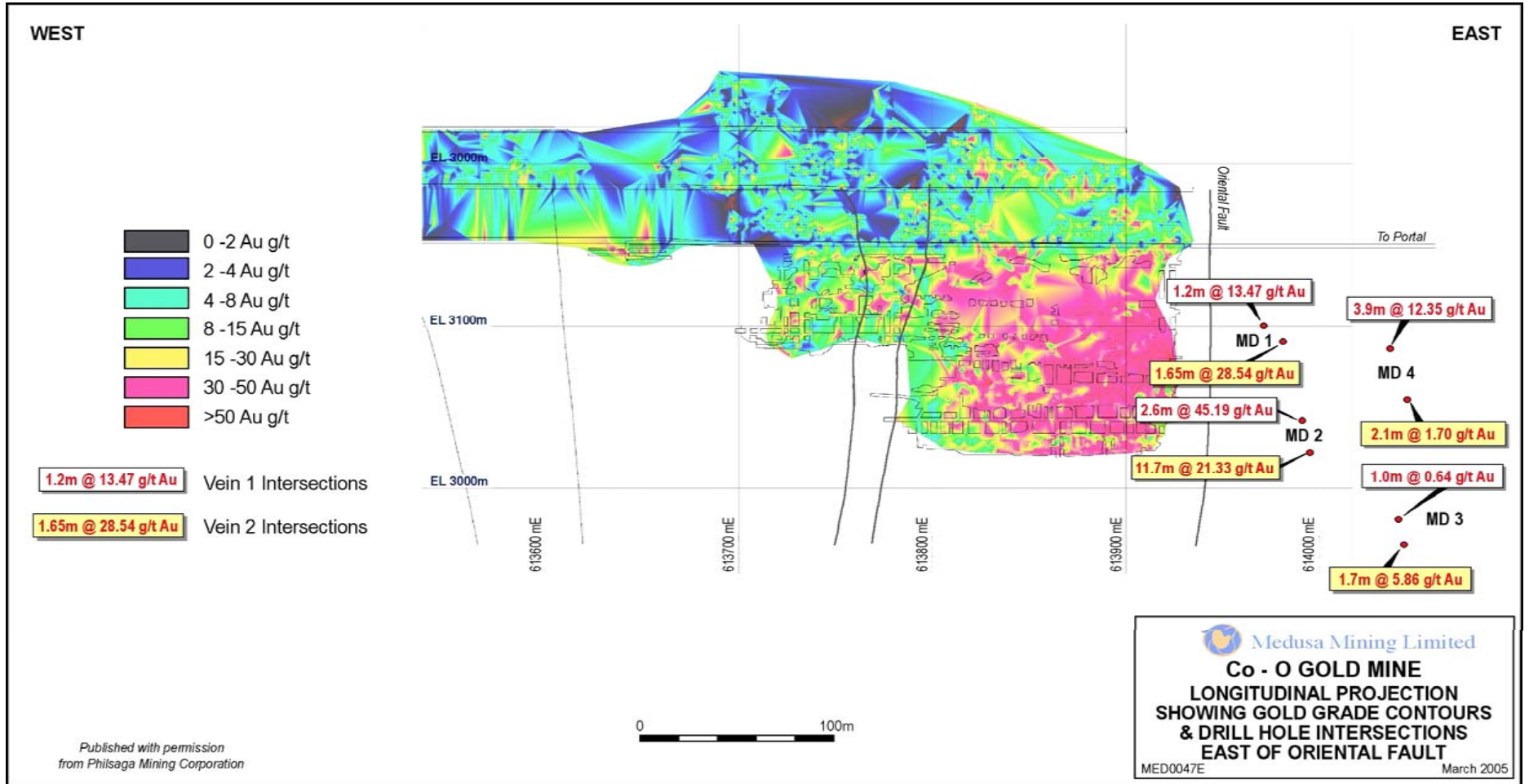


FIGURE 4