



MEDUSA

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The Manager
ASX Limited
Level 4, 20 Bridge Street
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Dear Sir/Madam

LINGIG COPPER DISCOVERY DRILLING RESULTS

Medusa Mining Limited ("Medusa" or the "Company"), through its Philippines subsidiary, Philsaga Mining Corporation ("Philsaga"), announces the first summary of available diamond drilling results from the Lingig Copper Discovery.

Selected available intersections (at 0.1% copper cut-off) include:

Hole Number	Intercepts (metres)	Gold (g/t gold)	Copper (% Cu)
LIN 1	125.10	0.03	0.26
LIN 2	267.00	0.06	0.62
LIN 3	224.00	0.11	0.77

The mineralisation drilled to date is hosted within a 200 to 300 metre thick thrust fault which is interpreted to be linked to a 2km by 1.5km intensely silica and clay altered, stockworked and brecciated quartz dacite intrusive complex that is located approximately 1,200 metres to the south. Some of the deeper creek exposures within this complex exhibit copper sulphide mineralisation.

Assaying of selected mineralised drillhole material indicates that the copper mineralisation does not contain detectable levels of deleterious elements.

Whilst it is very early in the exploration programme, the Company believes, based on evolving geological interpretations, that this is potentially a large mineralised copper system.

GEOLOGICAL SETTING

Figure 1 shows the current interpretation of the regional geology and Table 1 contains drill hole results to date. Figure 2 shows a longitudinal projection of the drilling completed to date and the relevant historical drill holes.

Comparison with the Atlas Mine on Cebu Island shows there may be some similarities with the structural setting and styles of mineralisation. At Atlas, mineralisation is hosted predominantly in intrusive porphyry rocks at the Biga Barot and Carmen deposits, and predominantly in volcanic rocks (and associated with some intrusive and mineralised porphyry sills or dykes) at the Lutopan deposit where mineralisation is 120 metres thick and 900 metres long. The Biga and Carmen deposits are located between two steeply dipping regional scale faults (Bureau of Mines and Geosciences, 1986).

The Atlas deposits, including mined material, have total resources of 1.53 billion tonnes at 0.41% copper and 0.24 g/t gold (www.atlasphilippines.com).

Mineralised Thrust Zone

Since commencing drilling in June 2008, the Company has completed approximately 4,000 metres in 8 holes (angle and vertical) using one drilling rig. Drilling difficulties were experienced in several holes which led to the premature abandoning of LIN 1 and LIN 4 drillholes. LIN 4, which was twinned by LIN 5, has not as yet been assayed. LIN 8 has just been completed and assays are awaited.

The mineralisation discovered by a 1974 aid programme in drill hole DDH 1 (the five DDH aid programme holes are now relabelled as JDH 1 to JDH 5, see the announcement dated 13 November 2007 and the December 2007 quarterly report for detailed descriptions) has now been shown to be contained within an extensive east dipping 200 to 300 metre thick thrust zone. The thrust footwall is an unmineralised quartz diorite which intruded the basaltic sequence (numerous basalt xenoliths are present near the diorite contact). The intrusive contact appears to have subsequently become the footwall of the regional thrust zone. Plate 1 shows the outcropping thrust contact.

The mineralised porphyry intersected in the bottom of the discovery hole JDH 1 (and subsequently in several new holes) appears to be a north-plunging or dipping partly mineralised porphyry sill up to approximately 100 metres thick within the thrust zone. Some chilling has been noted in places on its contacts. This porphyry sill has also been found as a west-trending 60 metre long copper mineralised outcrop approximately 200 metres southeast of holes LIN 2 and LIN 3. Its full extent, role in mineralisation and degree of mineralisation are not yet understood.

Within the thrust zone, and to a lesser extent above the thrust, there is widespread epidote alteration as epidote veins, epidote quartz-sulphide veins and disseminated epidote clots and disseminated grains. To date the epidote alteration has been ubiquitous in the area drilled. Magnetite as disseminations and veins is generally closely associated with the copper mineralisation.

Sulphide mineralisation within the copper mineralised zone comprises fairly ubiquitous pyrite up to 10% and lesser copper sulphides predominantly as chalcopyrite with some chalcocite and minor bornite, particularly in holes LIN 2 and LIN 3.

Assaying of selected samples from hole LIN 6 indicates that the mineralising system is clean and does not contain arsenic, mercury or antimony above detection limits.

Roadways approximately 200 to 300 metres south of LIN 2 and LIN 3 have exposed intensely sulphide (now limonite) veined and stockworked, argillically weathered basalt indicating that the mineralisation is likely to extend beyond these outcrops to the south.

The footwall of the thrust fault is interpreted to extend southwards at least as far as the quartz dacite intrusive complex. Mineralisation, possibly within or related to the thrust, located approximately 1,500 metres south of the current drilling was intersected by previous drill holes JDH 3 and 5 (Table 1). Mineralisation controls and trends within the thrust are expected to become clearer as drilling progresses over the coming months.

Quartz Dacite Porphyry Intrusive Complex

The extensive quartz dacite intrusive complex to the south of the current drilling covers an area of approximately 2km by 1.5km. In 1996-97 Barrick Gold (Phils) Inc. undertook extensive sampling of outcropping altered material targeting bulk gold mineralisation. An old report indicates that 16 outcrop samples returned gold values in the range from 0.2 to 1.5 g/t gold; however detailed sample location maps are not available.

Large areas of the complex are brecciated and commonly silicified and quartz vein stockworked. Many of the silicified rocks are cut by late fine quartz veining. Sulphides (now limonite) generally comprise 1 to 5% of the silicified rock. Argillic alteration is also present in some areas.

Other areas of sulphidic milled breccias with approximately 30 to 50% milled fragments in a 50 to 70% limonite matrix have been observed.

Some deeper creek exposures show common chalcopyrite and lesser covellite.

A comprehensive programme of outcrop sampling, and in some areas, soil sampling, is in progress.

Work Programme

One drilling rig will continue working along the thrust zone and has commenced LIN 9 to the south of LIN 2 and 3, and will then work its way southwards.

It is intended later in the year, that a second drilling rig will be added to commence drilling the very large potential porphyry copper target.

Yours faithfully



Geoff Davis
Managing Director

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.

References:

Barrick Gold (Phils), 1997: Lingig Gold Prospect, Surigao del Sur, Eastern Mindanao, Philippines (Unpub.)

**Bureau of Mines and Geo-sciences,
Ministry of Natural Resources, 1986:** Geology and Mineral Resources of the Philippines, Vol. II, Mineral Resources.

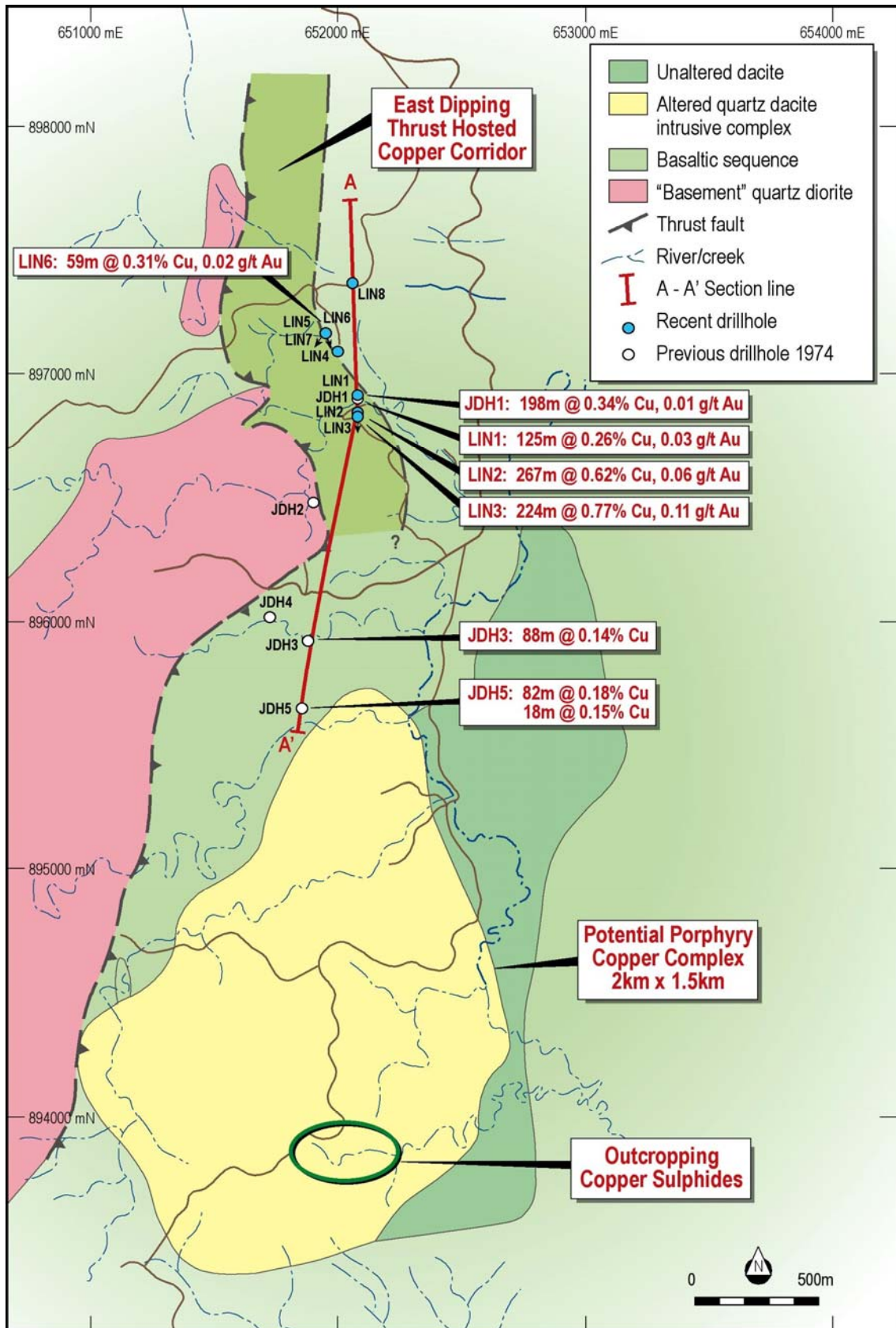


Figure 1. Lingig re-interpreted geology map showing drillhole locations and the thrust-hosted copper corridor.

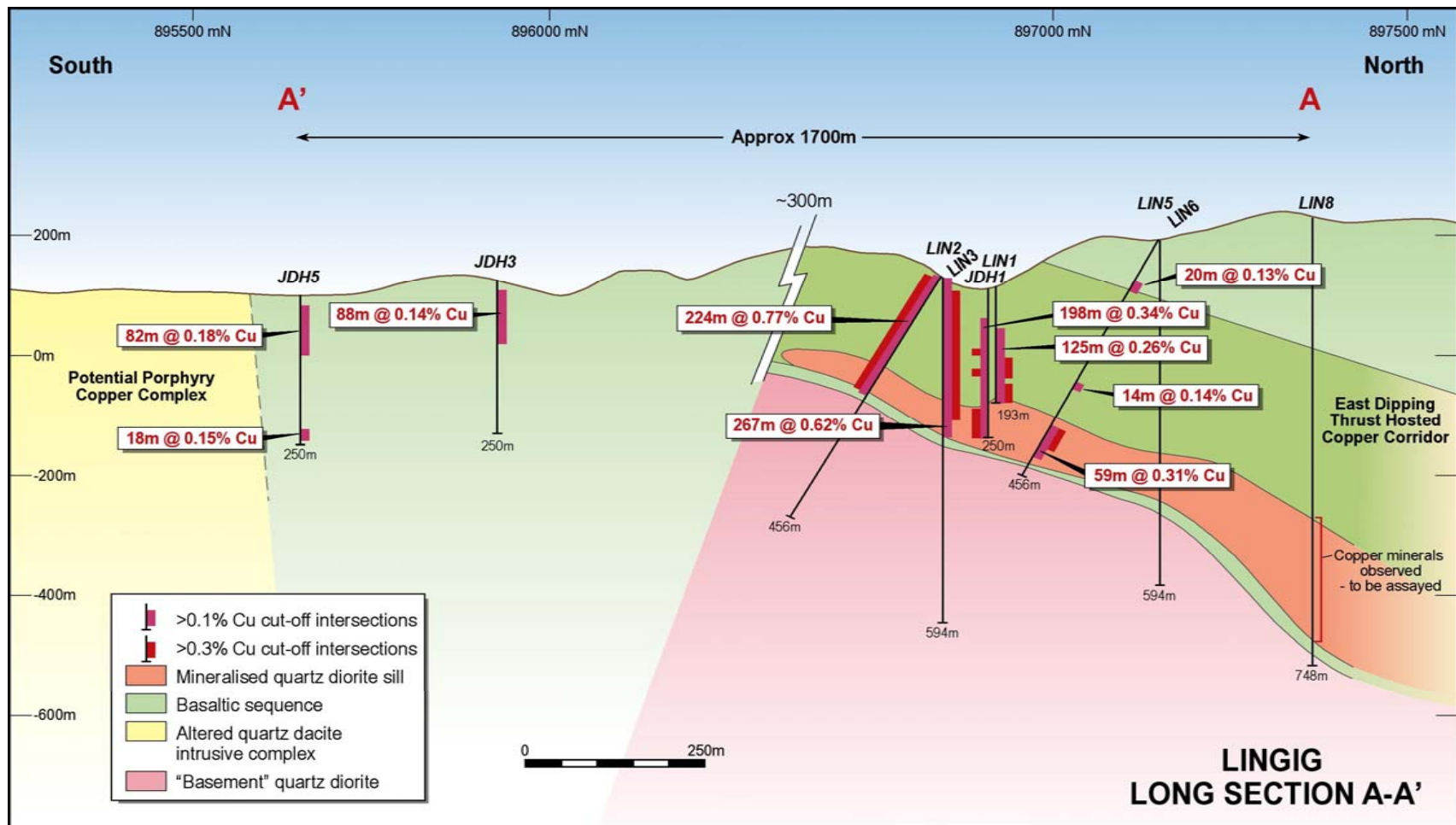


Figure 2. Longitudinal projection showing drill holes and copper values using a 0.1% copper cut-off.



Plate 1. Photograph looking south-southeast showing the thrust contact with unmineralised quartz diorite on the right and reddish sheared basaltic rocks on the left. The sharp thrust contact dipping approximately 65° to the east is immediately in front of sampler.

Table I. Summary of new Lingig drilling results and relevant 1974 drilling results for intersections >10 metres wide
(including sub-cut-off grade material up to 10 metres wide).

Hole	East	North	Azimuth	Dip	Cut-off 0.1% copper					Cut-off 0.3% copper				
					From (metres)	To (metres)	Width (metres)	Grade (% Cu)	Gold (g/t)	From (metres)	To (metres)	Width (metres)	Grade (% Cu)	Gold (g/t)
LIN 1	652072	896918	0	-90	71.00	196.10	125.10	0.26	0.03	118.50	153.50	35.00	0.32	0.02
										161.50	196.10	34.60	0.35	0.04
LIN 2	652075	896844	0	-90	2.00	269.30	267.30	0.62	0.06	26.00	240.65	214.65	0.72	0.07
										Including:				
										132.00	142.65	10.00	1.00	0.27
LIN 3	652075	896844	180	-60	0.00	224.00	224.00	0.77	0.11	10.00	222.00	212.00	0.80	0.07
										Including:				
										68.00	146.00	78.00	1.16	0.21
										180.00	190.00	10.00	1.02	0.06
LIN 6	651994	897150	166	-62	94.10	114.10	20.00	0.13	0.01	364.20	400.20	36.00	0.37	0.03
					280.40	294.40	14.00	0.14	0.01					
					362.20	421.60	59.40	0.31	0.02					
JDH 1	652073	896908	0	-90	52.00	250.00	198.00	0.34	0.01	100.00	112.00	12.00	0.43	0.00
										134.00	146.00	12.00	0.40	0.00
										200.00	250.00	50.00	0.67	0.04
JDH 3	651865	895926	0	-90	12.00	100.00	88.00	0.14	0.00					
JDH 5	651828	895648	0	-90	18.00	100.00	82.00	0.18	0.00					
					224.00	242.00	18.00	0.15	0.00					

Notes: (i) Holes LIN 1 and 4 were terminated prematurely due to bad ground conditions. No assays are currently available for LIN 4 which was subsequently twinned by LIN 5.
(ii) Assays are awaited for LIN 8.