



MEDUSA

MEDUSA MINING LIMITED

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

Dear Sir/Madam

NEW DISCOVERIES at Co-O

Medusa Mining Limited (“Medusa” or the “Company”), the Australian based company operating and developing gold mines in the Philippines, advises that it has discovered new veins with consistent and exceptionally high gold grades.

The new discoveries, named the Jereme and New Catto Veins 1 to 5 (“NCV 1 to 5”), are located to the south of and parallel to the known 1.5 km long Co-O Mine vein system and are still open in three directions. Results include:

Hole	Intercepts (metres)	Grade (g/t gold)
JEREME		
MD 41	1.00	198.84
NEW CATTO VEIN 1		
MD 34	2.70	92.03
MD 35	1.70	55.77
MD 43	2.15	58.88
NEW CATTO VEIN 2		
MD 28	0.90	32.32
MD 44	0.50	18.23
NEW CATTO VEIN 3		
MD 35	0.60	75.39
MD 41	1.35	75.98
MD 44	0.70	42.29
NEW CATTO VEIN 4		
MD 44	4.50	20.05
NEW CATTO VEIN 5		
MD 44	1.90	79.05

DRILLING RESULTS

Programme description

The Company commenced a diamond drilling programme in December 2006 which is designed to define the Co-O Mine vein system in preparation for a new resource estimation due for completion by late August to early September and incorporating all relevant holes from MD 20 to MD 44.

The first five holes (MD 20 to 24) were reported on 28 February 2007 and subsequently holes MD 25 to 34 (excluding MD 33) were reported on 16 May 2007. The next full drilling update report will be provided in August 2007. Drilling is continuing.

Current interpretations are based on 3D plotting and modelling of the data available, and future interpretations may be subject to change as more data become available.

The tops of the New Catto Veins are presently believed to be between the same elevation as the bottom of the 3W shaft at 3050 metres and the new sublevel at the 3000 metre elevation. All veins are open in at least three directions. It is now apparent that some of the early holes have drilled over the top of some of the veins or were not deep enough.

The Jereme Vein has been identified on the 3050 metre level to the south of the 3W shaft but was not previously recognised as a coherent high grade vein.

Table I: Initial Drill Results greater than 4g/t gold from the Jereme and New Catto Veins

Hole	East	North	Dip (°)	Azimuth (°)	Vein name	From (metres)	Width (metres)	Grade (uncut) (g/t gold)
MD 28	614003	913253	-48	211	NCV 2	413.00	0.90	32.32
MD 32	614254	913017	-51	217	Jereme	313.80	2.30	16.97
					Jereme South Split	321.90	0.50	38.55
					NCV 2	371.10	0.70	6.66
MD 34	614285	912923	-50	227	NCV 2	304.20	0.50	18.92
					NCV 1	354.30	2.70	92.03
MD 35	614243	912851	-58	297	Jereme	198.30	0.30	34.59 (*)
					NCV 3	209.30	0.60	75.39 (*)
					NCV 2	253.50	0.90	9.34
					NCV 1	268.50	1.70	55.77
MD 38	614240	912815	-47	237	NCV 1	187.90	0.30	65.56
MD 39	614240	912850	-58	205	Jereme	209.70	0.20	64.56 (*)
					NCV 3	233.55	0.45	33.24 (*)
MD 40	614173	912951	-52	245	NCV 4	312.90	1.70	10.19 (*)
					NVC 5	324.25	1.80	10.41 (*)
MD 41	614240	912849	-65	205	Jereme	240.60	1.00	198.84 (*)
					NCV 3	261.55	1.35	75.98 (*)
MD 43	614273	912908	-60	221	Jereme	277.90	0.40	19.74 (*)
					NCV 2	360.07	0.60	6.06 (*)
					NCV 1	383.50	2.15	58.88 (*)
MD 44	614212	912983	-54	209	Jereme	262.80	1.95	15.39 (*)
					NCV 3	270.45	0.70	42.29 (*)
					NCV 2	359.60	0.50	18.23 (*)
					NCV 1	376.90	0.20	57.19 (*)
					NCV 4	413.60	4.50	20.05 (*)
					NCV 5	436.90	1.90	79.05 (*)

Notes: McPhar Geoservices Inc. assays are quoted when available; (*) Awaiting check assays from McPhar; and MD 28, 32 and 34 results previously reported.

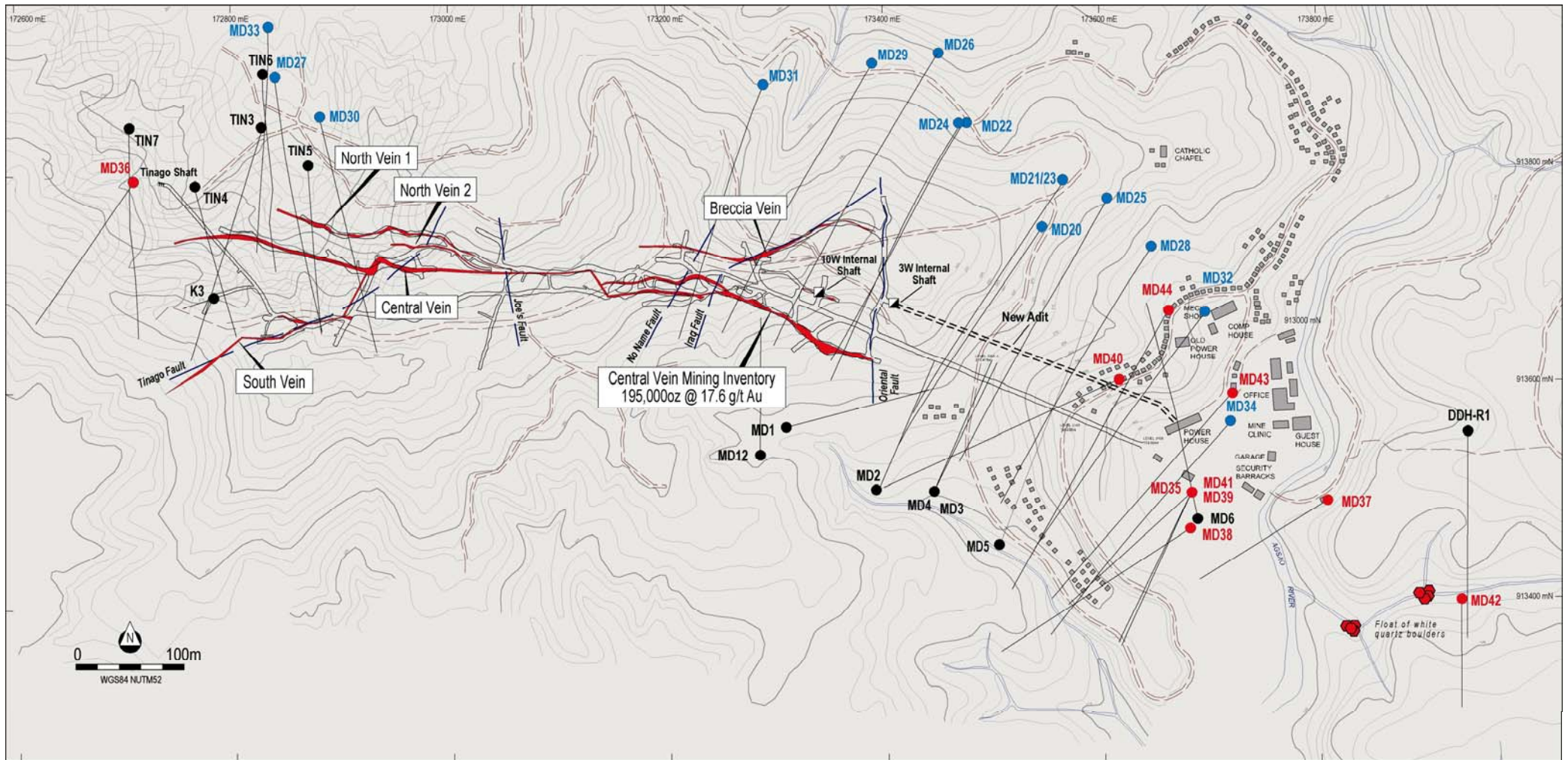


Figure 2: Co-O Mine drill hole locations

Sampling and Assaying

All 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 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 are re-assayed by McPhar Geoservices Phils Inc ("McPhar"), a NATA and ISO 9001/2000 accredited laboratory in Manila for the purpose of JORC Code compliant resource estimations. The pulps are airfreighted to McPhar who fire assay 30 grams of sample using AAS finish and a selected number of samples are checked using gravimetric fire assay techniques.

When reporting results, where available, the McPhar assays are given priority over the Company laboratory's results due to its independence.

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.