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Company Medusa Mining Limited
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Co-O Mine Resources Now 1.38 Million Ozs

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1st July 2009

MEDUSA MINING LIMITED
 (AIM: MML)

Co-O MINE RESOURCES NOW 1.38 MILLION OZS

Medusa Mining Limited ('Medusa' or the 'Company'), through its
 Philippines operating company, Philsaga Mining Corporation
 ('Philsaga'), advises that a new resource estimation for the Co-O
 Mine has:

- * Increased the JORC compliant total resources in the last 6 months by 15% to 1,380,000 ounces at 10.8 g/t gold (annual increase of 60%), excluding mine depletion since December 2008, and importantly, boosted the Indicated Resources category by 25.6% to 603,000 ounces; and
- * Set the stage for significant resource extensions to the east of the mine with further drilling.

Table I. Resource estimate to 14 June 2009:

Category	> 0 g/t gold		
	tonnes	g/t gold	ounces
Indicated	1,250,000	15.0	603,000
Inferred	2,730,000	8.9	777,000
Grand total	3,980,000	10.8	1,380,000

Geoff Davis, Managing Director of Medusa, commented:

'The continuing growth of the Co-O Mine resource at a very robust gold grade testifies the quality of this asset. We expect resource growth to continue, especially to the east as more drilling is

undertaken. This work will focus primarily on extending Co-O's shallower resources where mine infrastructure can be expanded at low capital costs. In addition drilling will focus on nearby vein systems where there is the real opportunity to make new discoveries.'

RESOURCE ESTIMATIONS

Discussion

Diamond drilling has continued since the past resource estimate announced on 19 January 2009 with the aim of infilling and extending the Co-O vein system to depth and along strike. A total of 51 drill holes have been completed (as announced on 22 June 2009) since the previous resource estimation and included in the current resource estimation in conjunction with available underground sampling data and excluding mined material.

The first modelled vein (East Agsao Vein) east of the Agsao River has been included in this estimation. It is anticipated that significant resources will be defined as drilling along the veins in this area progresses and continuity increases.

The infill drilling has increased the confidence levels for vein interpretations and consequently an increase in the Indicated Resources to 603,000 ounces (from 480,000) as shown in Table I. This increase in Indicated Resources is expected to translate into a significant upgrade of the mine's reserve base.

Figure 1 ((please see the link at the end of this announcement) is the composite map of the Co-O Mine area showing the location of drill holes MD 114 to 165 and the projection of veins onto Level 5.

Table II is a summary of the veins containing more than 50,000 ounces of resources.

Resource drilling is continuing with the aim of defining several poorly defined veins within the mine area, to expand the resources to the east and to undertake first pass drilling on other vein systems adjacent to the Co-O Mine.

Table II. Co-O Mine 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	174,00
	Inferred	481,000	5.83	90,000
	Sub-total	964,000	8.51	264,00
Jereme	Indicated	71,000	14.90	34,000
	Inferred	155,000	10.33	51,000
	Sub-total	225,000	11.77	85,000
Jereme West	Indicated	51,000	14.31	24,000
	Inferred	152,000	7.90	39,000
	Sub-total	203,000	9.52	62,000
Great Hamish	Indicated	179,000	34.98	202,000
	Inferred	250,000	9.79	79,000

	Sub-total	429,000	20.32	280,000
Great Hamish FW	Inferred	385,000	8.19	101,000
	Sub-total	385,000	8.19	101,000
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	Sub-total	1,280,000	5.93	245,000
Grand Total		3,980,000	10.8	1,380,000

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

Vein modelling

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. It should be noted that the new underground development work between the Agsao and 8E Shafts is indicating that vein orientations are more east-west. It is anticipated that additional north-south oriented faulting will be identified as the along-vein development proceeds. It is expected that these orientations will be clarified in the next resource statement, and may not materially affect the resources in this area of the mine. Cube Consulting Pty Ltd of Perth, Western Australia was contracted to undertake the resource estimations. A wireframe model of the vein system and the mine depletions were based on all available information as at 14 June 2009. A 2D longitudinal modelling approach was used and is based on an accumulation variable incorporating mineralised vein horizontal width and intercept grade. Variography was 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. High grade limits were applied to gold prior to

the calculation of the accumulation variable. Mineral resources have been reported in accordance with The 2004 Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code).

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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.

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