

Regulatory Announcement

Go to market news section



Company	Medusa Mining Limited
TIDM	MML
Headline	Co-O Mine Update
Released	07:00 16-May-07
Number	6603W

RNS Number:6603W
Medusa Mining Limited
16 May 2007

16 May 2007

MEDUSA MINING LIMITED

Co-O MINE UPDATE: DEVELOPMENT and RESEARCH

Medusa Mining Limited ("Medusa" or the "Company"), the Australian based company operating and developing gold mines in the Philippines, advises that it anticipates achieving production of 10,000 ounces for the current June quarter (annualised 40,000 ounces). Re-estimation of the Co-O Mine resources is due in the third quarter.

Development

Continuing development on the 3,050 metre level (100 metres below the adit level) confirms the vein interpretations from the first deep drill holes (MD 20 and 23) on the east side of the Oriental Fault as described in the announcement of 28 February 2007. Driving north from the bottom of the 3W shaft has intersected the North Vein, which was known on the west side of the Oriental Fault, and the new Edphil Vein, both of which have returned good grades.

At the 3,010 metre level, 140 metres below the adit level, development on the Central Vein has shown it is up to 4 metres wide, and generally averages in excess of 20g/t gold.

The Central Vein consists of dominantly colloform white to bluish to greyish oanded chalcedony (low temperature quartz), quartz and lesser calcite. It also contains natural cavities lined with quartz crystals, which in places are up to man-sized.

On the 3,010 metre level, bands of high grade "black leaders" (local terminology), which commonly contain gold grades of 200 - 400g/t, have been located in the Central Vein. The black leaders consist of sphalerite-galena-minor pyrite and rare chalcopryrite and are usually associated with colloform chalcedony and calcite.

Research

The Co-O gold deposit is located in the northern section of a large alteration anomaly as determined by airborne magnetics.

In 2006 the Company, in cooperation with the Centre for Exploration Targeting at the University of Western Australia, contracted the services of a postgraduate research geologist to undertake detailed studies, initially on the Co-O Mine followed by other deposits and prospects. The aim of the research is to understand the depth potential of the Co-O veins through determination of the temperature of vein deposition, vein and alteration mineralogies and other characteristics within the regional structural framework of the mineralising Philippine Rift Fault. In addition, these results would be utilised to determine if they could be used as vectors to locate potential porphyry copper gold intrusives which the Company interprets may be the source of mineralisation within the Co-O aeromagnetic anomaly.

In summary, the work to date has identified the following important features:

- The Co-O veins are comprised of two gold bearing phases, the first being a quartz- chalcedony +/- calcite phase deposited at a temperature of approximately 180 degrees C, and a second phase comprising blocky calcite-quartz +/- barite, likely to be deposited from boiling fluids in a temperature range of 200-250 degrees C;
- The top of the Co-O mineralisation formed most probably in the upper 300 metres of the crust and therefore the veins are essentially fully preserved (meaning the veins have been subjected to minimal erosion). This implies that to date the drilling is in the upper parts of the vein system and does not appear to have reached the bottom of the mineralisation, with two of the deepest intersections east of the Oriental Fault returning high grades (2.10 metres at 15.05g/t gold in MD 28 and 2.70 metres at 87.6g/t gold in MD 34) at approximately 300 metres vertically below the mine adit.

Geoffrey Davis, Managing Director of Medusa, commented:

"The Company is pleased to be able to report rising production. The continuing underground development is supporting the results obtained from recent drilling which will, in turn, support the new resource estimate anticipated to be completed during the next quarter."

Maps and photographs which accompany this announcement can be viewed in the ASX version of the announcement on the Company's website: www.medusamining.com.au

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.

For further information, please contact:

Medusa Mining Limited	+61 8 9367 0601
Geoffrey Davis, Managing Director	
Roy Daniel, Finance Director	
Ambrian Partners	+44 (0)20 7776 6417
Richard Brown / Richard Greenfield	
Bankside Consultants	+44 (0)20 7367 8888
Michael Padley / Daniela Hale	

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

END

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.

©2007 London Stock Exchange plc. All rights reserved