



MEDUSA

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

Dear Sir/Madam

CO-O MINE RESOURCE DRILL HOLE RESULTS

Medusa Mining Limited ("Medusa" or the "Company") is pleased to advise that it has completed 20 diamond drill holes on which a new resource estimation will be based. High grade mineralisation has been intersected 300 to 350 metres below the main adit level and remains open at depth.

Significant Intersections from the last drilled hole MD 45 include:

Vein Name	Intercepts/Grade
Edphil Vein	2.40 metres @ 25.61 g/t gold
New Catto Vein 3	5.20 metres @ 107.51 g/t gold including: - 0.35 metres at 1,077.45 g/t gold; - 0.50 metres at 271.44 g/t gold.
New Catto Vein 4 ^(a)	0.40 metres @ 160.60 g/t gold

(a) further drilling required to verify allocation of vein name.

Drill hole results greater than 3 g/t gold for holes MD 20 to 44 (reported previously at greater than 4 g/t gold) and new results for MD 45 are tabulated below.

Drilling is continuing with two rigs.

Discussion

Figure 1 shows the location of all the diamond drill holes drilled around the Co-O Mine since December 2006. Table I lists all diamond drilling results from the Co-O Mine on which the resource modelling for the new resource estimation will be based. Previous announcements on the Co-O drilling on 9 July, 15 May and 28 February contain information regarding drilling and surveying techniques, comments on vein interpretation and methodologies and assaying protocols.

Modelling of the Co-O Vein system is concentrating on the major veins, being Breccia, Edphil, North, Central, Jereme, and the New Catto Veins 1, 2 and 3. A lower cut-off of 3 g/t gold (previously released results used a 4 g/t gold lower cut-off) which is based on mining costs and vein boundaries has been incorporated into the new tabulation below.

The listed intersections >3 g/t gold for the named veins are the intersections being incorporated into the resource model in conjunction with underground sampling results. It is apparent from the listing in Table I that there are numerous vein splits that could add to the resource inventory although at this stage they will not be included in the model. In addition, owing to the small number of intersections in New Catto Veins 4 and 5, these are also not included in the modelling.

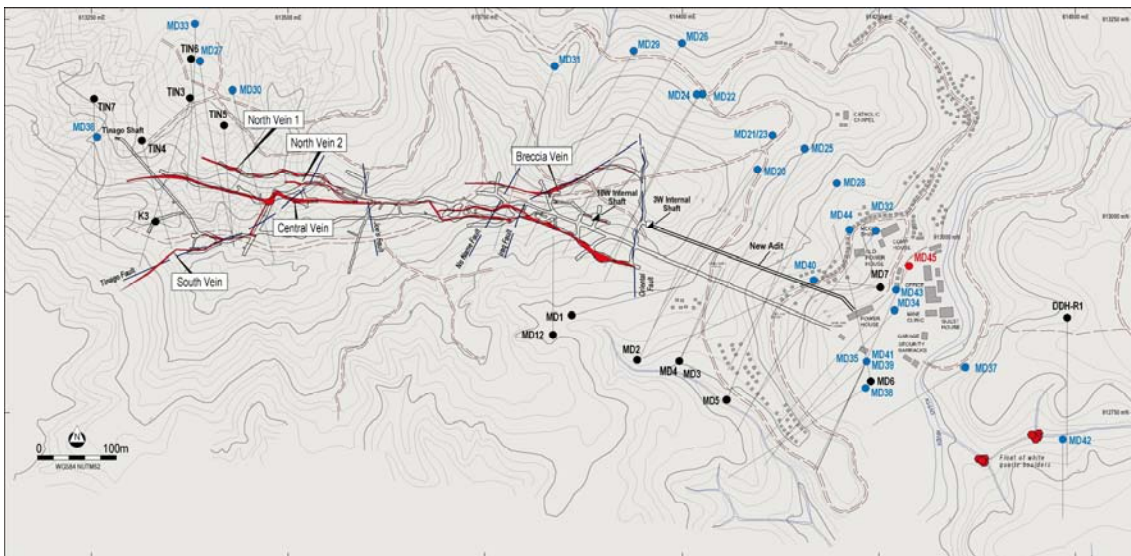


Figure 1: Drill hole location diagram

The resource estimation announcement due early September 2007 will contain 3D diagrams of the veins and various other diagrams which will assist in understanding the vein system.

The last hole drilled, which is being utilised in the resource calculation, hole MD 45 has intersected the widest high grade intersection to date (5.20 metres at 107.51 g/t gold), and together with hole MD 44, shows that high grade mineralisation is still open at a depth of approximately 300 to 350 metres below the main adit to the mine.

Table I: Drill hole results greater than 3 g/t gold for holes MD 20 to 45

Hole	East	North	Dip (°)	Azimuth (°)	Vein name	From (metres)	Width (metres)	Grade (uncut) (g/t gold)
MD 20	614094	913059	-51	214	Edphil	230.10	0.50	45.29
						250.25	0.85	4.22
						265.90	0.45	4.75
					North	289.70	1.60	3.00
						311.40	4.70	57.66
						323.10	1.70	15.76
					Central	333.10	7.50	4.92
						352.20	0.80	12.39
						381.95	0.35	15.56
MD 21	614115	913102	-50	214	Hole stopped at 268.10 metres			
						41.40	0.70	12.81
						186.70	1.00	7.45
MD 22	614019	913155	-45	210		238.90	0.45	3.76
						135.50	0.55	30.95
					North	161.60	0.30	14.50
MD 23	614115	913102	-56	214	Central	324.15	0.65	8.78
						360.80	5.80	6.96
						43.70	3.20	4.91
MD 24	614021	913158	-55	210		191.50	0.70	24.80
					Edphil	349.10	0.40	7.98
						358.80	1.00	3.79
MD 25	614154	913087	-49	210		162.20	0.30	11.45
						281.25	0.55	21.47
					Edphil	357.75	2.20	7.42
MD 26	613997	913221	-48	211		407.60	0.60	4.76
						308.60	2.00	4.06
					Edphil	410.40	0.25	11.54
MD 28	614194	913042	-48	212		165.00	1.10	4.46
					Edphil	359.75	1.60	4.00
						364.20	0.25	16.02
MD 31	613836	913190	-49	200		412.70	0.85	6.15
					Breccia	199.70	0.65	4.15
					Edphil	246.70	1.00	5.34
					North	294.20	1.60	4.15
					Central	320.50	6.30	7.81
MD 32	614248	912984	-51	217	NCV 2	412.55	2.70	12.27
						189.80	0.30	3.28
						221.10	0.30	18.68
MD 34	614279	912890	-50	227	Central	325.30	5.20	4.98
						313.80	2.30	19.80
						321.90	0.50	38.55
					NCV 3	330.50	1.50	13.73
						356.50	0.60	6.02
MD 35	614237	912819	-58	297	Central	242.40	0.60	43.73
						273.00	0.30	4.58 *
					NCV 3	304.20	3.10	4.38
						347.50	2.00	13.71
					NCV 1	354.30	3.70	67.40
MD 38	614234	912783	-47	237		368.55	0.45	3.57
					Jereme	198.30	0.30	37.84
					NCV 3	209.30	0.60	69.72
					NCV 2	253.50	1.30	7.51
	268.50	1.70	55.78					
	187.90	1.30	48.76					

MD 39	614235	912818	-58	205	Central	178.20	0.80	6.02
					Jereme	209.70	0.50	22.46
					NCV 3	231.20	2.80	5.29
MD 40	614167	912919	-52	245	Central	174.20	0.60	10.37
					Jereme	199.40	1.20	3.61
						280.50	0.40	3.40
					NCV 4	312.90	1.70	9.65
					NVC 5	324.25	1.80	9.78
MD 41	614234	912816	-65	205	Jereme	240.60	1.80	110.98
					NCV 3	261.55	1.35	68.23
MD 43	614267	912876	-60	221	Edphil	185.15	1.15	8.95
						241.00	0.80	4.07
					Central	243.60	0.50	8.02
					Jereme	276.90	1.40	5.68 *
					NCV 2	360.07	1.00	4.32
						374.05	0.40	4.88
MD 44	614207	912951	-54	209	Central	249.10	1.00	6.41
					Jereme	262.80	2.95	9.71
						270.45	0.40	6.53
					NVC 3	270.60	0.30	71.78
					NCV 2	359.60	0.50	18.55
						370.20	0.30	4.36
					NCV 1	376.90	0.20	58.84
					NCV 4	413.60	4.50	10.62
					NCV 5	436.90	1.50	74.33
MD 45	614289	912938	-54	204		237.00	0.20	21.76 *
						242.15	0.25	6.23 *
					Edphil	252.50	2.40	25.61
						274.90	0.50	11.51
						281.90	0.30	9.32
						301.75	0.30	9.11 *
						311.30	0.85	3.10 *
						315.20	0.70	3.22
						317.40	1.00	4.07
						334.65	0.45	6.20
					Jereme	347.20	0.50	3.17
						351.90	0.30	19.89 *
					NCV 3	375.60	5.20	107.51
						388.90	0.30	3.41
					NCV 4(?)	392.30	0.40	160.60
NCV 5(?)	403.10	1.00	7.70 *					

Notes:

- (i) (*) denotes Philsaga assays;
- (ii) Independent laboratory McPhar assays are quoted in preference to Philsaga assays;
- (iii) Grid coordinates changed from those previously published due to conversion to the Philippine Reference System 92 project grid; and
- (iv) Intersection cut-off grade lowered to 3 g/t gold in line with resource estimation parameters.



Plate 1: Drill hole MD 45 core photo showing selected sections of exceptionally high grade samples of banded chalcedony. Note that the assay values are from the Philsaga laboratory.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Geoff Davis', is positioned below the text '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.