



## Regulatory Story

Go to market news section



**Company** Medusa Mining Limited  
**TIDM** MML  
**Headline** Co-O Drilling Adds To Growth Potential  
**Released** 07:25 18-Jan-2011  
**Number** 6361Z07

RNS Number : 6361Z  
 Medusa Mining Limited  
 18 January 2011

### 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](mailto:admin@medusamining.com.au)  
Internet: [www.medusamining.com.au](http://www.medusamining.com.au)

### ANNOUNCEMENT

18 January 2011

## Co-O DRILLING ADDS TO GROWTH POTENTIAL

Medusa Mining Limited (ASX and AIM - MML; TSX - MLL) ("Medusa" or the "Company"), through its Philippines operating company Philsaga Mining Corporation ("Philsaga"), announces an update of the Co-O Mine surface drilling results for previous holes MD 273 and MD 280 to 289 and new holes MD 290 to 299, and results from underground drilling and regional drilling around the Co-O Mine.

#### Highlights include:

Hole Number	Width (metres)	Grade (uncut) (g/t gold)
MD273	1.00	76.51
MD288	1.00	69.90
MD292	1.00	16.70
L3-009	1.85	12.77
L5-016	2.75	50.38
EXP035	1.60	12.25
EXP037	1.00	29.53
EXP045	1.20	48.72

The Royal Vein set continues to be delineated by drilling and development along the northern side of the Co-O Mine resource model.

Drilling of the North Tinago Veins has continued to return encouraging drill hole intersections and surface delineation is continuing.

**Geoff Davis, Managing Director of Medusa, commented:**

*"These new results from the Co-O Vein system and continued delineation of the Royal and North Tinago vein sets reinforce the earlier results showing additional potential for growth at and around Co-O. Early indications are that infill drilling and development are confirming the Royal Vein set's continuity.*

*Drilling is continuing with the aim of increasing the confidence levels of these two veins sets for inclusion in resource estimations."*

## Co-O MINE DRILLING

### Discussion

Figure 1 (attached) shows all the new Co-O Mine MD series diamond drill holes from MD290 to MD299 totalling 6,997 metres completed since the last announcement on 29 October 2010 up to 7 January 2011 and also previous holes MD273 and MD280 to MD289. Figure 2 (attached) shows the recently completed underground drilling totalling 5,933 metres in 26 holes.

Surface drilling on the mine area focussed mainly on the Royal Vein set and other veins has continued with two rigs, and for the regional drilling has continued with four rigs. This is planned to be ongoing.

Table I lists the surface diamond drilling results greater than 3 g/t gold from the Co-O Mine for new drill holes MD290 to MD295 as well as results not previously reported for some earlier holes. Assays are awaited for MD297 to MD299 and additional assays are awaited for MD295.

Previous reports were published for holes numbered MD261 to MD289 on 29 October 2010, MD241 to MD260 on 30 June 2010, for MD217 to MD240 on 29 March 2010, for holes below MD217 on 18 January 2010, 10 December 2009, 1 July 2009, 22 January 2009, 1 December 2008 and 12 August 2008. In 2007 the announcements are dated 9 July, 15 May and 28 February.

Table II lists underground drill hole results since 29 October 2010. Completed holes drilled include L1-016 to L1-018, L2-032 to L2-039, L4-09 and L5-014 to L5-027 and L1-001 to L1-004. Assays are awaited for holes L1-018, L2-025 to L2-029, L2-031, L2-032, L2-036, 037, L2-039, L5-017, L5-019 and L5-027. Additional assays are expected for holes L2-035, L2-038, L5-013, L5-022, L5-025 and L5-026.

Results down to 0.2 metres wide are reported since underground development shows that in many cases as the veins approach cross-cutting faults, they narrow down on both sides of the fault over 5 to 10 metres before widening out, and hence the narrower intersections are important in defining vein continuity. There is also some pinching and swelling of veins along strike. Most drilling is sub-parallel to the fault direction and rarely intersects the faults, which are subsequently identified by underground on-vein development.

Drill hole collar positions are surveyed by a qualified surveyor and surface drill holes are surveyed downhole at regular intervals using a digital multi-shot downhole camera.

It is important to note that the drilling of narrow epithermal veins generally provides an indication of the presence of the gold mineralised vein but may not always provide good quantitative data with respect to accurate grade and volume estimations for some or all of the following reasons:

- Veins commonly pinch and swell and may be brecciated or displaced by faults;
- Gold distribution may be erratic, and
- Drill core recovery may be reduced because of the brecciation and soft unconsolidated material and hence the recovered material may not be representative of the material drilled.

Consequently, the Company regards the initial drilling as indicative only and operates the policy of using drilling to locate the position and extent of the mineralised veins. This is then followed by on-vein development to support the drilling results, and to provide a more accurate estimate of vein grades and which results in the upgrading of the resource category from Inferred to Indicated. The development supports the estimation of resources and facilitates the conversion of resources to reserves.

Further information on narrow veins and the Company's policies regarding exploration, development and resources-reserves is contained on the Company's website [www.medusamining.com.au](http://www.medusamining.com.au)

# Co-O Drilling Adds To Growth Potential - London Stock Exchange

Table I. Surface drill hole results >3 g/t gold and >0.2 metres downhole for new holes MD 261 to MD 279 and complete assays for a previously partly reported hole designated \*

Hole number	East	North	Dip (°)	Azimuth (°)	From (metres)	Width (metres)	Grade (uncut) (g/t gold)
MD273*	613328	913221	-85	180	109.65	0.60	3.86
					468.25	1.00	76.51
MD282*	614225	913119	-46	170	105.60	1.40	4.13 (*)
					125.30	0.30	3.20
					365.70	1.00	19.47
					484.20	0.20	9.50
					514.60	0.65	6.11
					562.60	0.20	50.53 (*)
					612.50	1.60	3.88
MD283*	613381	913252	-66	180	302.85	1.00	9.27 (*)
MD284*	613626	913205	-56	167	500.35	0.30	7.37 (*)
MD285*	614450	912995	-63	202	361.55	0.25	4.23 (*)
MD286*	613381	913253	-87	180	150.80	0.60	3.88 (*)
					155.20	0.25	15.54 (*)
MD287*	614225	913120	-56	168	130.30	0.20	4.85 (*)
					608.85	2.20	4.02 (*)
					643.85	0.30	4.91 (*)
					761.95	0.35	3.00 (*)
MD288*	614448	912995	-50	217	430.75	0.35	22.80 (*)
					454.70	0.30	16.27 (*)
					478.90	1.20	5.29 (*)
					489.50	1.35	6.83 (*)
					493.10	1.00	69.90 (*)
MD291	614223	913120	-55	192	334.10	1.20	5.74 (*)
					338.10	0.35	3.23 (*)
					378.40	0.55	15.93 (*)
					452.60	1.40	6.78 (*)
					578.20	0.25	4.67 (*)
MD292	614448	912995	-61	217	278.10	1.25	5.40 (*)
					283.20	0.60	11.77 (*)
					338.10	0.45	5.40 (*)
					450.55	0.85	16.70 (*)
					533.20	1.00	16.70 (*)
MD295	614223	913120	-65	193	118.45	0.20	17.36 (*)
					398.10	0.70	3.01 (*)
					400.45	5.65	6.32 (*)

**Notes:**

- (i) Intersection widths are downhole drill widths not true widths;
- (ii) Assays denoted by (\*) are by Philsaga Mining Corporation's laboratory, all other assays are by McPhar Geoservices Inc. in Manila;
- (iii) Grid coordinates based on the Philippine Reference System 92.

# Co-O Drilling Adds To Growth Potential - London Stock Exchange

Table II. Underground drill hole results >3 g/t gold and >0.2 metres downhole and complete assays for a previously partly reported hole designated \*

Hole number	East	North	Dip (°)	Azimuth (°)	From (metres)	Width (metres)	Grade (uncut) (g/t gold)
<b>LEVEL 1</b>							
L1-015*	613315	913065	3	209	64.00	0.20	14.00 (*)
<b>LEVEL 2</b>							
L2-030*	614067	913007	3	53	54.30	0.20	5.87 (*)
L2-033	613506	912893	3	338	111.50	0.30	5.17 (*)
L2-034	613506	912892	3	309	52.15	1.00	10.97 (*)
L2-035	613399	912882	3	47	60.60	0.40	17.62 (*)
L2-038	613396	912881	3	320	85.40	0.90	14.50 (*)
					13.45	0.30	10.02 (*)
					42.80	0.20	7.27 (*)
<b>LEVEL 5</b>							
L5-011*	613888	912793	-41	353	163.25	0.85	6.00 (*)
L5-013*	613883	912791	3	315	182.35	1.65	5.67 (*)
					73.60	0.50	22.10 (*)
L5-014	613883	912791	-25	314	97.30	0.35	3.73 (*)
					100.90	0.65	13.33 (*)
L5-016	613882	912789	3	300	144.20	0.45	4.27 (*)
					158.90	1.20	11.47 (*)
L5-018	613943	912887	-29	187	166.50	1.05	10.33 (*)
					176.05	2.75	50.38 (*)
					183.80	0.30	10.33 (*)
					60.70	0.60	3.42 (*)
L5-020	613945	912887	-29	199	98.80	0.70	3.85 (*)
					103.40	0.70	4.77 (*)
					134.70	0.65	44.67 (*)
L5-022	613944	912888	-29	160	64.40	1.15	4.40 (*)
L5-023	614137	912904	0	337	82.90	0.30	10.90 (*)
L5-024	614140	912900	0	47	91.40	0.25	3.00 (*)
L5-025	613946	912888	-29	134	101.00	0.90	7.97 (*)
					61.00	0.50	3.44 (*)
					71.25	1.65	3.42 (*)
					107.90	0.30	8.83 (*)
L5-026	614136	912893	-21	214	264.65	0.95	3.12 (*)
					1.90	0.45	3.80 (*)
					56.30	0.25	34.80 (*)
					59.60	0.70	5.03 (*)
					83.20	1.20	4.18 (*)
					113.80	0.90	3.80 (*)
					121.90	0.40	6.73 (*)
					156.45	1.35	4.18 (*)
174.50	0.70	3.13 (*)					
					178.60	0.20	7.07 (*)

**Notes:**

- (i) Intersection widths are downhole drill widths not true widths;
- (ii) Assays denoted by (\*) are by Philsaga Mining Corporation's laboratory, all other assays are by McPhar Geoservices Inc. in Manila;
- (iii) Grid coordinates based on the Philippine Reference System 92.

## Co-O REGIONAL DRILLING

Using the Co-O Mine as a model, drill testing commenced in the September quarter of 2009 on veins in the vicinity of the Co-O Mine.

The Co-O vein system Central Vein outcrops at surface on the western side of the Oriental Fault, where it was first discovered. The veins at surface rarely exceed 0.5 metres width and generally assay around 1 to 5 g/t gold (with possibly some supergene enrichment which is an increased concentration of minerals due to weathering of the near surface mineralisation). Gold values on the Central Vein start to increase significantly approximately 80 metres below surface.

It should also be noted that the drilling in the late 1980s and early 1990s to locate the veins east of the Oriental Fault intersected clay - minor silica alteration zones up dip from the high grade veins, and returned assays up to 1 g/t gold which were considered inconsequential at the time. Hence the Company carefully evaluates the importance of low assays in geologically favourable settings.

Figure 3 (attached) shows the positions of the 15 holes EXP038 to EXP053 for a total of 8,092 metres. Table III shows the results >3 g/t gold over >0.2 metres. Results for EXP001 to EXP012 were announced on 17 December 2009, an update up to EXP022 was provided on 19 March 2010, holes EXP022 to EXP028 were provided on 30 June 2010 and for holes EXP029 to EXP037 on 29 October 2010.

Table III. Regional drill hole EXP 038-053 results >3g/t gold and >0.2 metres downhole.

Hole number	East	North	Dip (°)	Azimuth (°)	From (metres)	Width (metres)	Grade (uncut) (g/t gold)
EXP038	613651	913505	-50	180	435.20	0.20	4.73 (*)
EXP039	613691	913588	-50	180	354.85	0.45	8.73 (*)
EXP044	614006	913328	-50	160	147.90	0.60	4.60 (*)
					163.00	0.55	5.80 (*)
					198.10	1.00	3.48 (*)
EXP045	614272	913209	-50	167	126.80	0.90	9.33 (*)
					379.25	1.00	59.57 (*)
					395.15	0.55	4.03 (*)
					414.55	0.25	23.66 (*)
					424.65	0.95	7.77 (*)
					479.75	1.20	48.72 (*)
555.50	1.15	5.03 (*)					
EXP046	613857	913420	-50	180	204.65	0.95	3.03 (*)
EXP048	613846	913272	-50	160	261.90	0.70	21.82 (*)
EXP050	614181	913420	-50	165	601.60	0.20	3.36 (*)
EXP051	613833	913305	-50	158	422.40	1.80	3.03 (*)
					657.60	0.55	4.21 (*)
					701.40	0.85	5.67 (*)

**Notes:**

- (i) Intersection widths are downhole drill widths not true widths;
- (ii) Assays denoted by (\*) are by Philsaga Mining Corporation's laboratory, all other assays are by McPhar Geoservices Inc. in Manila;
- (iii) Grid coordinates based on the Philippine Reference System 92.

## DISCUSSION

The drill results (Fig. 3) indicate the presence of multiple veins in the Royal Vein - North Tinago area. On-going drilling aims to ascertain the continuity of the gold mineralisation, and the lateral and vertical and extent of the vein systems.

Development from the new Saga Shaft would be able reach the NT3A and NT3B vein areas.

## ON-GOING DRILL PROGRAMME

It is intended that two surface rigs will continue drilling on the Co-O Mine area and four rigs will continue regional drilling. Four drill rigs will continue operating underground.

## DRILL HOLE SAMPLING AND ASSAYING PROCEDURES

Samples were taken from mainly HQ sized (hole outside diameter 96 mm, hole inside diameter 63.5mm) and some NQ sized (hole outside diameter 75.8 mm, hole inside diameter 47.6 mm) 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.

Check assaying of the majority of samples used in the resource estimate update and which contain more than 0.5 metres at more than 2 g/t gold have been undertaken 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 assays of McPhar as an independent laboratory have been given priority over the Company laboratory's results.

### For further information please contact:

#### Australia

**Medusa Mining Limited** +61 8 9367 0601  
Geoffrey Davis, Managing Director  
Roy Daniel, Finance Director

#### United Kingdom

**Fairfax I.S. PLC** +44 (0)20 7598 5368  
Financial Adviser and Broker  
Ewan Leggat/Laura Littley

**Lothbury Financial Services Limited** +44 (0)20 7868 2010  
Michael Padley/Libby Moss

#### Canada

Nicholas Sayce, Investor Relations +1 416 822 4404

Information in this report relating to **Exploration Results** has been reviewed and is based on information compiled by Mr Geoff Davis, who is a member of The Australian Institute of Geoscientists. Mr Davis is the Managing Director of Medusa Mining Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposits 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" and is a "Qualified Person" as defined in "National Instrument 43-101" of the Canadian Securities Administrators. Mr Davis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Refer to the Technical Report which was filed on [Sedar](#) in August 2010 for further discussion of the Co-O Deposit's geology, structural controls, drilling, sampling and assaying information, and any known material environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issue.

### DISCLAIMER

This announcement may contain certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Medusa, and its officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements.

Actual results, performance or outcomes may differ materially from any projections and forward-looking statements and the assumptions on which those assumptions are based.

You should not place undue reliance on forward-looking statements and neither Medusa nor any of its directors, employees, servants or agents assume any obligation to update such information.

Click on, or paste the following link into your web browser, to view the associated PDF document.  
[http://www.rns-pdf.londonstockexchange.com/rns/6361Z\\_-2011-1-18.pdf](http://www.rns-pdf.londonstockexchange.com/rns/6361Z_-2011-1-18.pdf)

This information is provided by RNS  
The company news service from the London Stock Exchange

END

DRLDVLBFFFFFFBBK

CLOSE

**London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. Terms and conditions, including restrictions on use and distribution apply.**

©2009 London Stock Exchange plc. All rights reserved

*Regulatory*