

Regulatory Announcement

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Company Medusa Mining Limited
TIDM MML
Headline 16km Cu-Au zone confirmed
Released 07:00 16-Jul-07
Number 2541A

RNS Number:2541A
 Medusa Mining Limited
 16 July 2007

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
 Internet: www.medusamining.com.au

MEDUSA MINING LIMITED**BAROBO MINERALISED CORRIDOR**

Medusa Mining Limited ("Medusa" or the "Company"), the Australian based company operating and developing gold mines in the Philippines, advises that it has now received all sample results and assessments undertaken during the regional evaluation of the northern section of tenements in the Company's portfolio. The regional exploration initiative was referred to in the ASX announcement of 27 June 2007 as being in progress.

This work has identified the newly designated 16 kilometre long Barobo Corridor which has a combination of features suggestive of a regional scale mineralisation system capable of hosting several different styles of gold deposits as well as porphyry copper-gold and related deposits. These features include:

- the intersection of the regional scale mineralised north-north west-trending Barobo Fault with the Lianga Bay Fault which is interpreted to be the major focal point for the extensive Tambis area 9.5 x 7.3 kilometre aeromagnetically defined intense argillic alteration zone;
- the prominent Barobo Fault corridor extending southwards from the Tambis area appears to control numerous vein style and siliceous replacement gold occurrences with high grades in outcrops and boulders in favourable host rocks; and
- the presence of diorite and dacite intrusives exhibiting porphyry copper style alteration and shedding associated anomalous stream sediment copper values.

Geoffrey Davis, Managing Director of Medusa, commented:

"These results show the presence of a major mineralised system potentially containing significant gold and copper deposits. A number of porphyry copper and gold targets have been located along the Barobo Fault and we are now assessing various exploration methods that will provide us with detailed data for advancing targets to the drilling stage."

Barobo Corridor

The Barobo Corridor has been defined from remote sensing techniques including

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satellite imagery, aerial photography and aeromagnetics, as well as regional mapping, and surface sampling where appropriate. The aeromagnetics, regional mapping, pan concentrate and surface sampling were completed by the Company. All other information provided is historic. The Barobo Corridor is located at the northern end of the Company's tenements.

The Barobo Corridor extends over approximately 16 kilometres (and open to the south) straddling a major fault named the Barobo Fault that parallels the main Philippine Rift Fault located approximately 25 km to the west.

The Barobo Fault is a significant aeromagnetic feature and is topographically distinctive.

The Tambis regional area is located within a bullseye 9.5 by 7.3 kilometre aeromagnetic anomaly indicative of and resulting from intense argillic alteration. This widespread alteration has been field verified in numerous places and is located to the south of the intersection of two regional scale faults, the Barobo Fault and the major west-northwest trending Lianga Bay Fault and partly straddling the Barobo Fault. The fault intersection is to the immediate west of the Bananghilig Gold Mine.

It should be emphasised that reconnaissance field exploration to date has been restricted to mapping and sampling of outcropping rocks on ridges and in creeks and silica boulder trains with a large number of the outcrops being identified as potentially mineralised. Various exploration methods are being assessed to provide detailed regional scale data for prioritising targets for additional work.

(i) Porphyry targets

At the northern end of the Barobo Corridor is the Sopon porphyry copper target which consists of an altered and quartz veined diorite with visible copper minerals. The target is associated with an area of aeromagnetic complexity within the large intense argillic alteration anomaly. The diorite is associated with massive sulphide skarn-style mineralisation which is not yet fully defined. In the 1990s stream sediment sampling programme described below, one sample in a small creek near the Sopon porphyry copper prospect recorded an anomalous value of 124 ppm copper, and a stream sediment sample 2km to the west recorded 17.3 ppm gold.

A regional stream sediment sampling programme carried out in the 1990s over the entire strike length of the Company's tenements by a previous explorer located the highest regional stream sediment copper values in three creeks draining the Bananghilig Mine area, being 1,662 ppm, 616 ppm and 530 ppm. This programme was not systematic in that sampling was restricted to drainages accessible by road; as a result large areas were not sampled.

The above stream sediment sampling programme post dates the large BLEG anomaly. The BLEG survey was a systematic programme carried out specifically to target gold.

The Sumugbong porphyry target consists of altered and quartz veined diorite located to the west of the Alikway and Guinhalinan Prospects located in the southern part of the Barobo Corridor. The 1990s regional stream sediment survey referred to above also sampled in two creeks distant from and draining southwards from this porphyry target and recorded regionally anomalous copper values of up to 124 ppm.

(ii) Gold targets

A plethora of gold targets of several different styles have been located along the Barobo Fault over a strike length of over 10 kilometres and still open to the south. Pan concentrates were initially employed to delineate gold targets but the presence of ubiquitous visible gold in all creeks has rendered pan concentrates sampling as essentially non-discriminating, hence other regional methods are being investigated. This is a very large area (approximately 21 by 8 kilometres), encompassing the Bananghilig Mine and Sopon porphyry target and other prospective areas, of anomalous stream sediment BLEG gold values defined by an earlier explorer. The area partially overlaps the extensive argillic alteration zone. Some of the styles are:

- Silica replacement style targets in sediments: These include the Guinhalinan Prospect and number of areas to the north of Guinhalinan where silicification of limestones and siltstones has occurred and where outcrops have returned up to 2.3 metres at 16.23 g/t gold and 1.85 metres at 8.86g/t

gold, and grab samples returning up to 16.94 g/t gold. The silicified zones are commonly controlled by numerous northeast-trending structures which may result in the development of large areas of silicification. Some of the silicified zones are also brecciated such as south of Campagang where outcrops have returned up 80.26g/t gold. Gold mineralisation appears to be ubiquitous in the silicified zones, along with common lead and zinc mineralisation in potentially commercial quantities. Copper mineralisation has also been identified in some areas.

- Skarn style targets in limestones: Some subtle aeromagnetic anomalies have been identified as containing skarn-style silica replacement in limestones with gold, lead and zinc and disseminated magnetite, including in the area slightly north east of Sumugbong Creek.
- Veins: A large number of veins have been identified commonly with a northeast trend. The most consistent of these to date is the Alikway Vein where high grade mineralisation (including 1.40 metres at 33.89 g/t gold, 0.5 metres at 26.41 g/t gold and 0.4 metres at 15.73 g/t gold) has been identified over a distance of approximately 500 metres and is open in both directions. Numerous other veins in the Alikway vicinity, particularly to the south, have also been discovered, such as at Matanog where samples have returned up to 0.6 metres at 24.8 g/t gold..

It should also be noted that there is a very large area of anomalous stream sediment BLEG gold values defined by an earlier explorer covering an area of approximately 21 by 8 kilometres in the area encompassing the Bananghilig Mine and Sopon porphyry target and other prospective areas.

Maps and cross sections 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.

Enquiries:

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 / Louise Davis	

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