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Company Medusa Mining Ltd
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New High Grade Vein Discovery

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MEDUSA MINING LIMITED
 (AIM: MML)

MAJOR NEW HIGH GRADE VEIN DISCOVERY

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'), announces that it has discovered a new high grade vein at the Co-0 Gold Mine, named the Great Hamish Vein ('GHV'). The GHV is currently interpreted to be between 600 to 650 metres long and open along strike and at depth. Development on two levels has commenced.

The GHV drill hole intersections to date are:

Hole Number	Intercepts (metres)	Grade (g/t gold)
MD 85	2.50	16.02
MD 86	2.65	113.80
MD 87	1.60	19.55
MD 88	1.45	97.62
MD 91	1.00	31.71
MD 92	1.60	61.03
MD 97	3.45	43.26
MD 98	4.90	67.03
MD 100	2.80	31.09
MD 103	0.30	28.29
MD 104	2.25	166.29
MD 111	2.25	28.10
Average	2.23	61.84

Geoff Davis, Managing Director of Medusa, commented:

'These spectacular results from the 12 drill holes, into the GHV, average very close to two ounces of gold to the tonne, and are strongly supported by the development already underway. These again demonstrate the excellent potential of the Co-0 Mine vein system which Management believes will continue to deliver more discoveries as we carry out further drilling'.

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Discussion

Figure 1 shows the location of the Co-0 Mine and Figure 2 shows all the diamond drill holes from MD 85 upwards drilled and in progress around the Co-0 Mine and the projection of the vein system. Figure 3 shows the longitudinal projection of the GHV and Figure 4 shows the current three dimensional model of the Co-0 vein system excluding the GHV. Please see the link at the end of this announcement for these images.

Description

The GHV has been defined over approximately 550 metres on the west side of the Oriental Fault and is interpreted to have been intersected on the east side of the fault in holes MD 87, 98, 108 and 112 over a strike length of approximately 100 metres. The vein has consistent high grades and generally dips northwards around 60-70°.

It has been intersected by drives on Levels 2 (50 metres below adit) and 3 (100 metres below adit), with driving on vein and sub-level development commenced.

Assays from the levels to date are:

Level 2	Level drive	119 metres length at average width of 1.4 metres at 39.79 g/t gold
	Sub-level	133 metres length at average width of 1.2 metres at 33.72 g/t gold

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Level 3	Level drive	87 metres length at average width of 1.2 metres at 92.00 g/t gold
	Sub-level	82 metres length at average width of 1.0 metres at 70.09 g/t gold

Drill results

Table I lists the surface diamond drilling results greater than 3 g/t gold from the Co-O Mine for drill holes which have intersected the GHV from MD 85 onwards. Some intersections in MDs 85-88 have been previously reported on 11 August 2008. Other previous announcements on the Co-O 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.

Drilling with four surface rigs and two underground rigs is continuing.

Table I: Drill hole results >3g/t gold for holes which have intersected the GHV.

GHV intersections are marked with (^).

Hole	East	North	Dip (°)	Azimuth (°)	From (metres)	Width (metres)	Grade (uncut) (g/t gold)
EAST							
MD 98	614150	912993	-57	210	234.95	1.65	15.61
					313.80	1.10	5.10
					340.45	0.20	28.04
					504.60	0.20	4.37
					508.70 (^)	4.90 (^)	67.03 (*) (^)
MD 108	613856	912812	-54	185	371.95	0.25	120.55 (*)
					GHV assays awaited		
MD 112	614010	912889	-65	180	245.20	0.25	13.07 (*)
					252.75	0.85	30.23 (*)
					331.00	1.70	60.86 (*)
					GHV assays awaited		
WEST							
MD 85	613587	912868	-75	180	157.80	0.30	11.44
					183.50	0.40	7.82
					214.50	1.30	9.23
					257.00 (^)	2.50 (^)	16.02 (^)
					264.30	0.40	6.56
					277.65	1.05	8.09

MD 86	613737	912855	-60	190	217.25 (^)	2.65 (^)	113.80 (^)
					287.80	0.50	33.26
MD 87	614206	912994	-43	212	224.75	1.00	5.46
					277.20	5.00	3.50
					289.00	4.30	22.66
					313.00	1.00	23.19
					347.10	0.20	11.45
					376.30	2.00	29.20
					388.90	3.90	26.45
					406.90	0.60	11.65
					413.60	1.70	13.65
					419.40 (^)	1.60 (^)	19.55 (^)
MD 88	613546	912850	-75	195	66.05	1.10	20.04
					69.70	1.80	13.65
					126.35	1.85	16.61
					219.20	3.35	3.82
					228.45	1.15	3.71
					264.20	0.35	42.49
					280.30	5.00	4.59
					328.20	0.90	3.92
					366.10 (^)	1.45 (^)	97.62 (^)
					399.50	0.85	13.79
MD 91	613477	912845	-70	205	62.80	0.80	6.63 (*)
					69.10	0.50	39.63 (*)
					198.40 (^)	1.00 (^)	31.71 (^)
					287.95	0.35	11.50 (*)
MD 92	613544	912844	-62	196	65.10	1.15	4.52
					193.30	0.25	88.45
					195.40 (^)	1.60 (^)	61.05 (^)
					211.60	0.75	14.97
					278.70	0.40	9.49
MD 97	613660	912837	-65	190	151.50	0.30	33.07
					172.40 (^)	3.45 (^)	43.26 (*) (^)
					195.60	0.30	12.02

					295.90	0.60	43.59
					307.60	0.30	6.73
MD 100	613350	912846	-72	185	119.70	0.40	8.80 (*)
					155.60	2.50	17.31
					218.30	1.20	6.79
					223.40 (^)	2.80 (^)	31.09 (^)
					249.00	0.75	7.57
					267.00	0.60	10.39
					277.80	1.20	4.89
					343.80	2.60	10.53
					357.65	1.00	5.49
					362.00	1.00	7.53
MD 103	613663	912782	-50	196	99.30 (^)	0.30 (^)	28.29 (^)
MD 104	613840	912883	-60	168	202.00	1.10	14.96
					258.65 (^)	2.25 (^)	166.29 (^)
MD 107	613966	912928	-60	170	GHV assays awaited		
MD 111	613766	912841	-70	180	161.00	0.60	4.30
					190.50	1.70	15.77 (*)
					248.85 (^)	2.25 (^)	28.10 (*) (^)
MD 112	614010	912889	-65	180	245.20	0.25	13.70 (*)
					252.75	0.85	30.23 (*)
					332.00	0.70	144.40 (*)
					GHV assays awaited		

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

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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