

Regulatory Announcement

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Company Medusa Mining Limited
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MEDUSA MINING LIMITED

Co-O MINE ADIT UPDATE

Medusa Mining Limited ("Medusa" or "The Company"), the Australian based company operating and developing gold mines in the Philippines, advises that following the announcement of 10 January regarding the landslide that blocked the adit entrance to the Co-O mine, round the clock work has cleared the adit entrance and services have been restored to the mine. The landslide occurred after two weeks of monsoonal rain, which continued until Monday this week.

Mine drainage at adit level was re-established on Friday 12th and power was reconnected on Sunday night enabling the pumps on both the main levels below the adit to be re-started. Water levels in the bottom level of the mine (3,050 metre level) had risen approximately one metre in the main drive and should be cleared from the mine during the next week or so, along with rock and silt accumulations resulting from the uncontrolled water flow down through the workings while the power and drainage were cut.

An assessment of the slope above the adit has been carried out by a company engineer who advised that a full stabilisation programme could take in the order of 3 - 4 months to complete. In order to reduce the risk of losing future access to the mine, the Company has commenced excavating a new by-pass adit which will aim to connect with the 3W shaft position, thereby providing an improved loop rail system and improved safety.

The current adit is undergoing repairs including installation of closed drainage to prevent future blocking. During the repair work, the adit will be used during periods of no or low rainfall and at this stage it cannot be predicted what volume of material will be able to be hauled from the mine. Full operation of the mine is anticipated to be back on track towards the end of the month.

Repairs to the mine access road are nearing completion to a standard whereby ore stockpiled at the mine can be transported to the mill.

A further update will be provided in the forthcoming quarterly report.

Geoffrey Davis, Managing Director of Medusa, commented:

"As we said, the landslide is a minor setback and the action we are taking will reduce the risk of a similar event happening. We expect to be back in full production by the end of the month."

18th January 2007

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