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Company Medusa Mining Ltd
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Co-O Vein System Drilling Update

4 June 2008

MEDUSA MINING LIMITED

(AIM: MML)

Co-O VEIN SYSTEM DRILLING UPDATE

Medusa Mining Limited ('Medusa' or the 'Company'), the Australian based company operating and developing gold mines in the Philippines, advises the latest results from the on-going diamond drilling at the Co-O Gold Mine. This report summarises the drilling since the last report of 7 April 2008. The drilling continues to extend the known vein system which is now drilled over approximately 1,000 metres along strike and with indications that it is up to approximately 300 metres wide across strike.

New significant intersections include:

Hole Number	Intercepts (metres)	Grade (g/t gold)
MD 68	3.10	15.37
MD 72	3.00	18.94
	15.90	32.85
MD 77	1.75	22.53
MD 80	10.20	13.53

The drill programme is continuing with four surface rigs and two underground rigs operational.

Discussion

Figure 1 shows the location of the Co-O Mine and Figure 2 shows all the diamond drill holes from MD 46 upwards drilled and in progress around the Co-O Mine. These are the holes that will be added into the next resource estimation. Figure 3 shows the updated three dimensional model of the vein system including the newly discovered Catto West Veins whilst Figure 4 shows the conceptual model for the Co-O vein system in comparison to the Diwalwal Mine. Please see the link at the end of this announcement for these images.

Drilling has continued to define veins to the west of the Agsao River but has been discontinued to the east for the time being. The drilling is designed to extend the West Catto and other veins to the west as this is where the current mining infrastructure is situated.

Hole MD 66 was abandoned due to bad ground conditions and MD 76 was abandoned at 104.10 metres due to severe hole deflection.

Low Angle Veins and Siter Hole for the Hill View Shaft

The previously reported wide intercept in MD 61 (14.60 metres at 5.29 g/t gold) has now been intersected by development on the 3050 metre level (100 metres below adit level) and found to be a second low angle vein approximately 2 metres wide, named the Godfrey Vein, (in addition to the previously reported low angle vein associated with the Catto West Veins on the 3050 metre level). Development is now underway to the east and west on this vein where the initial bulk development grades returned well above the drill hole intersection grade.

Hole MD 74 was drilled as a siter hole for the Hill View Shaft. It encountered poor ground conditions in the upper levels resulting in the loss of 280 metres of PQ sized casing (which will now be used as a

compressed air line into the western end of the mine). As a result, a new position for the Hill View Shaft will be chosen once additional drilling has been completed and suitable ground conditions have been delineated.

This hole intersected three low angle veins, including the intersection listed in Table I of 1.05 metres at 7.53 g/t gold, located approximately 15 metres below the 3100 metre level.

Development is underway to intersect this vein. Two other intersections of between 1 and 3 g/t gold in low angle veins were made at 301 metres and 476 metres vertical depth which demonstrates that other low angle veins are present in the Co-0 system.

Deepest intersection

The end of hole MD 68 passed below the 400 metres below (at 2750 metre level) adit level (at 3150 metre level) and intersected the top of a new vein (3.10 metres at 15.37g/t gold from 612.30 metres downhole) approximately 60 metres to the north of the Central Vein.

Other shallower holes along strike appear to confirm that this is the top of a new vein.

Drill results

Table I lists the surface diamond drilling results greater than 3 g/t gold from the Co-0 Mine for drill holes MD 46 to MD 80. Previous announcements on the Co-0 drilling on 9 July, 15 May and 28 February 2007 contain information regarding drilling and surveying techniques, comments on vein interpretation and methodologies and assaying protocols.

Table I. Drill hole results > 3 g/t gold for holes MD 46 to 80.

Hole	East	North	Dip	Azimuth	From	Width	Grade
			(°)	(°)	(metres)	(metres)	(uncut)
							(g/t gold)

EAST								
MD46	614,047	912,472	-48	41	489.30	0.85	8.51	
					501.40	0.40	4.50	
					542.90	1.40	20.62	
MD48	614,257	912,704	-60	253	212.45	1.95	22.02	
(Agsao Shaft pilot hole)								
MD49	614,129	912,487	-50	40	449.85	2.05	6.61	
					463.90	1.00	4.24	
MD55	614,134	912,495	-45	35	361.60	3.45	12.48	
					421.20	0.70	12.23	
					486.25	0.70	3.89	
MD64	614,175	912,505	-45	41	405.80	1.00	3.19	
MD67	614,173	912,504	-52	43	278.00	0.80	7.20	
					398.30	1.30	6.55	
MD71	614,360	912,502	-55	11	574.40	1.15	7.81	
WEST								

MD47	613,805	912,788	-55	30	153.30	1.10	7.01
MD51	613,749	912,798	-53	17	130.50	1.30	6.50
					155.75	0.25	41.06
MD52	613,754	912,816	-50	14	75.25	0.55	3.53
					157.60	0.30	5.31
					170.40	0.30	14.93
MD54	613,830	912,745	-47	29	174.00	1.80	14.59
MD56	613,809	912,706	-54	29	390.85	1.00	3.11
MD57	613,739	912,767	-54	16	152.55	0.45	39.64
					191.90	3.45	26.26
					194.80	0.40	18.47
MD58	613,739	912,767	-58	16	176.10	0.40	43.46
					207.00	0.70	7.45
					280.40	0.90	6.18
MD61	613,662	912,804	-47	347	249.10	14.60	5.29
					308.20	1.45	12.64
MD62	613,723	912,767	-56	2	184.65	2.10	9.07

					238.55	0.60	3.28(*)
MD65	613,663	912,802			115.60	0.65	25.42
					153.05	2.75	8.80
MD68	613,723	912,766	-57	344	370.40	3.40	6.07
					612.30	3.10	15.37
MD72	613,607	912,785	-54	347	56.50	1.35	18.29
					146.60	4.30	15.20(*)
					169.50	3.00	18.94
					188.90	34.70	16.70
				Incl	188.90	15.90	32.85
				Incl	209.80	2.65	7.17
				Incl	217.90	3.90	4.11
MD74 Hill View Shaft	613,747	912,843	-90	0	217.95	1.20	29.04
Siter hole							
					229.65	1.05	7.53
					476.90	0.35	3.00
MD75	613,735	912,727	-54	135	181.00	0.20	6.48

					240.75	0.90	8.71
-----+-----+-----+-----+-----+-----+-----+-----							
MD77	613,734	912,727	-54	358	92.35	0.60	13.81
-----+-----+-----+-----+-----+-----+-----+-----							
					212.45	0.45	6.01
-----+-----+-----+-----+-----+-----+-----+-----							
					214.50	0.60	10.52
-----+-----+-----+-----+-----+-----+-----+-----							
					220.55	0.45	5.18
-----+-----+-----+-----+-----+-----+-----+-----							
					230.40	1.75	22.53
-----+-----+-----+-----+-----+-----+-----+-----							
					237.65	1.40	5.60
-----+-----+-----+-----+-----+-----+-----+-----							
					247.65	1.20	5.66
-----+-----+-----+-----+-----+-----+-----+-----							
					313.00	0.90	5.76
-----+-----+-----+-----+-----+-----+-----+-----							
MD78	613,568	912,747	-50	347	258.20	1.20	4.97(*)
-----+-----+-----+-----+-----+-----+-----+-----							
MD79 (in progress)	613,534	912,696	-47	336			
-----+-----+-----+-----+-----+-----+-----+-----							
MD80 (in progress)	614,294	912,937	-60	206	271.30	10.20	13.53(*)
-----+-----+-----+-----+-----+-----+-----+-----							
					277.50	1.00	8.33
-----+-----+-----+-----+-----+-----+-----+-----							
					298.05	0.65	3.73
-----+-----+-----+-----+-----+-----+-----+-----							

Notes:

- (i) (*) denotes Philsaga assays;
- (ii) Independent laboratory McPhar assays are quoted in preference to Philsaga assays;
- (iii) Grid coordinates based on the Philippine Reference

System 92;

(iv) Intersection lower cut-off grade is 3 g/t gold in line with current resource estimation parameters;

(v) Some previously reported intersection widths and grades may have changed as a result of check assaying by McPhar.

Geoff Davis, Managing Director commented:

'These results confirm the presence of additional veins, with some holes showing excellent grades. The ongoing drilling will better define these and, we believe, further extend the system westward.'

Information in this report relating to Exploration Results 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 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. 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.

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