



Mining Limited
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MEDUSA MINING LIMITED
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9 February 2005

The Manager
Australian Stock Exchange Limited
Level 4
20 Bridge St
Sydney NSW 2000

Dear Sir/Madam

RELINQUISHES MT STIRLING PROJECT

In view of the Company's successful negotiations to acquire Philsaga Mining Corporation, including its operating high-grade mine and highly prospective tenement package, the Company has negotiated the termination of its agreement with the Vendors of the Mt Stirling Project. This decision is in line with the company's new strategy focused on increasing cash flow from mining operations and relinquishing non-core projects.

The terms of the Termination Deed require the Company to issue to the Vendors 60,000 fully paid Medusa Mining Limited shares, which will be escrowed for 12 months from date of issue. Consummation of the previously contemplated agreement on granting of the tenement would have resulted in the Company paying the Vendors \$25,000 and issuing a further 200,000 fully paid shares and 200,000 options in the Company.

FURTHER INFORMATION

For further information contact the undersigned on 618-93670601 or by email to admin@medusamining.com.au. Detailed descriptions of the Company's projects can be viewed on www.medusamining.com.au

Yours faithfully,

Geoff Davis.
Managing Director.

The information in the above announcement was compiled by Geoff Davis, who has sufficient experience which 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 "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Geoff Davis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.
