

Regulatory Announcement

Go to market news section



Company Medusa Mining Ltd
TIDM MML
Headline Resource Expansion
Released 07:00 12-Aug-08
Number HUG1242455

Resource Expansion

12 August 2008

MEDUSA MINING LIMITED
 (AIM: MML)

Co-O MINE RESOURCE EXPANSION

Medusa Mining Limited ('Medusa' or the 'Company'), the Australian based company operating and developing gold mines in the Philippines, through its Philippines operating company, Philsaga Mining Corporation ('Philsaga'), advises that it has completed a new resource estimation at the Co-O Mine, which has increased the JORC compliant resources by 17% to 862,000 ounces at 10.72 g/t gold.

Key points:

- * The resource estimation has increased the contained ounces by 125,000 ounces (excluding 19,009 ounces mining depletion during the year) or by 17% to 838,000 ounces (from 713,000 ounces) using a lower cut of 3 g/t gold.
- * A similar percentage increase in the resource estimation to 862,000 ounces (from 737,000 ounces) using a 0 g/t gold cut-off.
- * The grade has increased by 9.6% at a 3 g/t gold cut-off and by 10.5% at a 0 g/t gold cut-off.

Due to the uniform high grade nature of the resource with 2.7% of the ounces contained between 0 g/t and 3 g/t gold, all future resource estimates will be quoted using a 0 g/t gold lower cut-off.

A number of the drill intersections, particularly in the western end of the deposit, require infill drilling and closer delineation before vein continuity can be demonstrated sufficiently for these to be included in the resource figure. This work is on-going.

Resource Estimate to 21 July 2008:

Category	> 0 g/t gold			> 3 g/t gold		
	tonnes	g/t gold	ounces	tonnes	g/t gold	ounces
Indicated	1,048,000	11.63	392,000	964,000	12.42	385,000
Inferred	1,452,000	10.06	470,000	1,217,000	11.58	453,000
Grand total	2,500,000	10.72	862,000	2,181,000	11.95	838,000

Geoff Davis, Managing Director Medusa Mining, commented:

'The resource statement extends the deposit to in excess of one

Market News

million ounces including past production and we are very optimistic that this figure will be further increased by the on-going drill programme.

'The grade of the deposit continues to be maintained, and with the discovery of new mineralisation in new orientations, in conjunction with advancing geological knowledge, these factors all highlight the potential to increase the deposit size in the future.'

For further information, please contact:

Medusa Mining Limited	+61 8 9367 0601
Geoffrey Davis, Managing Director	
Roy Daniel, Finance Director	
Fairfax I.S. PLC	+44 (0)20 7598 5368
Nominated Adviser / Joint Broker	
Ewan Leggat	
Mirabaud Securities Limited	+44 (0)20 7321 2508
Joint Broker	
Peter Krens	
Lothbury Financial	+44 (0)20 7011 9411
Michael Padley / Louise Davis	

RESOURCE ESTIMATIONS

Discussion

Diamond drilling has continued since the resource estimate announced on 4 September 2007 with the aim of extending the known Co-0 vein system to depth and along strike. A total of 43 drill holes have been completed since the previous resource estimation and considered for the current resource estimation in conjunction with the available underground sampling data.

Figure 1 (please see the link at the end of this announcement) is the composite map of the Co-0 Mine area showing the location of the drill holes MD 46 - 88, mapped vein extensions and interpretations to the west, the adit level workings and the projection of veins onto the 3050 metre level.

Vein modelling

Cube Consulting Pty Ltd of Perth, Western Australia were contracted to undertake resource estimations based on a wire frame model of the vein system.

The 3D model of the veins in Figure 2 (please see the link at the end of this announcement) shows a strike persistent vein system, which is open at depth and along strike, consistent with recent surface work to the west.

Table I. Co-0 Mine mineral resource estimates for the veins containing >50,000 ounces

Vein name	Category	> 0 g/t gold		
		tonnes	g/t gold	contained ounces
Central	Indicated	484,000	11.17	174,000

	Inferred	480,000	5.83	90,000
	Sub Total	964,000	8.51	264,000
Jereme	Indicated	79,000	15.55	40,000
	Inferred	161,000	13.55	70,000
	Sub Total	240,000	14.21	110,000
Edphil	Indicated	144,000	6.76	31,000
	Inferred	181,000	9.67	56,000
	Sub Total	325,000	8.38	87,000
New Catto 1	Indicated	22,000	49.67	35,000
	Inferred	84,000	33.99	92,000
	Sub Total	106,000	37.27	127,000
New Catto 3	Indicated	49,000	33.12	52,000
	Inferred	47,000	51.17	77,000
	Sub Total	96,000	41.89	129,000
Other veins	Indicated	271,000	5.85	51,000
	Inferred	498,000	5.87	94,000
	Sub Total	769,000	5.86	145,000
Grand Total		2,500,000	10.72	862,000

The resource estimations have been undertaken by Cube Consulting Pty Ltd.

Co-O Mine resource extension drilling

The surface drill holes considered in the resource estimate are tabulated below. A number of intersections, particularly to the west, have not been included as further drilling and delineation is required to increase vein continuity before inclusion in resource estimates. A number of underground diamond drill holes have also been included in the resource estimate.

Table II. Drill hole results greater than 3 g/t gold for holes MD 46 to 88 east & west of the Oriental Fault. (Results since 24 July 2008 are marked with '#')

Hole	East	North	Dip (°)	Azimuth (°)	From (metres)	Width (metres)	Grade (uncut) (g/t gold)
EAST							
MD 46	614,047	912,472	-48	41	489.30	0.85	8.51
					501.40	0.40	4.50
					542.90	1.40	20.62

MD 48 (Agsao Shaft pilot hole)	614,257	912,704	-60	253	212.45	1.95	22.02
MD 49	614,129	912,487	-50	40	449.85	2.05	6.61
					463.90	1.00	4.24
MD 55	614,134	912,495	-45	35	361.60	3.45	12.48
					421.20	0.70	12.23
					486.25	0.70	3.89
MD 64	614,175	912,505	-45	41	405.80	1.00	3.19
MD 67	614,173	912,504	-52	43	278.00	0.80	7.20
					398.30	1.30	6.55
MD 71	614,360	912,502	-55	11	574.40	1.15	7.81
MD 80	614,294	912,937	-60	206	271.30	10.20	13.53 (*)
					277.50	1.00	8.33
					298.05	0.65	3.73
					316.05	0.25	52.00 (*)
					324.00	0.45	27.40 (*)
					330.05	1.35	7.96 (*)
					335.90	0.60	3.45 (*)
					347.10	2.60	4.72 (*)
					359.25	0.25	17.33 (*)
					389.50	0.25	8.07 (*)
					408.85	3.55	8.32 (*)
					422.00	1.05	4.22 (*)
					610.65	0.30	6.64 (*)
MD 87	614,206	912,994	-43	212	#224.75	1.00	5.70 (*)
					#277.20	5.00	3.57 (*)
					#289.00	4.30	21.89 (*)
					#313.00	1.00	21.57 (*)
					#376.30	2.00	30.14 (*)
					#388.90	3.90	26.43 (*)
					#406.90	0.60	11.60 (*)
					#413.60	1.70	26.27 (*)
					#419.40	1.60	17.88 (*)
WEST							

MD 47	613,805	912,788	-55	30	153.30	1.10	7.01
MD 51	613,749	912,798	-53	17	130.50	1.30	6.50
					155.75	0.25	41.06
MD 52	613,754	912,816	-50	14	75.25	0.55	3.53
					157.60	0.30	5.31
					170.40	0.30	14.93
MD 54	613,830	912,745	-47	29	174.00	1.80	14.59
MD 56	613,809	912,706	-54	29	390.85	1.00	3.11
MD 57	613,739	912,767	-54	16	152.55	0.45	39.64
					191.90	3.45	26.26
					194.80	0.40	18.47
MD 58	613,739	912,767	-58	16	176.10	0.40	43.46
					207.00	0.70	7.45
					280.40	0.90	6.18
MD 61	613,662	912,804	-47	347	249.10	14.60	5.29
					308.20	1.45	12.64
MD 62	613,723	912,767	-56	2	184.65	2.10	9.07
					238.55	0.60	3.28 (*)
MD 65	613,663	912,802			115.60	0.65	25.42
					153.05	2.75	8.80
MD 68	613,723	912,766	-57	344	370.40	3.40	6.07
					612.30	3.10	15.37
MD 72	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
MD 74	613,747	912,843	-90	0	217.95	1.20	29.04
					229.65	1.05	7.53
					476.90	0.35	3.00
MD 75	613,735	912,727	-54	135	181.00	0.20	6.48
					240.75	0.90	8.71
MD 77	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
MD 78	613,568	912,747	-50	347		258.20	1.20	4.97 (*)
MD 82	613,470	912,693	-45	335		#90.70	1.05	4.23 (*)
						#167.70	1.40	6.48 (*)
						#171.10	1.30	9.66 (*)
MD 83	613,610	912,812	-57	341		#117.40	9.40	10.92 (*)
						#142.10	4.40	8.00 (*)
MD 84	614,287	912,936	-45	222		#199.10	0.80	5.03 (*)
						#238.70	0.55	11.97 (*)
						#241.00	2.30	22.34 (*)
						#288.95	0.35	40.70 (*)
						#325.90	2.55	4.26 (*)
						#332.45	0.60	11.97 (*)
						#352.80	4.70	9.90 (*)
						#410.50	0.25	5.93 (*)
MD 85	613,587	912,868	-75	180		#157.80	0.30	10.27 (*)
						#213.50	2.65	5.39 (*)
						#257.00	2.50	14.02 (*)
						#264.30	0.40	5.77 (*)
						#277.65	1.05	8.77 (*)
MD 86	613,787	912,855	-60	190		#217.25	2.66	114.90 (*)
MD 88	613,546	912,850	-75	195		#66.05	5.45	8.45 (*)
						#126.35	1.85	15.39 (*)
						#219.20	3.35	3.82 (*)
						#228.45	1.15	3.43 (*)
						#264.20	0.35	38.50 (*)
						#280.30	5.00	4.26 (*)
						#289.20	0.30	3.13 (*)
						#366.10	3.80	35.42 (*)
						#399.50	1.50	7.19 (*)

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

As shown in Figure 1 (please see the link at the end of this announcement), the potential length of the Co-O vein system has now been extended over approximately 2 kilometres. The vein distribution and curvature at the western end appears to demonstrate that at least part of the vein system is possibly being controlled by ring fractures within the northwestern-most crater of the Co-O caldera.

The possible ring structures occur near the outer margins of the crater and are open along strike.

In addition, an increasing number of lower angle veins are also being discovered in the western end of the deposit.

Resource Estimations

The resource estimations have utilised the following methodologies and parameters:

- * Creation of a digital geological interpretation based on all available information as at 21 July 2008 and comprising construction of digital hanging walls and footwalls for each vein;
- * Estimation of vein resources below the 3150 metre level for veins which have current mine development and new veins defined by drilling alone.
- * Account for mining depletion to 21 July 2008;
- * Provide technical input to resource classification and reporting of resources in accordance with The 2004 Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code); and
- * Provide resource models suitable for VALMIN evaluation, planning and formulation of reportable reserves

The modelling technique addressed the following issues:

- * Variable mineralised vein thickness ranging from 0.5 to 9 metres;
- * The taking of samples, by necessity, over geological intervals creating samples of unequal length or variable support;
- * Assuming a relatively constant density;
- * Undulating or variable zone geometry (dip and strike) and the presence of grade/thickness trends within this variable geometry;
- * Across vein mining selectivity is unlikely; and
- * Data spacing is variable and often clustered.

Cube applied a 2D longitudinal modelling approach based on an accumulation variable incorporating mineralised vein horizontal width and intercept grade.

Variography has been used to analyse the spatial continuity of the horizontal width and accumulation variables within the mineralised veins and to determine appropriate estimation inputs to the interpolation process. The accumulation variables were interpolated into blocks using Ordinary Kriging.

It is important to note that the 'variable' that is estimated is 'metal' based on the accumulation variable rather than the thickness or grade component alone, thus eliminating issues relating to variable thickness.

Variography was based on the Central Vein and resulted in well

structured variogram models with a nugget effect of 37% and a maximum range of 62 metres for the accumulation variable. Variography of the horizontal width was similar with a relative nugget effect of 36% and a maximum range of 81.3 metres.

High grade limits were applied to gold prior to the calculation of the accumulation variable. A high grade limit of 300 g/t gold was applied representing values in excess of the 99th percentile of the gold distribution data.

JORC COMPLIANCE - CONSENT OF COMPETENT PERSONS

Medusa Mining Limited

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 mineralization 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.

Cube Consulting Pty Ltd

Information in this report relating to Mineral Resources has been estimated and compiled by Mark Zammit of Cube Consulting Pty Ltd. Mr Zammit is a member of The Australasian Institute of Mining & Metallurgy and has sufficient experience that 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 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Zammit consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Cube Consulting is an independent Perth based resource industry consulting firm specialising in geological modelling, resource estimation and information technology.

- ---END OF MESSAGE---

hugin.info/138050/R/1242455/267140.pdf

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.

©2008 London Stock Exchange plc. All rights reserved