

**Regulatory Announcement**

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<b>Company</b>	Medusa Mining Limited
<b>TIDM</b>	MML
<b>Headline</b>	Co-O Mine Shaft Update
<b>Released</b>	10:00 27-Nov-06
<b>Number</b>	7333M

RNS Number:7333M  
 Medusa Mining Limited  
 27 November 2006

**MEDUSA MINING LIMITED**

## Update on Co-O Mine

Medusa Mining Limited (AIM: MML) ("Medusa" or "the Company"), the Australian based company operating and developing gold mines in the Philippines, announces that it has been advised by its operating partner at the Co-O Mine, Philsaga Mining Corporation ("Philsaga"), that the Co-O Mine 3W shaft has reached 118.6m depth of its final 120m inclined depth (from the 3150m level down to the 3050m level\*).

Following completion, Philsaga will immediately proceed to cut the plat (shaft access chamber), install rail, air, water and power, as well as the sump, tipping bay and tipping chute. This work should be completed in approximately 3 weeks time.

In addition Philsaga is well advanced with the development of a new sublevel at the 3010m level which is 40m below the current bottom of the mine. This new sublevel will be accessed through two newly completed 40m deep shafts which provide ore haulage and ventilation.

New electric winders will be installed in the second week of December. These have been under development during the last 6 months specifically for the Co-O and associated operations.

On completion of the 3W shaft, a new 2 compartment shaft will commence from the 3150m level adjacent to the bottom of the 3W shaft to access the 2950m level and deeper sections of the mine.

**Co-O MINE DEEPS DRILLING**

Philsaga has also advised that a new drilling rig has arrived on site at the Co-O Mine and is currently being commissioned ready to commence drilling the Co-O Mine deeps, initially on the east side of the Oriental Fault. Drilling will be systematically undertaken westwards towards the Tinago Shaft area at the western end of the mine and will aim to intersect where possible (subject to topographic and other constraints) the vein system at approximately the 2950m level which is 100m below the current bottom of the mine (or 200m below adit level\*).

\* Note that the mine adit level is at 150m above sea level and that a nominal 3000m is added (hence 3150m level) to avoid negative levels as the mine depth increases.

Geoffrey Davis, Managing Director of Medusa, commented:

"We continue to make steady progress towards increasing production significantly and we remain on schedule to meet our target of producing 100,000 ozs of gold by

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the end of 2007- early 2008.

"We have the funds in place to capitalise on the outstanding quality of the gold projects within the tenements that we have acquired and a number of porphyry copper-gold targets have been identified for drilling in 2007. We believe that they have the potential to enhance our resource/reserves substantially, and we will provide updates on progress as appropriate".

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