



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

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

Dear Sir/Madam,

HIGH GRADE DRILL RESULTS AT SINUG-ANG PROJECT

Philsaga Mining Corporation (“Philsaga”) has advised Medusa Mining Limited (“Medusa”) that it has recently completed diamond drilling and underground sampling at the Sinug-ang Project. The new results support drilling carried out in the late 1980s and have defined a zone of high grade gold mineralisation of +5g/t Au over a strike length of approximately 500m (and open along strike at both ends) and from surface down to between 100 to 250m vertical depth.

Philsaga Holes	From (metres)	Width (metres)	Grade (uncut) g/t gold
SNG 003	229.40	2.90	10.52
SNG 005	226.05	5.75	13.50
Previous Holes			
SD 1	125.28	1.38	45.28
SD 6	102.15	3.32	11.88
	110.12	6.48	14.43
SD 8	143.50	2.00	17.00
SD 10	114.78	5.46	52.41

The Sinug-ang Project mineralisation has similarities to the Co-O Mine mineralisation to the south where the Central Vein contains 240,000ozs of gold at 29.7g/t Au.

Description

The Sinug-ang Project location and surface geology are shown on Figures 1 and 2.

The Sinug-ang Project is made up of two prospects, the Banbanon Prospect in the area of current drilling which was explored in the 1980s by surface sampling and drilling, and the Sinug-ang prospect which is located approximately 1000m further to the north on the same vein system which trends in a NNW direction parallel to the Philippine Rift Fault trend. Some small scale mining activities of selected parts of the Banbanon vein and with limited lateral extent within a strike length of approximately 600 metres have been undertaken to a depth of approximately 130 metres below surface.

Whilst the strike direction of the Sinug-ang Project is NNW, the Co-O Mine mineralisation is EW. Projection of the Sinug-ang vein system towards the south suggests it will merge with the Co-O mineralisation. Surface work and drilling are continuing to follow the vein system to the south.

Previous drill holes at Banbanon intersected the following:

Hole	North	East	Dip	Azimuth	From (m)	Width (m)	Grade (uncut) g/t Au
SD 1	915238	613026	60	70	46.50	1.00	8.29
					125.28	1.38	45.28
SD 2	915173	613026	60	70	122.00	1.50	4.49
SD 3	915428	612933	60	70	27.73	1.27	7.57
					142.16	1.44	7.73
SD 4	915088	613162	60	70	25.45	2.00	9.77
SD 5	915545	613007	60	70	139.00	1.30	5.76
SD 6	915208	613057	60	70	72.50	2.00	4.18
					102.15	3.32	11.88
					110.12	6.48	14.43
SD 7	915125	613129	60	70	40.83	0.10	81.70
					58.03	0.20	16.76
SD 8	915296	613011	45	70	143.50	2.00	17.00
SD 9	915208	613057	75	70	127.29	0.44	7.02
					136.94	1.61	6.40
SD 10	915125	613129	75	70	110.70	1.68	5.97
					114.78	5.46	52.41

Philsaga's recent drilling has intersected the following:

Hole	North	East	Dip	Azimuth	From (m)	Width (m)	Grade (uncut) g/t Au
SNG 001	8°16'30"	126°00'51"	-50	70	374.20	0.70	2.70
					394.00	1.00	2.70
SNG 002	8°16'30"	126°01'26"	-60	90	298.45	0.20	2.83
					304.70	4.35	2.77
SNG 003	8°16'28"	126°01'32"	-55	70	227.85	5.95	5.86
					includin g	229.40	2.90
SNG 004	8°16'26"	126°01'31"	-50	62	374.90	1.65	3.32
SNG 005	8°16'28"	126°01'32"	-55	60	222.65	9.15	9.69
					includin g	226.05	5.75
SNG 006	8°16'28"	126°01'32"	-54.5	80	Awaiting results		
SNG 007	8°16'58"	126°01'28"	-55	90	In progress		

As shown on the longitudinal projection in Figure 3, it appears possible that the Banbanon mineralisation is contained within a large shoot which may be plunging gently to the north. The surface samples shown on the cross-section were taken from shallow adits and workings developed on the veins. The underground samples were taken during recent underground mapping and sampling work with the location of the samples restricted to the availability of sample sites, some of which were off-vein and hence were taken from wall rocks to the vein. All underground samples taken are shown on Figure 3.

Continuing Program

Further drilling is in progress at the Banbanon prospect and drilling is proposed for the Sinug-ang prospect in the near future. The drilling and underground sampling results are currently being assessed with respect to the planning of underground exploration via a shaft to verify the mineralisation in preparation for a possible new underground mine initially on the Banbanon prospect being developed in Q2-Q3 2007.

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.

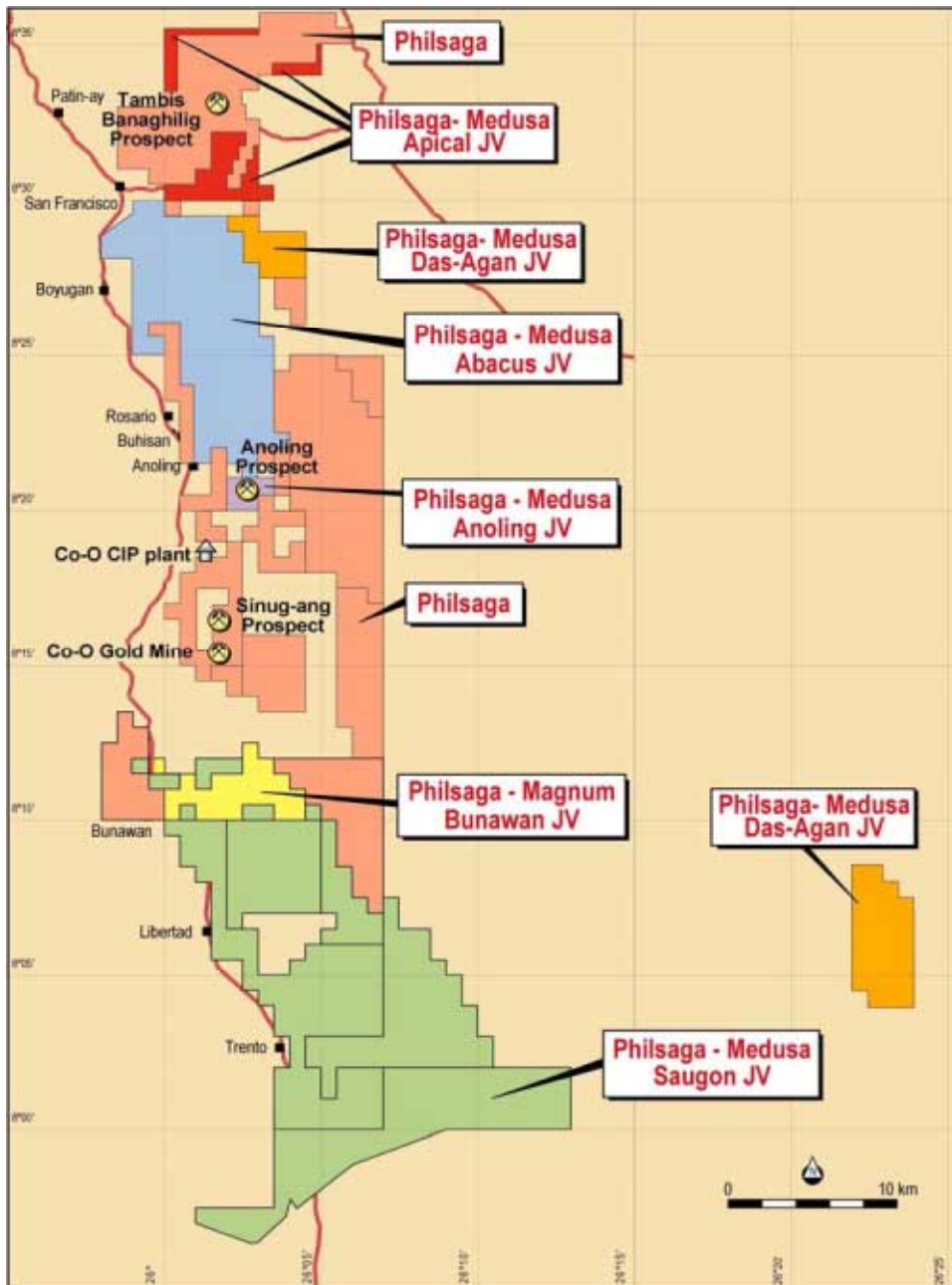


Figure 1: Sinug-ang Project location

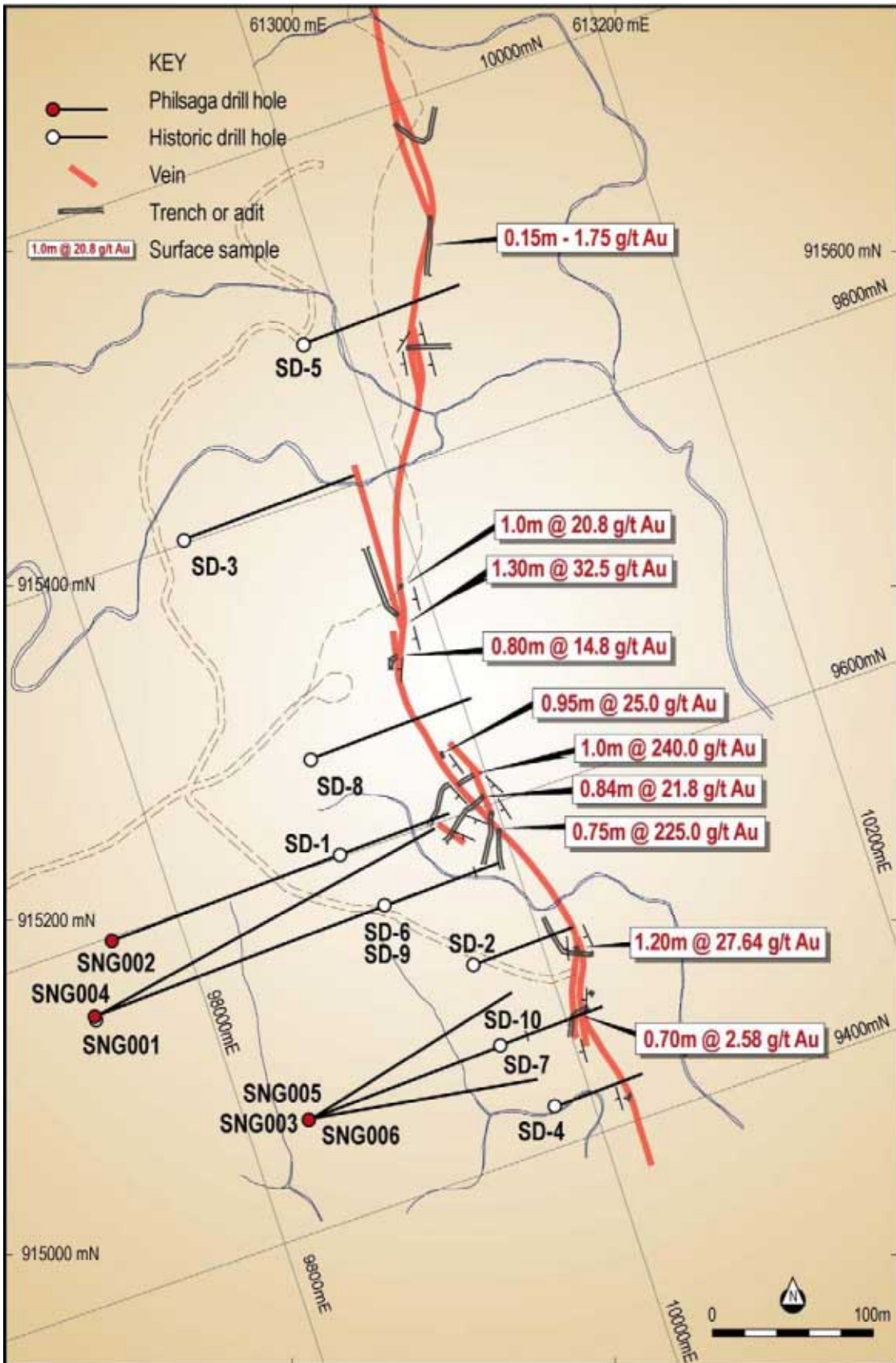


Figure 2: Surface Geology of the Sinug-ang Project

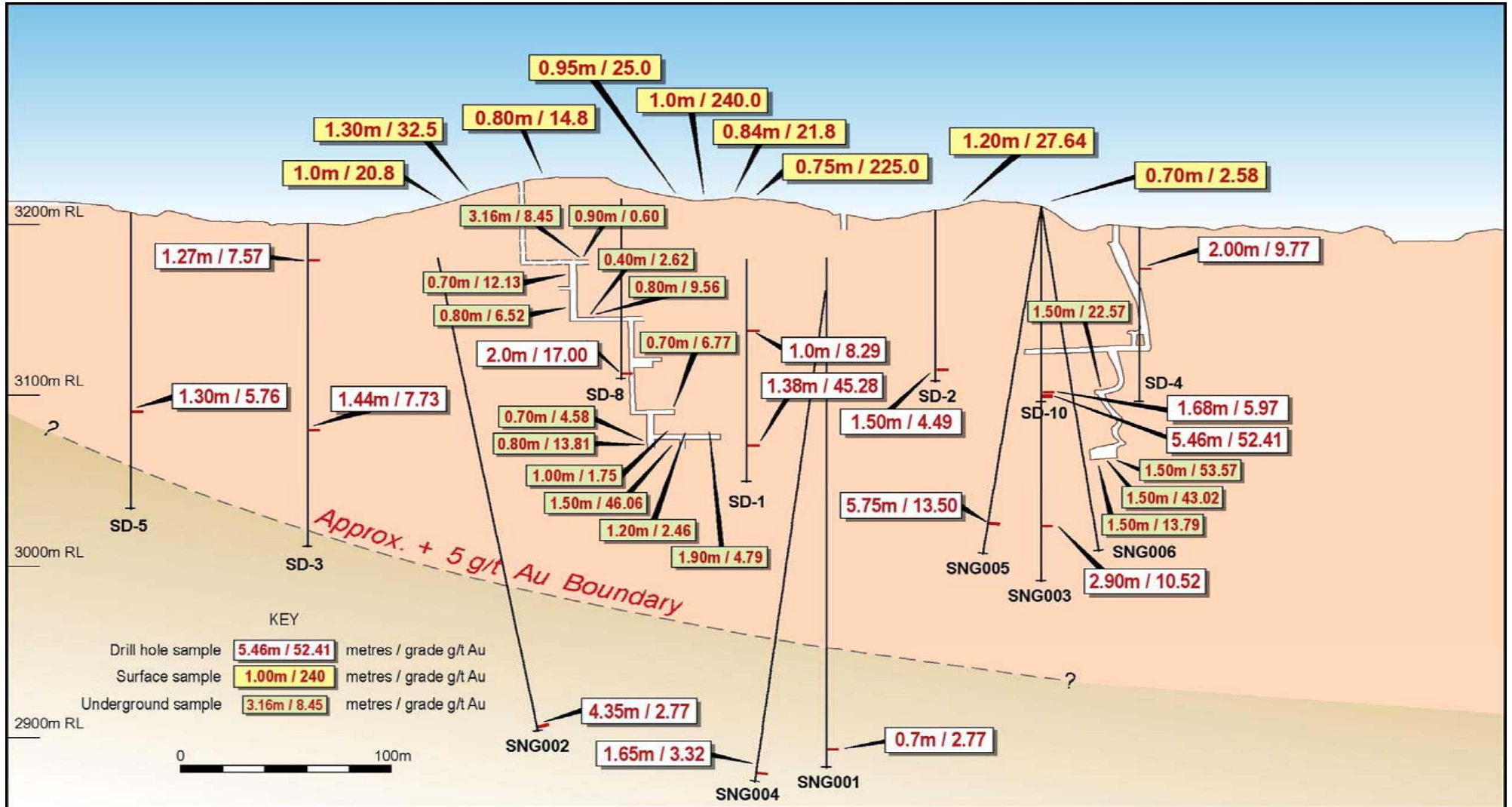


Figure 3: Longitudinal projection of the Banbanon prospect section of the Sinug-ang Project