

MEDUSA MINING LIMITED

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8 February 2006

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

Dear Sir/Madam

OPTION TO PURCHASE - KURNALPI and ANTI DAM PROJECTS, KALGOORLIE, WA.

The Company advises that it has entered into an Option to Purchase Agreement with an unlisted public company under the following terms:

- Payment of \$15,000 on signing of the Option to Purchase Agreement
- The purchaser has to complete an IPO within 12 months at which time it will
 - Make a payment of \$50,00 cash, and
 - Issue the Company with shares to the value of \$250,000.

The purchaser will maintain the tenements in good standing until the purchase is completed.

FURTHER INFORMATION

For further information contact the undersigned on 618-9367 0601 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 DAVISManaging Director