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Company Medusa Mining Limited
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ANNOUNCEMENT

7 May 2010

COPPER PORTFOLIO - LINGIG UPDATE

Medusa Mining Limited ("Medusa" or the "Company"), through its Philippines subsidiary, Philsaga Mining Corporation ("Philsaga"), advises that drilling at Lingig has continued to intersect copper mineralisation in two geological settings.

Basalt-hosted mineralisation (now called the **Basalt Prospect**) is hosted within the basaltic and doleritic rocks around the 1974 discovery area. This mineralisation appears to form a large north plunging body presumed to be still open to the north down-plunge. The most recent and most northerly drill hole returned 154.60 metres at 0.45% copper (with last 45.90 metres averaging 0.65% copper at a 0.3% copper cut-off) but was abandoned in strong mineralisation. It is interpreted that the bottom section of this mineralisation may be faulted-off by the underlying thrust fault and the rest of the mineralised zone is yet to be located. Further drilling is required.

Breccia-hosted mineralisation (now called the **Breccia Prospect**) has continued to be located associated with intense biotitic alteration in dioritic, polyolithic hydrothermal breccias.

The breccia body is tabular and open to the south with copper mineralisation in intensely altered hydrothermal breccias with the most recent intersections of 154.7 metres at 0.19% copper in drill hole LIN 37 and 86.0 metres of 0.12% copper in drill hole LIN 40. Further drilling is required.

Managing Director Geoff Davis commented:

"We continue to make good progress in unravelling the mineralisation and its controls at Lingig. Whilst the basalt-hosted mineralisation appears to be open down-plunge and with the potential to develop into a larger body of mineralisation, at the breccia-hosted mineralisation we are now demonstrating copper mineralisation within a large breccia body with porphyry copper associations and which is open to the south.

The Company's copper portfolio is expanding with the recent discovery of the Usa copper-gold porphyry target. Further work is expected to continue to add value to these exploration targets."

BACKGROUND

The Lingig prospect is covered by a Mines Operating Agreement ("MOA") over MPSA application number APSA 024-XIII comprising two parcels situated to the north and to the east (the Lingig copper prospect) of the Co-O Mine and millsite.

Figure 1 (please see the link at the end of this announcement) shows the locations of the Company's copper projects and Figure 2 (please see the link at the end of this announcement) shows the current interpretation of the regional geology with drill hole locations and a summary of results. Table 1 contains all drill hole results obtained to date. Figure 2 (please see the link at the end of this announcement) shows the detailed geology and drill hole locations and intersections around the Basalt prospect, and the projection of the Breccia prospect and intersections. Additional background information is contained in announcements dated 13 November 2007, 17 March 2008, 20 August 2008, 31 October 2008, 18 March 2009 and 9 October 2009 and the December 2007 quarterly report.

The 9 October 2009 announcement reported copper mineralisation contained within two settings, in basaltic host rocks and associated with a regional thrust zone (Zone 1) - now called the Basalt Prospect, and porphyry associated style mineralisation in dioritic rocks below the thrust zone (Zone 2), now called the Breccia Prospect.

Table I summarises all drilling completed since 2008.

Drilling

Since the announcement on 9 October 2009, the Company has drilled approximately 6204.5 metres in 15 angled holes using three rigs (LIN025 to LIN040). All holes were cored from surface. Drilling difficulties were experienced in LIN030 which was abandoned at a depth of 280 metres in strong copper mineralisation.

Basalt Prospect

The recent drilling has confirmed the continuation of the copper mineralised zone above the thrust contact (Fig. 2), with the mineralisation now interpreted to form a large plunging body with a north-northeast trend. Hole LIN030 was drilled to test the down plunge continuation of the mineralisation and intersected epidote, magnetite, pyrite and copper sulphides in a basalt host, with similar geology, mineralisation and alteration to that intersected in hole LIN001. The hole was abandoned in mineralisation due to drilling difficulties. Assay results suggest that the hole was terminated above the expected high grade zone overlying the thrust contact. Hole LIN029 appears to have intersected the most up-plunge high grade mineralisation. Hole LIN022 was collared in the low grade halo of the plunging body, and drilled over the top. Hole LIN026 intersected basalt with halo mineralisation of strong epidote alteration with pyrite-minor chalcopyrite veining. The hole appears to have drilled under the plunging body. Hole LIN039 intersected basalt with halo mineralisation similar to LIN026, and appears to have drilled under and to the east of the plunging body.

Further drilling is required below LIN030 to confirm the down-plunge extensions and, if successful, to drill out the body.

In addition, it is interpreted that the zone discovered so far is only part of a larger mineralised body which has been truncated at depth by the underlying thrust fault. The Company is investigating methods which may assist in locating the rest of the mineralised body.

Breccia Prospect

This mineralisation is hosted by polyolithic intrusive hydrothermal breccias. Variably sized clasts to 40 centimetres of quartz diorite, basalt and minor dolerite host disseminated fine-grained chalcopyrite in both the matrix and in some clasts. The chalcopyrite is associated with secondary pale brown biotite, which is noted in both the matrix and in some of the breccia clasts. A distinct lack of mineralised quartz veining and minor magnetite characterise the breccia. The breccia appears to be blind, has not been found reaching the surface, and is enveloped by a weak pyrite halo.

The breccia pinches out to the north. Intersections in LIN037 and LIN040 indicate that the breccia is open to the south. Figure 2 (please see the link at the end of this announcement) shows the projection of the breccia and the

drill hole intersections.

Work Programme

Data compilation and assessment, possibly including additional geophysics, will be undertaken prior to further drilling.

THE COPPER PORTFOLIO SUMMARY

1. Lingig

See above

2. Kamarangan

Ten drill holes were drilled below a large area of variably mineralised skarn rocks where two holes, KAM 1 and 2, on the east side of the skarn rocks intersected a fertile diorite with copper-molybdenum mineralisation within phylitically (sericite) altered diorite. Detailed results are available in the announcement dated 29 May 2009.

With respect to molybdenum the following were intersected:

- i. Molybdenum mineralisation is visible in hole KAM 1 to a maximum value of 244 ppm and averages 37 ppm over the last 74 metres of the hole from 357.70 metres depth. Copper values in the diorite include 14 metres at 0.16% from 173.70 metres, 30 metres at 0.15% copper from 457.70 metres and 22 metres at 0.11% from 495.70 metres.
- ii. Molybdenum mineralisation is visible in drill hole KAM 2 to a maximum value of 138 ppm and averages 41 ppm over the last 46 metres of the hole from 405 metres depth. Other less coherent zones are present higher up in the hole. Copper values in the diorite include 12 meters at 0.14% from 210 metres and 18 meters at 0.11% from 282 metres.

Further drilling is required to the east of these intersections.

3. Usa

The newly discovered Usa copper-gold diorite porphyry target was described in the announcement of 5 May 2010. Surface work is continuing to outline the 500 metre by 500 metre target where copper values in rock chips peak at 0.59% copper and gold peaks at 0.42 g/t gold.

4. Co-O

The Company has believed for some time that the Co-O Mine vein system would be associated with a porphyry copper system.

Observations underground to the east of the Oriental Fault in the mine and from assaying of wall rocks to the veins show an increasing copper content around the veins in their selvages towards the east to levels of around 0.1 to 0.4% copper. Some discontinuous veins to 0.10 to 0.20 metres wide of massive pyrite-chalcopyrite have also been located in drilling separate from the veins.

Further work is required to define copper drill targets to the east of the mine.

5. Gamuton

A series of four holes were completed in the Gamuton area to test gold-bearing quartz veins to the west of the Co-O Mine. Several holes intersected wide zones of intense propylitic alteration with abundant epidote, zones of silicification and hydrothermal breccias associated with strongly anomalous gold contents of approximately 0.5 g/t and anomalous silver values accompanied by irregular chalcopyrite veinlets. The mineralisation is interpreted as being indicative of nearby porphyry copper mineralisation.

Further surface work is required before drilling is recommenced.

6. Saugon

As detailed in the announcement dated 20 April 2010, the Saugon gold-silver polymetallic mineralisation is currently interpreted to be linked to a porphyry copper system within an extensive demagnetised and alteration zone. Drilling is commencing during May 2010.

7. Lasang

Lasang is a conceptual copper porphyry target based on the interpretation of aeromagnetics.

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Information in this report relating to **Exploration Results** has been reviewed and 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" and is a "Qualified Person" as defined in "National Instrument 43-101" of the Canadian Securities Administrators. 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.

Refer to the Technical Report which was filed on www.sedar.com in March 2010 for further discussion of the Co-O Deposit's geology, structural controls, drilling, sampling and assaying information, and any known material environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issue.

ABOUT MEDUSA MINING LIMITED

Medusa Mining Limited ("Medusa" or the "Company"), a public company listed on the ASX, AIM and the TSX, is an Australian based gold producer, focussed solely on the Philippines.

With current mineral resources comprising indicated 580,000 ounces of gold and inferred 1,310,000 ounces of gold, Medusa's corporate strategy is to become a mid-tier, 300,000 to 400,000 ounce per year, low-cost gold producer.

The Company has completed the expansion of its high grade Co-O Mine operations (indicated resources 580,000 ounces of gold inclusive of a probable reserve of 500,000 ounces of gold, and inferred resources 660,000 ounces of gold) to a production level of 100,000 annualised ounces, and is currently conducting near mine exploration to assess the possibilities of further expansion to 200,000 ounces per annum. Current cash costs at the Co-O Mine are approximately US\$190 per ounce.

A pipe-line of deposits is now being established with the Bananghilig Deposit (inferred resource of 650,000 ounces of gold) recently added and which is expected to expand, potentially in conjunction with nearby discoveries.

Further potential upside exists for the discovery of substantial copper deposits within the tenement holding of more than 800 km².

DISCLAIMER

This announcement may contain certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Medusa, and its officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements.

Actual results, performance or outcomes may differ materially from any projections and forward-looking statements and the assumptions on which those assumptions are based.

You should not place undue reliance on forward-looking statements and neither Medusa nor any of its directors, employees, servants or agents assume any obligation to update such information.

Table I. Summary of all new Lingig drilling results for intersections >10 metres wide (including sub-grade material up to 10 metres wide). **Drill holes LIN 21 to LIN 40 are new results**

Hole	East	North	Azimuth	Dip	Cut-off 0.1% copper (interval waste <= 10m)				
					From (metres)	To (metres)	Width (metres)	Grade (% Cu)	Gold (g/t)
LIN005	651994	897150	0	-90	389.400	408.70	19.30	0.10	0.01
LIN006	651994	897150	166	-62	94.10	114.10	20.00	0.13	0.01
					280.40	294.40	14.00	0.14	0.01
					362.20	421.60	59.40	0.31	0.02
LIN010	652272	896565	270	-60	175.75	212.30	36.55	0.12	0.07
LIN014	652275	896365	275	-60	3.00	212.10	209.10	0.25	0.07
					232.10	242.10	10.00	0.11	0.01
LIN017	652469	896366	270	-60	144.75	170.70	25.95	0.33	0.03
					230.80	275.30	44.50	0.34	0.09
LIN019	652236	896845	242	-60	148.10	307.80	159.70	0.40	0.04
LIN020	652681	896364	270	-60	280.10	318.10	38.00	0.20	0.02
LIN022	652071	896853	270	-60	0.00	14.80	14.80	0.23	0.01
					28.20	84.20	56.00	0.23	0.02
LIN027	652370	896368	270	-60	55.15	69.10	13.95	0.41	0.07

					109.95	202.70	92.75	0.24	0.02
					376.70	386.70	10.00	0.12	0.01
LIN028	651790	895773	145	-55	6.00	32.90	26.90	0.11	0.01
					66.20	145.60	79.40	0.10	0.01
					324.70	343.15	18.45	0.12	0.01
LIN029	651971	896812	170	-60	59.60	92.05	32.45	0.14	0.01
					140.05	157.30	17.25	1.13	0.15
LIN030	652131	896992	180	-60	80.90	94.50	13.60	0.10	0.01
					125.40	280.00	154.60	0.45	0.04
LIN031	651725	895675	145	-60	44.85	83.70	38.85	0.12	0.02
					87.65	97.65	10.00	0.13	0.01
LIN035	651841	895706	165	-55	0.00	57.50	57.50	0.21	0.02
					75.50	100.90	25.40	0.16	0.02
					280.85	294.00	13.15	0.20	0.01
LIN036	652175	896368	270	-60	8.00	59.80	51.80	0.17	0.01
					105.50	141.30	35.80	0.11	0.02
LIN037	652175	896264	270	-60	46.90	88.00	41.10	0.13	0.01
					141.90	296.60	154.70	0.19	0.03
LIN038	651946	895557	325	-60	127.50	139.40	11.90	0.29	0.02
LIN039	652224	897043	180	-60	351.40	464.40	113.00	0.12	0.02
LIN040	652162	896147	270	-60	177.90	263.90	86.00	0.12	0.02
					275.90	295.90	20.00	0.11	0.01

Notes:

Drill intersections are downhole widths not true widths.

Assaying undertaken by McPhar Geoservices in Manila using :

- (i) Gold by fire assay on 30g. samples with AAS finish.
- (ii) Cu - by AAS following concentrated HCl and HCl/HNO₃/HClO₄ leach in latter stages on 1g. sample.

Table I. (cont'd) Summary of all new Lingig drilling results for intersections >10 metres wide (including sub-grade material up to 10 metres wide). **Drill holes LIN 21 to LIN 40 are new results**

Hole	East	North	Azimuth	Dip	Cut-off 0.3% copper (interval waste <= 10m)				
					From (metres)	To (metres)	Width (metres)	Grade (% Cu)	Gold (g/t)
LIN005	651994	897150	0	-90					
LIN006	651994	897150	166	-62	362.20	421.60	59.40	0.31	0.02
LIN010	652272	896565	270	-60					
LIN014	652275	896365	275	-60	5.00	17.00	12.00	0.29	0.03
					27.95	83.85	55.90	0.44	0.10
					94.60	124.55	29.95	0.36	0.03
LIN017	652469	896366	270	-60	150.70	170.70	20.00	0.37	0.03
					234.80	273.30	38.50	0.37	0.10
LIN019	652236	896845	242	-60	206.10	284.10	78.00	0.66	0.06

					<i>including:</i>				
					260.10	278.10	18.00	1.23	0.10
LIN020	652681	896364	270	-60	282.10	294.10	12.00	0.36	0.05
LIN022	652071	896853	270	-60	34.20	46.20	12.00	0.41	0.03
					70.20	84.20	14.00	0.32	0.03
LIN027	652370	896368	270	-60	55.15	65.15	10.00	0.51	0.09
					111.00	132.20	21.20	0.37	0.02
					146.20	156.20	10.00	0.30	0.03
LIN028	651790	895773	145	-55					
LIN029	651971	896812	170	-60	140.05	155.30	15.25	1.26	0.17
LIN030	652131	896992	180	-60	181.40	280.00	98.60	0.61	0.06
LIN031	651725	895675	145	-60					
LIN035	651841	895706	165	-55					
LIN036	652175	896368	270	-60					
LIN037	652175	896264	270	-60	181.90	197.90	16.00	0.54	0.05
LIN038	651946	895557	325	-60	127.50	137.50	10.00	0.31	0.02
LIN039	652224	897043	180	-60					
LIN040	652162	896147	270	-60					

Notes:

Drill intersections are downhole widths not true widths.

Assaying undertaken by McPhar Geoservices in Manila using :

- (i) Gold by fire assay on 30g. samples with AAS finish.
- (ii) Cu - by AAS following concentrated HCl and HCl/HNO₃/HClO₄ leach in latter stages on 1g. sample.

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Copper Portfolio - Lingig Update Accompanying Images

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