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Co-O Mine Drilling Update

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Co-O MINE DRILLING UPDATE

Medusa Mining Limited ('Medusa' or the 'Company'), through its Philippines operating company Philsaga Mining Corporation ('Philsaga'), announces an update of drilling results for holes MD 114 to MD 165 from the Co-O Mine subsequent to the announcement of 1 December 2008. High grade extensions have been intersected to the east of the Co-O Mine extending the vein system to around 1,400 metres long.

These results will be incorporated into a new resource estimate due in July 2009.

Highlights include:

Hole Number	Intercepts (metres)	Grade (g/t gold)
MD 125	1.15	167.63
MD 126	1.50	140.52
MD 130	1.30	33.86 *
MD 132	0.95	52.18
MD 133	1.00	40.94

MD 134	2.60	56.08 *
MD 138	1.05	26.93
MD 139	1.50	19.08 *
MD 146	0.50	100.27 *
MD 148	1.65	32.73
MD 153	2.30	12.13 *
MD 156	2.85	19.63 *
MD 158	3.05	18.76

* Intersection east of Agsao River

Discussion

Figure 1 (please see the link at the end of this announcement) shows all the diamond drill holes from MD 114 to MD 165 totalling 28,985 metres which have been completed around the Co-O Mine since 1 December 2008.

The recent programme has concentrated on infill and extensional (up and down dip, and laterally) drilling within the current resource model which allows us to firm up the model. In addition, extensional drilling to the east of the Agsao River for continuation of the veins has commenced and is providing good initial results. The drilling east of the Agsao River has been deep to date to ensure intersections are achieved and to demonstrate that the veins are present. Shallower drilling will also be conducted to ascertain the top of the mineralisation.

Drill results

Table I lists the surface diamond drilling results greater than 3 g/t gold from the Co-O Mine for drill holes from MD 114 to MD 165. These drill hole results are the accepted results that will be incorporated into the new resource estimate due in July 2009. Other reports containing intersections for holes numbered below MD 114 in 2008 are dated 1 December and 11 August 2008. In 2007 the announcements are dated 9 July, 15 May and 28 February. The 2007 announcements also contain information regarding drilling and surveying techniques, comments on vein interpretation and methodologies and assaying protocols.

Results down to 0.2 metres wide are reported as underground development shows that in many cases as veins approach cross-cutting faults, they narrow down on both sides of the fault over 5 to 10 metres before widening out, and hence the narrower intersections are important in defining the vein continuity. Most drilling is sub-parallel to the fault direction and rarely intersects the faults, which are subsequently identified by underground on-vein development.

Table I. Drill hole results >3 g/t gold and >0.2 metres downhole for holes MD 114 to MD 165.

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

AGSAO								
MD 127	614352	912938	-45	160	243.45	0.30	26.13	
					362.70	1.00	25.14	
					448.10	0.65	5.23	
MD 130	614426	912939	-57	157	332.60	0.60	4.07	
					422.70	0.75	6.03	
					587.45	0.25	7.53	
					597.90	1.30	33.86	
					604.70	0.70	9.23	
MD 134	614450	912991	-60	159	442.30	2.60	56.08	
					620.00	1.00	3.27	
					636.00	1.75	5.00	
					725.05	0.25	14.87	
MD 139	614426	912941	-60	185	225.95	0.30	8.92	
					355.40	1.30	5.18	
					382.40	1.50	19.08	
					386.35	0.30	6.12	
					399.75	0.50	8.83	
					487.30	0.25	44.67	
MD 145	614351	912939	-62	159	204.55	0.25	3.38	
					208.90	0.45	18.13	
					325.75	0.65	4.61	
					593.45	0.30	22.40	
					609.65	0.20	4.60	
MD 146	614432	912959	-58	158	328.35	0.50	100.27	
MD 153	614450	912994	-64	159	338.35	0.20	14.61	
					380.70	0.25	105.02	
					388.40	0.20	14.20	
					403.80	0.35	54.89	
					478.05	2.30	12.13	
					500.90	1.00	3.77	
					635.75	0.2	3.60	

					668.60	1.35	3.77
					775.40	1.00	3.36
MD 156	614512	912991	-60	158	678.95	2.85	19.63
MD 163	614351	912939	-45	165	325.15	0.85	5.37
					303.50	0.35	5.37
					498.45	1.95	4.11
MD 165	614627	912956	-59	166	514.20	2.30	3.04
WEST of AGSAO							
MD 115	613935	913000	-77	190	51.20	0.60	4.05
					141.85	0.35	7.19
					194.30	0.30	14.93
					198.40	1.40	3.82
					283.35	0.50	3.84
					332.35	0.80	3.06
					347.35	4.85	3.91
					509.40	0.40	3.03
MD 116	613238	912894	-50	158	137.60	0.25	27.93
MD 118	613844	912883	-69	180	242.20	0.70	14.70
					321.40	1.00	3.09
MD 119	613239	912901	-67	163	171.40	1.70	10.34
MD 120	614127	912738			246.90	1.30	16.54
MD 121	613935	913001	-73	193	76.00	0.20	4.43
					95.65	0.75	13.53
					161.80	1.50	3.13
MD 124	613386	912864	-79	180	136.50	1.60	16.13
					198.75	0.25	9.87
					294.80	0.20	3.09
MD 125	613766	912844	-77	180	69.35	0.20	6.61
					169.70	0.20	3.72
					232.95	0.30	6.60
					267.60	1.20	7.95
					452.95	1.15	167.63

MD 126	614116	912750	-72	159	253.60	1.50	140.52
					348.95	0.70	3.02
MD 129	614091	912783	-63	205	238.55	0.25	3.44
MD 131	613720	912874	-72	180	239.10	2.35	6.23
					287.80	0.70	5.12
					336.65	0.35	4.23
					341.70	1.75	11.35
					346.10	1.50	7.72
					355.80	0.65	3.07
					445.60	4.50	7.50
MD 132	613403	912867	-52	150	116.05	0.30	55.97
					188.50	0.20	26.87
					206.10	0.95	52.18
					208.30	2.50	9.55
MD 133	613532	912849	-77	196	68.35	1.00	40.94
					132.55	0.35	51.29
					223.20	0.20	8.17
					232.95	2.45	4.37
					274.70	0.50	11.02
					290.10	1.60	5.38
					294.85	1.25	3.92
					299.45	0.20	11.96
					301.00	0.25	6.59
					306.10	0.25	4.60
					347.05	0.20	17.13
					440.10	0.20	5.41
MD 135	613904	912923	-68	203	124.45	3.55	4.36
					377.10	1.45	3.92
					386.85	0.20	8.67
					418.75	0.25	89.12
					466.70	0.80	13.03
MD 137	613710	912859	-81	180	64.15	0.45	3.19

					181.70	0.20	12.58
					204.80	0.25	81.48
					384.00	0.65	4.04
					521.10	1.00	8.74
					533.70	5.45	4.65
MD 138	613513	912859	-84	178	59.75	0.40	4.44
					73.95	0.35	3.47
					80.10	0.25	23.50
					90.65	0.20	30.13
					163.35	1.05	26.93
					205.35	0.45	16.19
					216.20	0.30	7.72
					256.10	2.00	4.58
					259.75	0.20	8.57
					322.50	0.30	4.03
MD 140	613400	912866	-60	187	114.60	0.20	52.90
					121.20	0.20	24.51
					122.80	0.25	27.94
					203.85	2.00	7.00
MD 141	613709	912874	-74	221	188.50	0.30	7.83
					244.40	0.55	16.33
					264.20	0.50	10.93
					275.95	0.40	3.37
					286.80	0.60	12.83
					298.80	0.20	19.40
					500.50	1.00	19.13
MD 148	613400	912867	-75	187	69.65	0.30	8.17
					120.10	0.45	14.70
					132.45	0.25	37.30
					192.05	0.20	11.87
					234.90	1.65	32.73
MD 152	613422	912801	-69	190	123.90	1.25	9.28

					131.00	0.80	40.22
MD 154	613875	912807	-55	190	124.80	0.70	17.63
MD 155	614281	912742	-57	206	445.60	1.00	3.15
MD 157	613286	912952	-73	197	168.90	0.40	3.56
MD 158	613587	912873	-84	180	99.60	2.50	8.18
					127.50	0.40	14.83
					209.00	1.15	31.63
					238.75	3.05	18.76
					285.20	1.80	12.31
					288.10	1.00	3.51
MD 159	613788	913252	-45	190	190.55	0.45	3.57
					197.65	0.70	4.47
					370.55	0.55	3.43
MD 160	613932	912868	-48	165	308.80	0.70	3.33
MD 162	613641	913127	-55	191	156.90	1.00	3.23

Notes:

- (i) All above assays accepted for incorporation into a resource estimation;
- (ii) Grid coordinates based on the Philippine Reference System 92;

On-going drill programme

From early July, drilling with eight surface rigs will continue with three focussing on the main mine area, three on eastern extensions of the vein system, and two will start drilling other untested vein systems adjacent to the mine area.

Geoff Davis, Managing Director of Medusa, commented:

'These results continue to confirm the world class nature of the Co-O Deposit. At this stage they do not show any sign of weakening along strike to the east. We will continue to aggressively explore along strike to increase the opportunities for expanding the mine infrastructure. In addition, we are now moving towards exploring other vein systems in the immediate vicinity of the Co-O Mine which, if successful, will also contribute to the possibility of diversifying our sources of ore'.

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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