



MEDUSA MINING LIMITED

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16 June 2006

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

Dear Sir/Madam

FUND RAISING FOR NEW MINE DEVELOPMENT

Medusa Mining Limited advises that it has successfully raised A\$3.356 million via the placement of 5,593,334 ordinary shares at an issue price of A\$0.60 per share to sophisticated investors from the UK and clients of State One Stockbroking and Delta Securities.

The proceeds raised through the placement will be used by the Company to embark on a major expansion of its program in the Philippines of:

- Resource expansion;
- New mine underground exploration and development, and
- Porphyry copper-gold target definition.

Resource expansion

The completion of the 3W shaft in the Co-O Mine will enable the cutting of drilling positions on the 3050m level (approximately 100 metres below adit level) to facilitate drilling of the Central Vein at depth below this level. Drilling will also be conducted at later date to search for parallel veins north and south of the known Co-O Veins.

Drilling of extensions to the west and east of the Co-O Mine vein zone and new veins will be undertaken.

New mine underground exploration and development

Underground exploration is commencing on the Tambis (refer attached ASX announcement dated 22 May 2006) and Anoling projects and on veins adjacent to the Co-O Mine with the aim of defining new resources and developing supplemental ore sources. This work will involve exploration winzes, adits and shafts.

Porphyry copper-gold targets

Investigation of the known Lingig porphyry copper target and extensive areas of alteration and veining at Co-O and Tambis, and alteration only at Saugon will be undertaken to determine if drill targets are present. Work will involve collation of old data, mapping, surface geochemistry and possibly ground geophysics.

Masapelid Island

The Company is earning an 84% interest in the Masapelid Island project which was an underground narrow vein mine pre-World War II. Data collation and surface work will be followed by first pass drilling.

Yours faithfully



GEOFF DAVIS
Managing Director

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22 May 2006

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

Dear Sir/Madam,

TAMBIS PROJECT EXPLORATION, PHILIPPINES

Philsaga Mining Corporation (“Philsaga”) has advised Medusa Mining Limited (“Medusa”) that during April 2006 it received the last of the community approvals for two Small Scale Mining Permits and has commenced underground exploration by way of an inclined shaft and two adits.

The area hosts a large number of veins and past drilling involving 344 drill holes totalling 29,476 metres achieved 188 intercepts of ≥ 1 metre at ≥ 5 g/t Au with a weighted uncut average of 16.63 g/t Au and including 81 intercepts of ≥ 1 metre at ≥ 10 g/t Au.

Some of the better intercepts include :

Intercepts	Grade
2.00 metres	61.00 g/t Au
8.00 metres	22.76 g/t Au
1.00 metre	68.61 g/t Au
3.50 metres	27.19 g/t Au
2.00 metres	21.70 g/t Au
2.40 metres	38.63 g/t Au
2.43 metres	186.51 g/t Au

Intercepts	Grade
3.00 metres	21.84 g/t Au
1.28 metres	60.94 g/t Au
13.86 metres	13.52 g/t Au
8.9 metres	18.99 g/t Au
2.0 metres	50.30 g/t Au
1.00 metre	94.89 g/t Au
1.00 metre	188.90 g/t Au

Background

Philsaga has advised that it has received all final approvals for two Small Scale Mining Permits within Mineral Production Sharing Agreement (“MPSA”) application 000022-XIII of 6,853 hectares to conduct exploration on the Tambis Prospect located approximately 35 km by all weather road north of the Co-O processing plant (Fig. 1).

The Tambis area has been a source of alluvial gold since Spanish times, and today alluvial mining is conducted in many creeks around the area.

During the late 1970s to 1990s, several companies evaluated it as a bulk mining proposition. This resulted in the drilling of a total of 344 diamond and RC drill holes. Whilst significant tonnages of low grade material were defined, studies indicated it was subeconomic at that time.

Philsaga recently obtained the complete drill hole data base and has commenced validation and evaluation

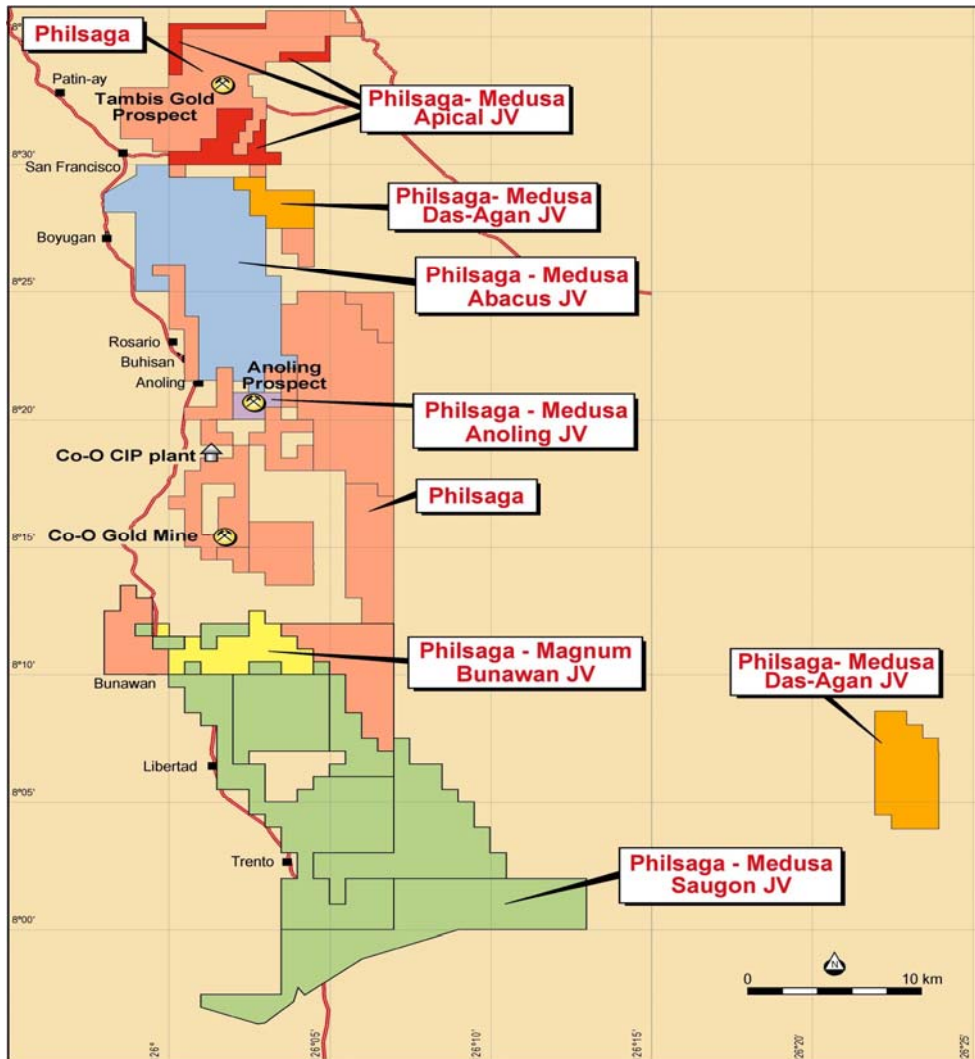


Figure 1. Regional tenement map

Geology and mineralisation

The main Tambis prospect is exposed on a ridge where younger overlying limestones have been stripped by erosion. This erosion has exposed an area of several square kilometres of intensely sericitically and argillically altered volcanics, various breccias and possible andesitic intrusive rocks. Previous airborne radiometric surveys show this area exhibits an intense potassium anomaly.

The area has also been subject to artisanal mining activities, generally only to shallow depths with most workings stopping at the water table. These workings provide confidence that significant grades are present in the veins as the artisanal miners depend on grades of >20 g/t Au to be economic.

To the south is a large area of younger limestone with some drill hole vein intersections positioned under the northern edge of this younger cover. There is little doubt that the intense alteration zone containing this extensive vein system will extend some distance to the south below the limestone cover.

A total of 29,476 metres of drilling in 344 holes has been previously completed comprising 117 diamond holes for 16,853 metres and 227 RC holes for 12,624 metres. The attached table contains the 81 intersections at a cut off of ≥ 1 metre at ≥ 10 g/t Au which is contained within a much larger tabulation of 188 intersections of ≥ 1 metre at ≥ 5 g/t Au. The balance of 107 intersections between 5 and 10 g/t Au over ≥ 1 metre have not been included in the table.

The weighted average of all intersections ≥ 1 metre at ≥ 5 g/t Au is 16.63 g/t Au uncut and 14.66 g/t Au when a top cut of 100 g/t Au is applied.

Development program

Philsaga has advised that it has commenced an underground development program to explore the veins at depth. This work is designed initially to confirm the geometry, continuity, drill hole grades and other characteristics of the veins. Provided this work provides the level of confidence required, the shaft and adits could be then utilised for production purposes.

In addition, following data verification and substantiation from field work of vein geometries, then Philsaga will commence modelling the vein system as a precursor to calculating resources.

Yours faithfully



GEOFF DAVIS
Managing Director

Hole No.	From	Intercept	g/t Au	East	North	Dip	Azimuth
DD26-24	14.0	1.0	10.41	612680	945129	-60	130
DD26-24	48.0	1.0	13.48	612680	945129	-60	130
DD26-24	55.0	1.0	11.20	612680	945129	-60	130
DD26-28	96.0	1.0	19.71	612637	945168	-60	130
DD34-1	9.0	1.0	14.00	612535	945405	-45	130
DD34-1A	9.0	1.0	14.00	612537	945406	-48	130
DD34-1A	22.0	1.0	23.00	612537	945406	-48	130
DD34-2	9.0	1.0	23.73	612578	945368	-45	130
DD34-2A	27.0	2.0	61.00	612576	945366	-50	220
DD34-3	98.0	1.0	20.21	612487	945442	-45	130
DD34-3	127.0	2.0	85.86	612487	945442	-45	130
DD34-3	144.0	1.0	54.53	612487	945442	-45	130
DD34-46A	17.0	8.0	22.76	612515	945426	-45	130
DD34-46A	56.0	2.0	18.27	612515	945426	-45	130
DD34-50	19.0	1.0	14.04	612461	945465	-50	130
DD34-50A	131.0	1.0	22.41	612461	945465	-65	130
DD36-34A	34.0	1.0	13.22	612663	945336	-85	130
DD36-46A	53.0	1.0	10.76	612528	945452	-55	130
DD36-46A	136.0	1.0	10.87	612528	945452	-55	130
DD36-48	70.0	1.0	18.25	612507	945460	-60	130
DD37-18	43.0	2.0	43.24	612865	945184	-50	130
DD38-1	1.0	1.0	12.00	612599	945425	-45	130
DD38-1	88.0	1.0	10.00	612599	945425	-45	130
DD38-2A	59.0	1.0	20.00	612562	945460	-45	220
DD41-18	221.0	1.0	13.21	612902	945242	-60	130
DD42-2A	122.0	1.0	41.37	612573	945537	-45	310
DD46-36A	29.0	1.0	68.61	612736	945470	-50	330
DD48-32A	131.7	3.5	27.19	612809	945454	-90	0
DD49-59	88.0	1.0	27.51	612508	945728	-50	210
DD56-32	57.0	1.0	18.41	612871	945559	-60	130
DD58-28	97.0	1.0	10.14	612937	945530	-60	90
DD58-28	100.0	1.0	16.16	612937	945530	-60	90
DD60-19	15.0	2.0	21.77	613077	945476	-85	210
DD60-19	139.0	1.0	14.23	613077	945476	-85	210
DD63-30	94.0	2.0	16.93	612967	945967	-75	90

Hole No.	From	Intercept	g/t Au	East	North	Dip	Azimuth
DDH-A3	15.0	3.0	12.77	612506	945434	-65	84
DDH-A3	75.3	1.7	16.71	612506	945434	-65	84
DDH-A4	22.4	3.0	11.06	612506	945434	-65	203
DDH-B1	61.0	2.4	38.63	612543	945366	-90	0
DDH-C3	42.0	3.0	10.70	612619	945401	-76	346
DDH-D1	43.9	1.5	19.90	612556	945466	-38	131
DDH-D2	22.6	1.8	14.86	612556	945466	-65	131
DDH-D4	107.3	3.7	12.13	612556	945466	-65	93
DDH-D5	-	2.4	186.51	612556	945466	-65	171
DDH-D5	68.7	2.4	11.52	612556	945466	-65	171
DDH-D7	15.0	3.0	12.69	612556	945466	-90	0
DDH-D7	57.0	3.0	21.84	612556	945466	-90	0
DDH-E3	30.5	1.3	60.94	612603	945416	-35	91
DDH-G1	7.1	13.9	13.52	612542	945409	-80	90
DDH-G1	44.3	8.9	18.99	612542	945409	-80	90
DDH-G2	18.0	3.0	30.02	612542	945409	-40	90
DDH-G2	36.0	3.0	12.38	612542	945409	-40	90
DDH-G3	4.8	2.2	18.22	612542	945409	-80	30
DDH-G3	87.8	1.5	10.18	612542	945409	-80	30
DDH-G3	104.0	3.0	20.17	612542	945409	-80	30
DDH-G4	61.8	3.0	20.88	612542	945409	-80	150
RC30-20	21.0	4.0	19.00	612768	945135	-60	130
RC30-24	34.0	1.0	10.98	612724	945221	-60	130
RC30-26	17.0	2.0	50.30	612705	945186	-60	130
RC30-26	39.0	1.0	94.89	612705	945186	-60	130
RC30-26	45.0	1.0	10.57	612705	945186	-60	130
RC30-34	48.0	1.0	23.28	612610	945265	-60	130
RC32-34	35.0	1.0	25.04	612628	945287	-60	130
RC32-46	65.0	1.0	10.24	612488	945407	-60	130
RC34-23	43.0	1.0	23.07	612779	945202	-60	130
RC34-34B	28.0	1.0	13.45	612651	945307	-90	0
RC34-38	28.0	1.0	13.45	612608	945349	-60	130
RC38-22	41.0	1.0	27.45	612819	945245	-60	130
RC38-26	58.0	1.0	10.05	612780	945279	-60	130
RC38-35	4.0	1.0	413.54	612680	945342	-60	130
RC38-35	30.0	1.0	47.95	612680	945342	-60	130
RC38-35	51.0	1.0	10.55	612680	945342	-60	130
RC40-16	43.0	1.0	188.90	612908	945212	-60	130
RC40-24	23.0	1.0	10.78	612821	945286	-60	130
RC50-18	32.0	1.0	11.39	612974	945345	-60	270
RC52-18	32.0	1.0	14.57	613007	945362	-60	130
RC54-14	35.0	1.0	146.00	613069	945353	-60	130
RC54-14	42.0	1.0	12.12	613069	945353	-60	130
RC56-16	30.0	1.0	14.92	613064	945390	-60	130
RC56-22	34.0	2.0	13.14	612994	945451	-60	130
TDH002	241.4	3.0	14.50	612850	945189	-50	130