



MEDUSA

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

KAMARANGAN COPPER PROJECT UPDATE

Medusa Mining Limited ("Medusa" or the "Company"), through its Philippines operating company Philsaga Mining Corporation, advises that ten scout drill holes totalling 5,423 metres have been completed over part of the large Kamarangan aeromagnetic anomaly with outcropping copper-gold mineralised magnetite skarn rocks. The anomaly is approximately ten km in diameter.

The drilling has located the western edge of a buried "fertile" diorite intrusive containing primary copper (+ molybdenum) mineralisation which is open to the east. The diorite is located on the eastern side of the prospect. Near the centre of the prospect, an elliptical deep seated magnetic anomaly has been tentatively interpreted as a possible "pencil" porphyry-style target which may be responsible for some of the skarn hosted mineralisation in this area.

BACKGROUND

The Tambis project is operated under a Mining Agreement with Philex Gold Philippines Inc. over MPSA application APSA-000022-XIII which covers 6,262 hectares. Permits allowing drilling were received in June 2008.

Figure 1 shows the location of the Kamarangan prospect in the Tambis-Barobo region. Figure 2 shows the geological interpretation and the drill hole locations.

Detailed descriptions of previous work are contained in the announcements of 29 February 2008, 11 June 2008 and 14 August 2008.

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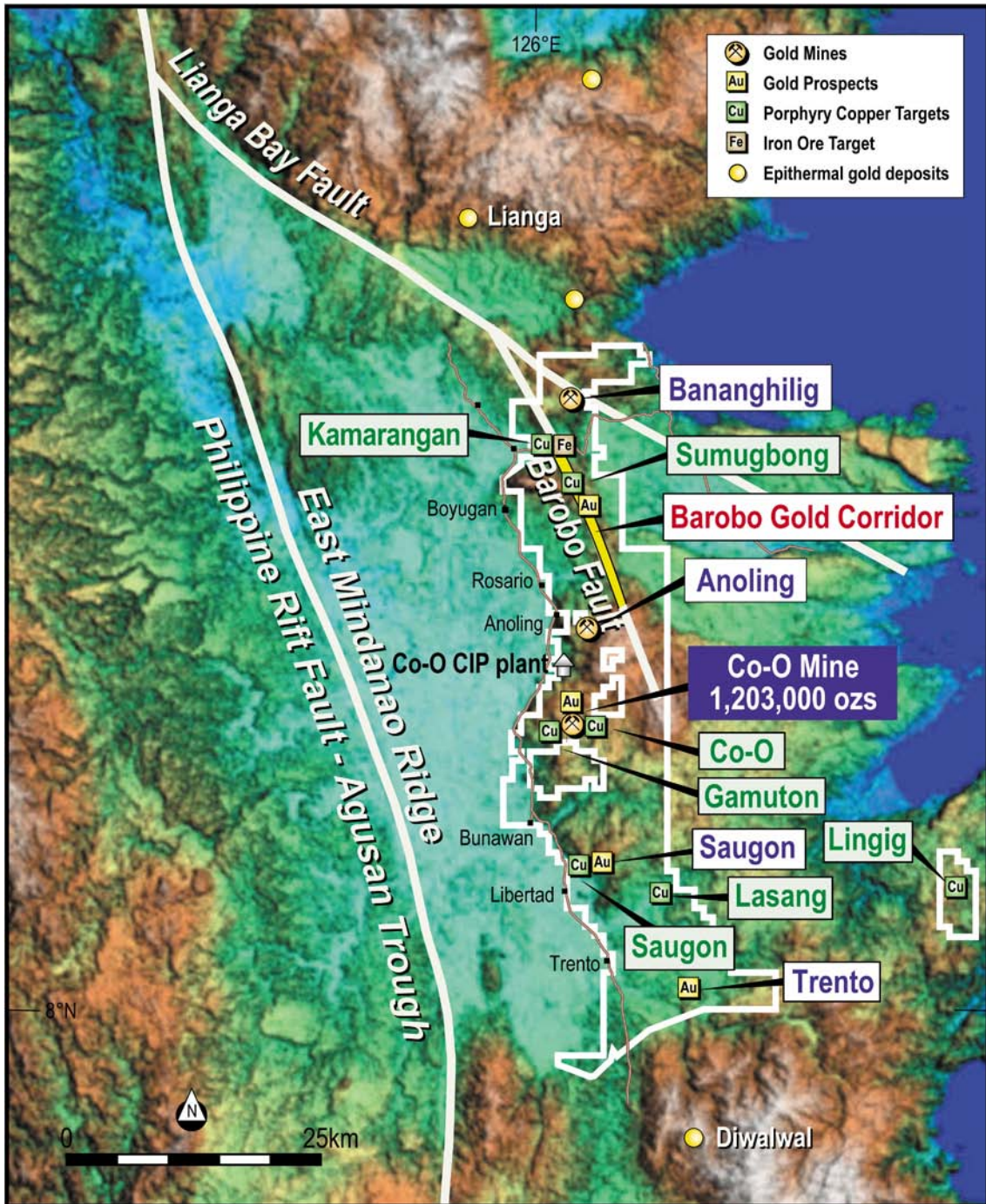


Figure 1. Location of the Kamarangan prospect.

GEOLOGICAL SETTING

The Kamarangan prospect is centrally located in a large aeromagnetic anomaly approximately ten kilometres in diameter.

The area is underlain by a steeply dipping, well-banded calcareous sequence that appears to be at least 1,600 metres wide. The calcareous sequence has been intruded by a complex of fine- to coarser-grained diorites and some andesite bodies. The intrusives have changed the calcareous rocks to skarn rocks over an approximate area of 1,600 metres by 1,400 metres. The skarn area is open to the east under the younger overlying limestone. The surface geology outcrops are limited mainly to magnetite-rich horizons with secondary hematite.

Some of the skarn rocks may contain variable amounts of garnet, diopside, epidote and pyrite. Areas of siliceous hornfels and unaltered massive limestone were also intersected in the drilling.

DISCUSSION

Table I contains a summary of significant results.

The intersection of a “fertile” diorite and other vectors from the drilling indicate a possible porphyry copper source to the east-northeast of the drilling conducted to date based on:

- (i) Copper and gold values in dioritic rocks tend to be higher in holes KAM 1 and 2, and while visible copper minerals are present in KAM 4 although at a lower level than in KAM 1 and 2;
- (ii) Molybdenum mineralisation is visible in 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;
- (iii) Molybdenum mineralisation is visible in KAM 2 to a maximum value of 138ppm 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.
- (iv) Skarn hosted gold with minor copper mineralisation is strongest in KAM 7 in the northeast of the drilled area, suggesting this hole is close to a mineralisation source.

The well mineralised magnetite skarn in KAM 1 (26 to 42.3 metres) and in KAM 2 (40 to 44.2 metres) and the wide skarn style mineralisation in KAM 7 (0 to 19.5 metres, 211.1 to 267.1 metres and 410.8 to 426.8 metres) could also be interpreted to be a halo above and around the 250 by 130 metres elongate deep magnetic anomaly shown on Figure 2. This anomaly could possibly be interpreted as a pencil porphyry style target.

Drill hole magnetite-rich samples will be submitted for estimation of the magnetite contents and preliminary metallurgical testing if further assessments regarding the prospect’s magnetite potential are positive.

Further assessment will continue including additional field work.

Table I. Summary of significant drill hole results (KAM 6 - abandoned, KAM 9 - no significant results)

Hole	East	North	Azimuth (°)	Dip (°)	From (metres)	Width (metres)	Gold (g/t)	Copper (%)	Lithology
KAM 1	612304	942837 including	90	-60	26.00	16.30	0.43	0.59	Magnetite skarn
					29.00	4.30	1.21	1.44	Magnetite skarn
					147.90	11.80	0.03	0.10	Hornfels
					173.70	14.00	0.06	0.16	Diorite
					457.70	30.00	0.05	0.15	Diorite
					495.70	22.00	0.03	0.11	Diorite
KAM 2	612307	942736 including	90	-60	2.00	49.20	0.16	0.16	Diorite with magnetite lense
					40.00	4.20	1.17	0.43	Magnetite skarn
					210.00	12.00	0.03	0.14	Diorite
					282.00	18.00	0.06	0.11	Diorite
KAM 3	612304	942837	270	-60	239.90	10.60	0.17	0.13	Diorite
KAM 4	612305	942597	87	-60	31.00	10.00	0.06	0.14	Andesite porphyry
					110.00	14.00	0.07	0.20	Andesite
KAM 5	611936	942847	110	-90	360.75	11.00	0.11	0.02	Andesite
KAM 7	612215	943161 including	90	-50	0	19.50	0.12	0.01	Calcareous sediments
					157.10	16.00	0.18	0.09	Skarn
					211.10	56.00	0.26	0.09	Skarn with magnetite 239.10 - 241.10
					410.80	16.00	0.22	0.27	Skarn with magnetite 410.80 - 418.80
					446.85	24.00	0.64	0.12	Skarn
					452.85	2.00	7.21	0.01	Skarn
KAM 8	612308	942561	273	-58	50.00	18.00	0.17	0.06	Diorite
KAM 10	611724	942581	156	-50	132.15	13.05	0.09	0.01	Diorite
					397.50	10.30	0.13	0.24	Andesite

Notes:

- (i) Assaying by McPhar Geoservices Phils Inc. Au by fire assay with AAS finish; Ag, Cu, Pb, Zn and Mo by AAS; and
- (ii) Magnetite contents not yet determined
- (iii) Grid co-ordinates based on the Philippine Reference System 92

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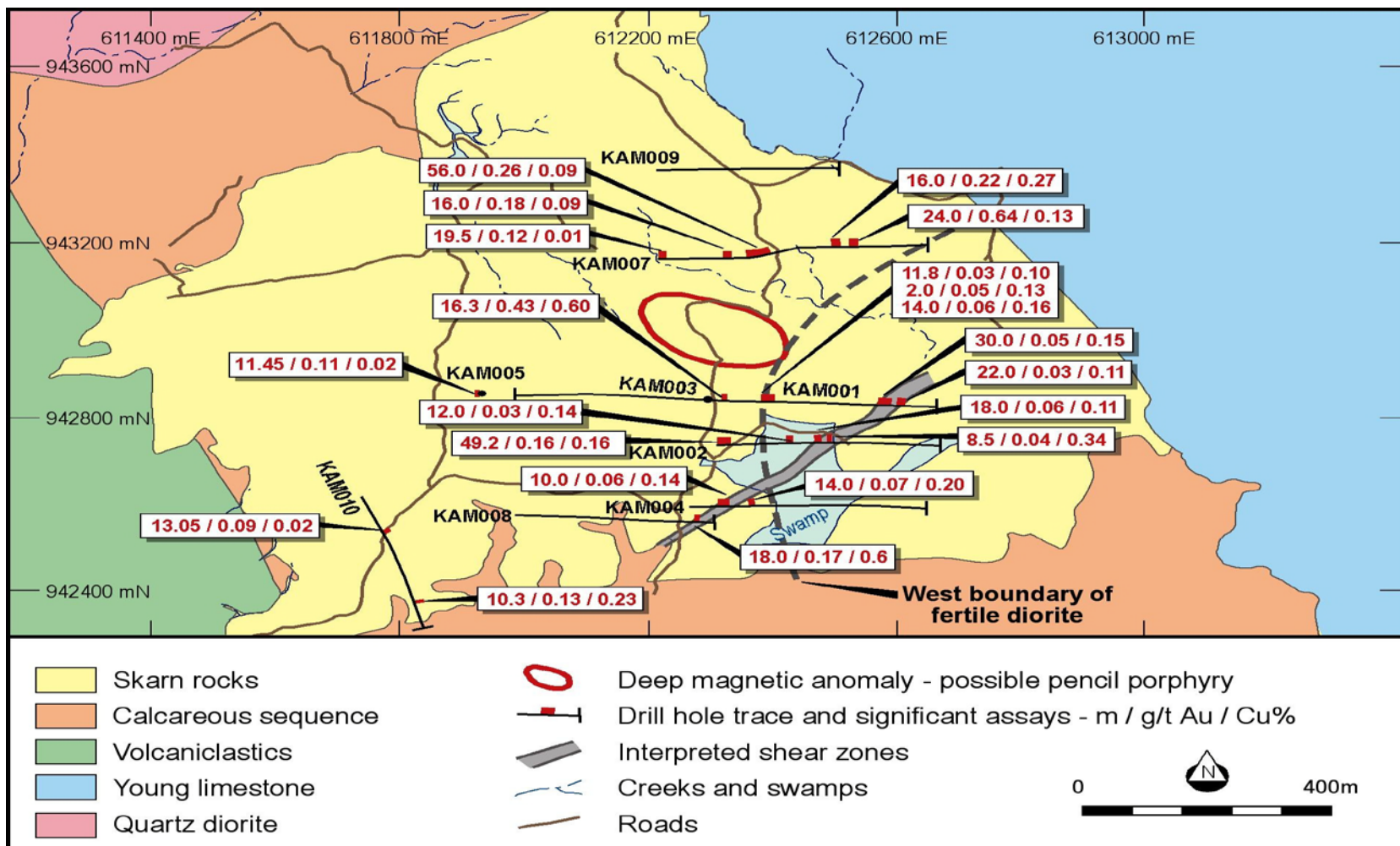


Figure 2. Interpreted geology of the Kamarangan area showing the locations of drill holes KAM 1 to 10 (Note KAM 6 abandoned).

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CORPORATE

The Company's Philippines subsidiary company, Mindanao Mineral Processing and Refining Corporation has received notification that it has been granted a four year tax concession.

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 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". 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.