



MEDUSA MINING LIMITED

ABN: 60 099 377 849

Unit 7, 11 Preston Street
Como WA 6152

PO Box 860
Canning Bridge WA 6153

Telephone: 618-9367 0601
Facsimile: 618-9367 0602

Email: admin@medusamining.com.au
Internet: www.medusamining.com.au

22 November 2005

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

Dear Sir/Madam

**ACQUISITION OF ADDITIONAL TENEMENTS, Co-O PROJECT,
PHILIPPIINES**

Medusa Mining Limited ("Medusa") is pleased to advise that, through its Filipino subsidiaries and in joint venture with Philsaga Mining Corporation, it has signed a Mines Operating Agreement ("MOA") with Abacus Consolidated Resources and Holdings Inc., ("Abacus") a public company listed on the Philippines stock exchange.

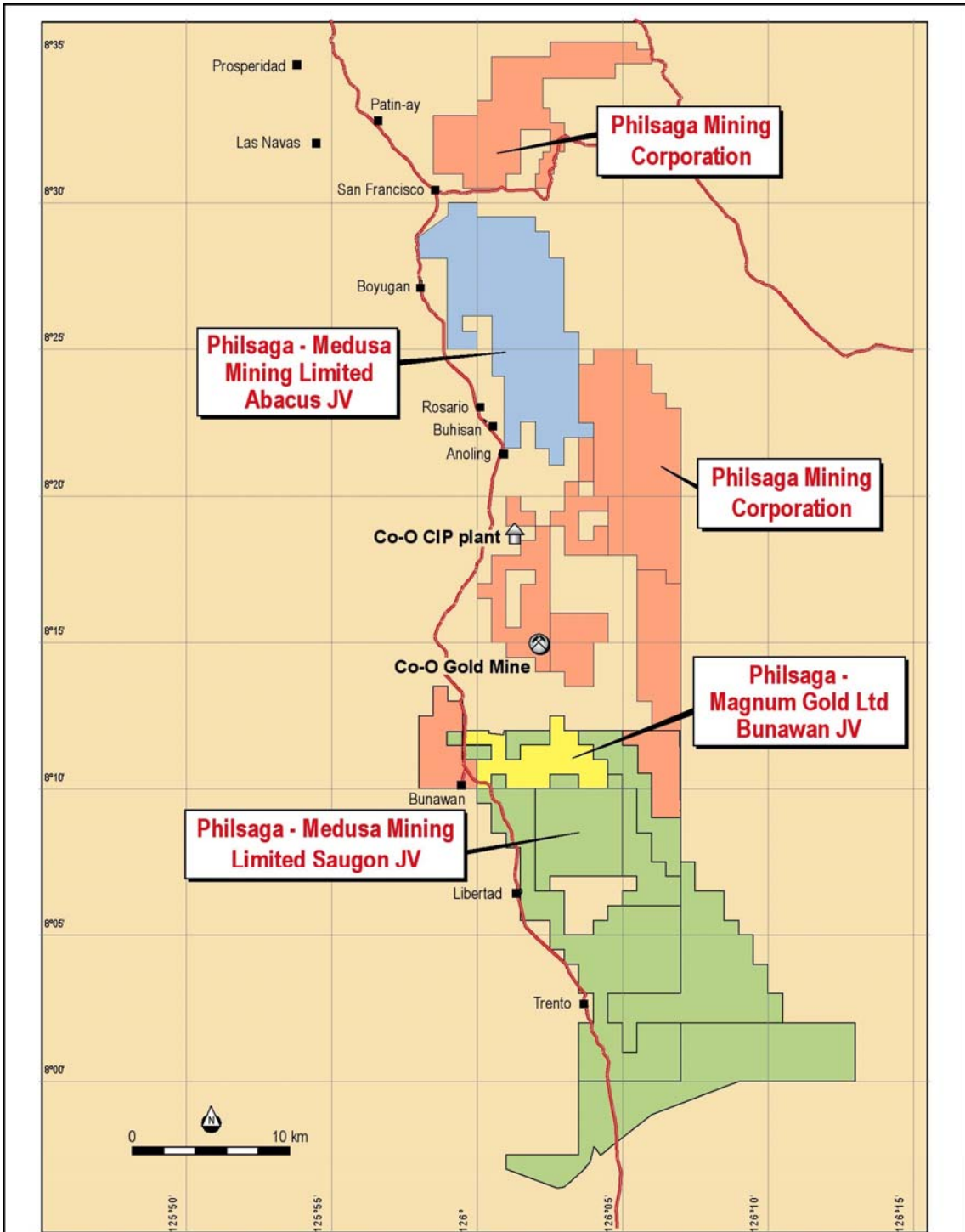
The MOA covers Exploration Permit ("EP") application number 000028-XIII situated in Agusan del Sur province in east Mindanao to the north of the Co-O mine and millsite as shown on the accompanying map. The EP covers approximately 8,100 hectares (81 km²) and covers extensions of the favourable geology found further to the south.

The key terms of the agreement are:

- The agreement is subject to completion of due diligence by Medusa within 30 days of 17 November 2005 before becoming unconditional;
- Medusa will pay to Abacus a 3% gross royalty on all production from the tenement;
- Medusa will pay an advance against the royalty of Php500,000 (approximately A\$12,500);
- Medusa will pay outstanding Occupation Fees and Annual Work Obligations of approximately A\$60,000; and
- Medusa is responsible for all costs incurred to progress the EP application to granting.

Yours faithfully,

GEOFF DAVIS
Managing Director




Medusa Mining Limited
 Co-O SAUGON GOLD PROJECT
 PHILIPPINES
REGIONAL TENEMENT MAP
 MED0049B November 2005

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