



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,

POSITIVE RESULTS FROM ANOLING GOLD PROJECT

Medusa Mining Limited ("Medusa" or the "Company"), the Australian based company operating and developing gold mines in the Philippines advises that it has received encouraging diamond drill intersections from the Anoling Project's on-going exploration programme which commenced in March 2007 following the grant of two Small Scale Mining Permits.

Diamond drilling along the Hope Vein has returned potentially economic intersections over a strike length of 300 metres to date and the mineralisation is still open at depth and to the east. A shorter strike length of mineralisation on the Alcorn Vein has been indicated to date.

Some of the significant diamond drill hole intersections include:

Intercepts (metres)	Grade (g/t gold)
2.70	13.96
0.60	13.10
1.60	10.08
4.00	17.17
1.50	7.39

Project Background

On 19 March 2007 the Company announced that two Small Scale Mining Permits had been granted over prospective areas at the Anoling Gold Project as shown on Figure 1. The project is located approximately eight kilometres by road from the Co-O Plant.

The Anoling Project consists of a large number of artisanal workings and old mines dating back to pre-World War II in the area of the American Tunnel shown on Figure 3. The workings are generally located on westerly trending vein systems, with some indications of a conjugate northeast trending vein set. The veins generally consist of banded quartz-carbonate material within clay-chlorite-pyrite gouge zones with both types of material carrying gold values.

Examination of old workings shows that the veins pinch and swell up to approximately 2 metres wide and appear to occur in shoots of between 50 to >300 metres in length. In some areas the veins have been brecciated resulting in a mix of vein fragments and gouge. Typical grades are anticipated to be in the 8 to 12 g/t gold range although a 1980s mine at the eastern end of the property to approximately 100 metres depth is reported to have produced ore at approximately 30 g/t gold.

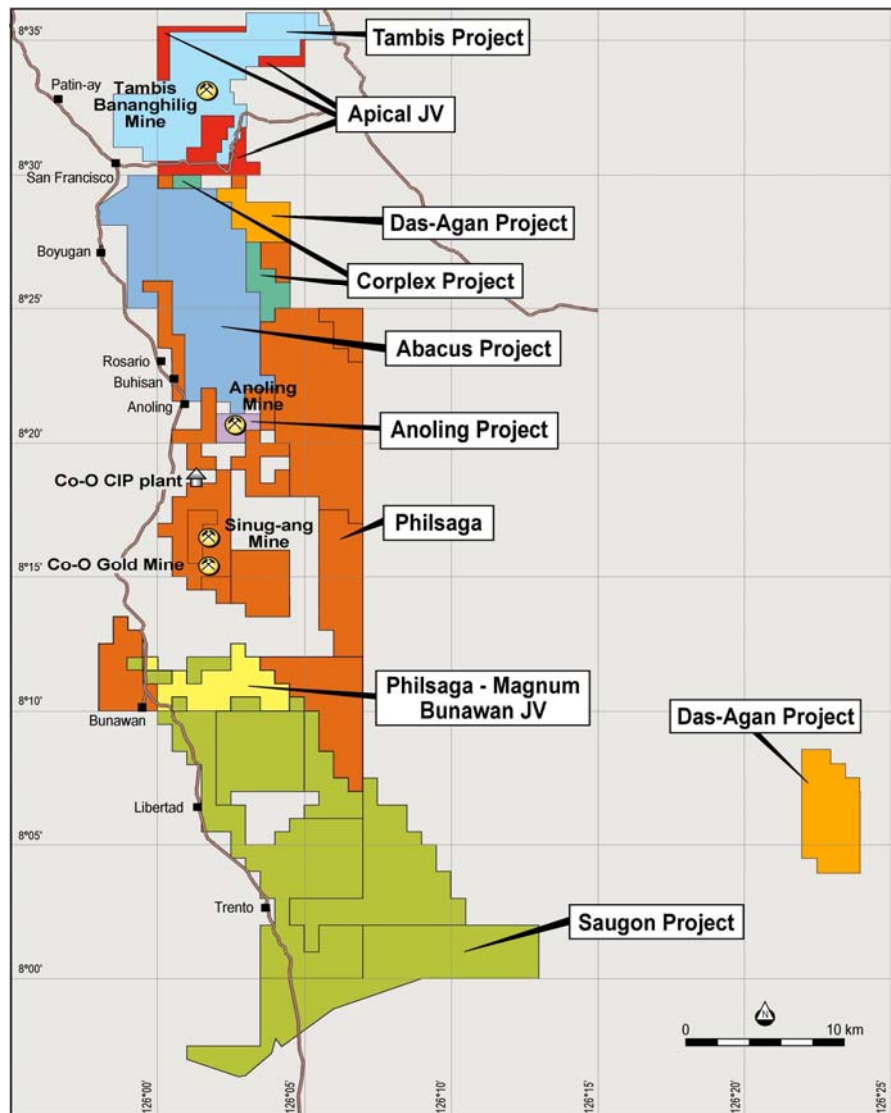


Figure 1: Anoling Project location map.

Diamond Drilling and Geology

Two parallel veins trending westerly have been defined to date over respective strike lengths of approximately 650 metres for the Hope Vein and approximately 750 metres for the Alcorn Vein. Both veins are open to the east. Within the long strike lengths, drilling and surface sampling has started to define potentially economically mineralised zones. There are also northeast trending vein segments, such as was explored in the Alcorn exploratory shaft, but the veins on this orientation, from current information, appear to have shorter strike lengths than the westerly-trending veins. Indications of other parallel veins have recently been located during routine mapping and drilling.

Figure 2 shows the vein projections from surface mapping and sampling and the location of the first twenty diamond drill holes totalling approximately 2,269 metres that have been completed to date to intersect veins at approximately 50 to 100 metres below surface. Table I summarises all the diamond drill hole intersections greater than 2 g/t gold.

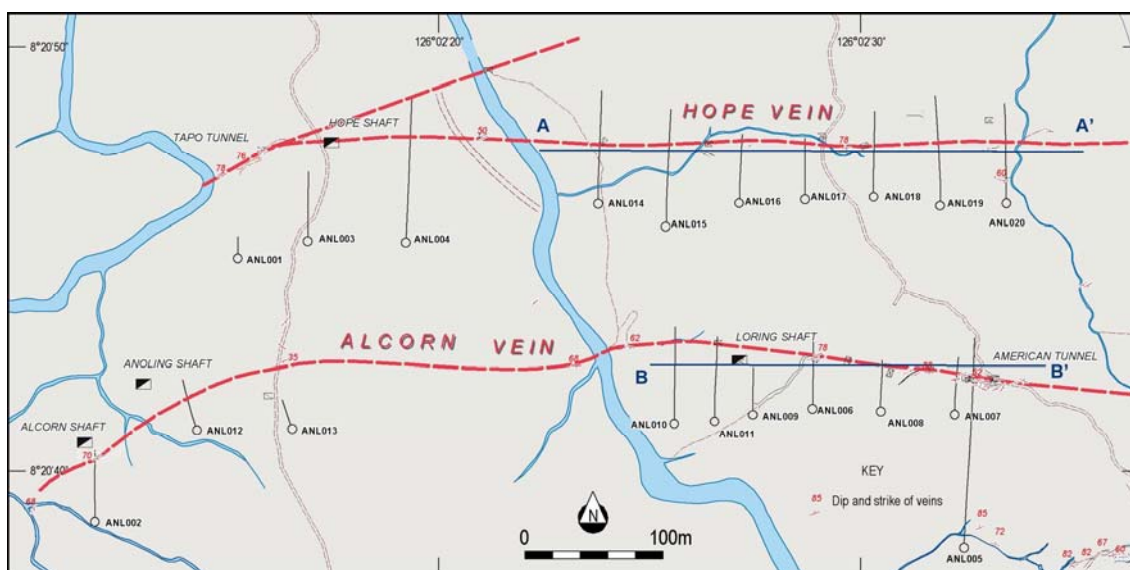


Figure 2: Surface geology and drill hole locations.

Table I: Summary of drilling results for holes ANL 01 to ANL 20 for intersection grades >2 g/t gold

Hole	East	North	Dip (°)	Azimuth (°)	From (metres)	Width (metres)	Grade (uncut) (g/t gold)
ANL 05	614662	922889	-56	3	190.25	0.95	4.39 (*)
ANL 06	614552	922989	-65	0	66.80	0.50	4.07 (*)
ANL 08	614601	922987	-60	0	59.00	0.95	2.95 (*)
ANL 09	614508	922984	-60	0	55.90	2.70	13.96 (*)
ANL 11	614480	922980	-50	0	65.45	0.45	7.77
ANL 14	614395	923137	-55	0	84.50	1.90	2.86
					87.40	0.65	2.33
ANL 15	614445	923123	-55	0	99.40	0.60	13.10
ANL 16	614498	923140	-68	0	88.95	1.00	2.09
ANL 17	614545	923143	-70	0	57.30	1.40	4.20
					62.70	1.60	10.08
ANL 18	614595	923143	-60	0	59.70	0.90	9.30
ANL 19	614644	923139	-60	0	91.50	4.00	17.17
					147.70	0.55	7.26
ANL 20	614692	923139	-60	0	92.50	1.50	7.39
					104.60	0.30	24.30

Note: (*) denotes assays conducted by the Philsaga on-site laboratory.
All other assays undertaken by McPhar Geoservices Inc.

As shown on the Hope Vein longitudinal projection in Figure 3, exploratory diamond drilling in holes ANL 14 to 20 inclusive has achieved potentially economic intersections over a strike length of 300 metres to date which is still open east and at depth. Further infill drilling is in progress prior to a decision on whether to commence underground exploration.

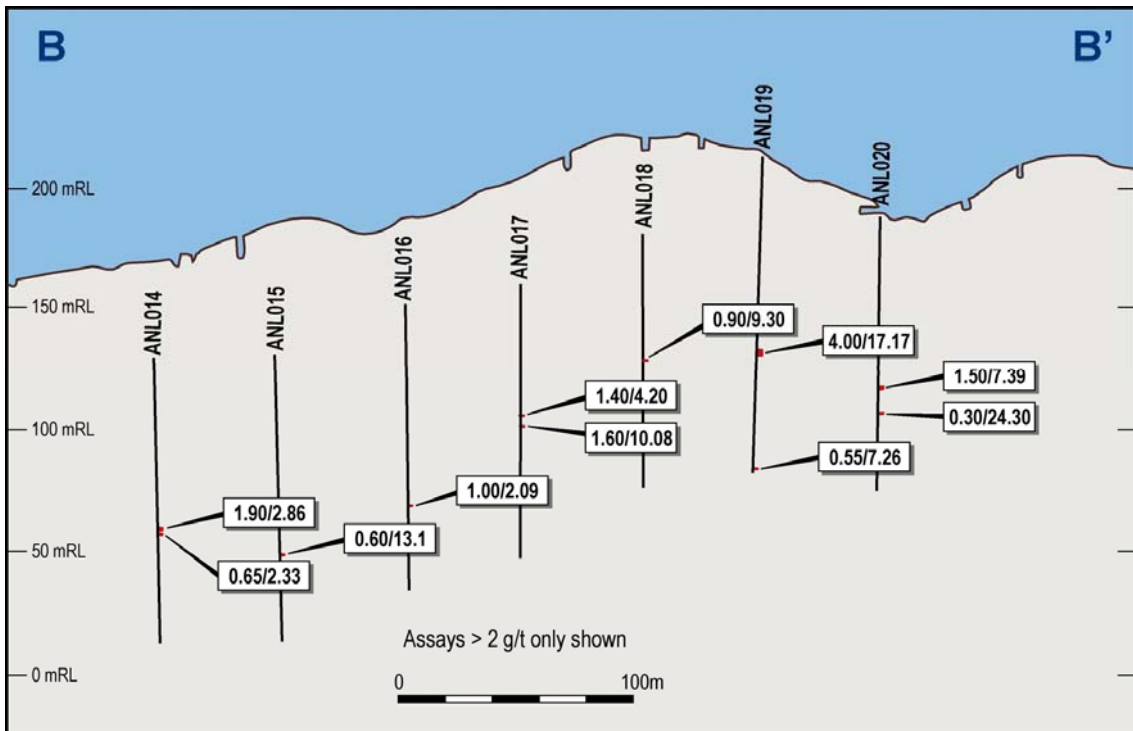


Figure 3: Longitudinal projection of the Hope Vein.

As shown on the Alcorn Vein longitudinal projection in Figure 4, the Loring Shaft area has been tested by underground sampling of old workings and by six drill holes with good grades being returned from the underground sampling and from drill hole ANL009. Whilst other drill holes have returned lower grades, owing to the pinch and swell nature of the veins, underground exploration has commenced through the refurbished Loring Shaft, previously dug by local prospectors, and which provides quick and cheap access to the vein for exploratory purposes. To date underground sampling has established 54 metres of strike length of mineralised vein.

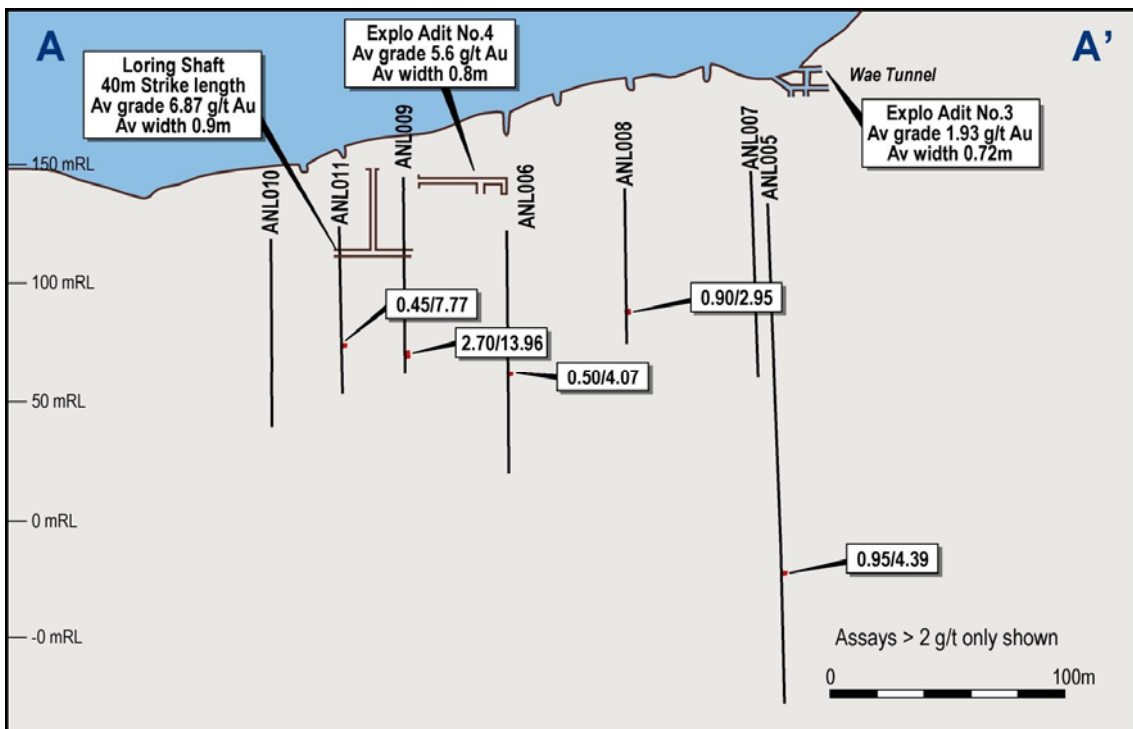


Figure 4: Longitudinal projection of the Loring Shaft area on the Alcorn Vein.

Sampling and Assaying

Samples were taken from mainly HQ sized and some NQ sized drill core. The selected sample intervals were halved by diamond saw and half the core was bagged, numbered and sent to the Company laboratory. In a small number of cases to confirm the geological logging, the selected interval was re-split and ¼ core re-submitted for assay.

Initial sample preparation and assaying was undertaken at the Company's on-site laboratory. Samples were dried at 105°C for 6 to 8 hours, crushed to less than 1.25 cm by jaw crusher, re-crushed to less than 3 mm using a secondary crusher followed by ring grinding of 700 to 800 grams of sample to nominal particle size of less than 200 mesh. Barren rock wash is used between samples in the preparation equipment. The samples were assayed by fire assay with Atomic Absorption Spectrometer (AAS) finish on a 30 gram sample. All assays over 5 g/t gold were re-assayed using gravimetric fire assay techniques on a 30 gram sample.

The majority of samples which contained more than 0.5 metres at more than 2 g/t gold were re-assayed by McPhar Geoservices Phils Inc ("McPhar"), a NATA and ISO 9001/2000 accredited laboratory in Manila. The pulps were airfreighted to McPhar who fire assayed 30 grams of sample using AAS finish and a selected number of samples were checked using gravimetric fire assay techniques. Duplicate samples and standards are included in each batch of check samples.

When reporting results, where available, the McPhar assays have given priority over the Company laboratory's results.

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.