



MEDUSA MINING LIMITED

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

Dear Sir/Madam,

DISMISSAL OF MOTION FOR RECONSIDERATION ON Co-O MINE MPSA

Medusa Mining Limited ("Medusa" or the "Company") advises that on 14 February 2007 the Supreme Court of the Republic of the Philippines dismissed with finality the Motion for Reconsideration filed by Picop Resources Inc. in response to the earlier decision by the Supreme Court which permitted the Department of Environment and Natural Resources ("DENR") to proceed, subject to regulatory compliance, with the issuance to Philsaga Mining Corporation ("Philsaga"), a subsidiary of Medusa, of Mineral Production Sharing Agreement ("MPSA") application number 084-XIII covering the Co-O Goldmine.

Philsaga is now finalising the granting of the MPSA.

Background

The unanimous decision on 6 December 2006 of the Supreme Court of the Philippines on the case lodged by Picop Resources Inc ("Picop"), a timber license holder, arose when Philsaga's predecessor was required under the new mining code introduced in 1995 to convert old style tenements to new tenements compliant with the new mining law. Picop lodged an adverse claim against the MPSA application in 1997 on the grounds that mining could not be undertaken in timber licenses. Philsaga acquired these tenement applications in 2000 and proceeded to challenge the adverse claim. Philsaga won the case against Picop in two lower courts and subsequently Picop lodged a case in the Supreme Court against the claimowner and a division of the Department of Environment and Natural Resources. The Supreme Court decision is enumerated above as well as the court's decision with respect to the subsequent Motion for Reconsideration.

Yours faithfully

Geoff Davis
Managing Director