

Regulatory Announcement

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Company Medusa Mining Limited
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MEDUSA MINING LIMITED

DISMISSAL OF MOTION FOR RECONSIDERATION ON Co-O MINE MPSA

Medusa Mining Limited ("Medusa" or the "Company"), the Australian based company operating and developing gold mines in the Philippines, today advises that it has received written confirmation of the 14 February 2007 decision of the Supreme Court of the Republic of the Philippines which dismissed with finality the Motion for Reconsideration filed by Picop Resources Inc. in response to the earlier decision by the Supreme Court which permitted the Department of Environment and Natural Resources ("DENR") to proceed, subject to regulatory compliance, with the issuance to Philsaga Mining Corporation ("Philsaga"), a subsidiary of Medusa, of Mineral Production Sharing Agreement ("MPSA") application number 084-XIII covering the Co-O Gold Mine.

Philsaga is now finalising the granting of the MPSA.

Background

The unanimous decision on 6 December 2006 of the Supreme Court of the Philippines on the case lodged by Picop Resources Inc ("Picop"), a timber licence holder, arose when Philsaga's predecessor was required under the new mining code introduced in 1995 to convert old style tenements to new tenements compliant with the new mining law. Picop lodged an adverse claim against the MPSA application in 1997 on the grounds that mining could not be undertaken in timber licences. Philsaga acquired these tenement applications in 2000 and proceeded to challenge the adverse claim. Philsaga won the case against Picop in two lower courts and subsequently Picop lodged a case in the Supreme Court against the claimowner and a division of the Department of Environment and Natural Resources. The Supreme Court decision is enumerated above as well as the court's decision with respect to the subsequent Motion for Reconsideration.

Geoff Davis, Managing Director of Medusa commented:

"The dismissal of the Motion for Reconsideration filed by Picop as a result of the Supreme Court decision issued on 6 December 2006 is the end of the Picop case. Philsaga, Medusa's Filipino operating corporation will now finalise the MPSA over the Co-O Mine.

"The Group can now focus all its energies on steadily increasing its total production to the targeted level of 100,000oz/year in early 2008".

8th March 2007

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