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ANNOUNCEMENT

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Co-O DRILLING CONTINUES HIGH GRADE RESULTS

Medusa Mining Limited (ASX and AIM - MML; TSX - MLL) ("Medusa" or the "Company"), through its Philippines operating company Philsaga Mining Corporation ("Philsaga"), announces an update of the Co-O Mine surface drilling results for previous holes MD290, MD291, MD295, MD297 and MD298, and new holes MD300 to MD305, and results from underground drilling and regional drilling around the Co-O Mine up to 25 March 2011.

Highlights include:

Hole Number	Width (metres)	Grade (uncut) (g/t gold)
MD298	**2.00**	**219.17**
MD302	**0.80**	**42.33**
MD303	**1.00**	**31.45**
EXP054	**1.15**	**12.49**
L5-028	**4.80**	**13.84**
L5-039	**9.65**	**12.58**
L5-041	**13.10**	**47.81**

Exceptional results are being obtained from a new wide, sub-vertical, high grade zone within the mine as shown by the results in holes L5-039 and L5-041.

A recent assessment of the Co-O Mine vein architecture by independent structural geology consultants described strong similarities of the Co-O Vein system structure and aerial extent to the Martha Mine epithermal vein system in New Zealand which produced approximately 5.6 million ounces of gold from the 1870's to 1952 and was mined to around 600 metres in depth.

Geoff Davis, Managing Director of Medusa, commented:

"The continuing good results from the Co-O Vein system and surrounds are extremely pleasing, including the discovery of a new exceptionally wide and high grade zone within the mine by underground drilling.

I also wish to emphasise that, as we drill new vein systems, drill intersections in veins rarely provide ore-grade intersections in every hole. As our data base grows, and the characteristics of each vein become clearer, statistical assessment of the percentage of oregrade drill hole intersections required, maybe as low as 40% of holes with ore grade intersections, will increasingly provide the levels of certainty for turning exploration drill results into ore that can be developed with confidence."

Co-O MINE DRILLING

Discussion

Figure 1 (attached) shows all the new Co-O Mine MD series diamond drill holes from MD300 to MD305 totalling 4,167 metres completed in six holes since the last announcement on 18 January 2011 up to 25 March 2011 and also previous holes MD290, 291, 295 and MD297 to MD298. It also shows the regional EXP drill hole locations.

It should be noted that the 4 metres of 5.89 g/t gold in the top of MD300 reflects quartz fragments in soil indicating a high grade vein near the collar of the drill hole.

Surface drilling with two rigs on the mine area has focussed to the east of the Oriental Fault, and regional drilling has continued with four rigs.

Table I lists the surface diamond drilling results greater than 3 g/t gold from the Co-O Mine for new drill holes MD300 to MD305 as well as results not previously reported for some earlier holes. Assays are awaited for MD304 and MD305 and additional assays are awaited for MD302.

Previous reports were published for holes numbered MD290 to MD299 on 18 January 2011, MD261 to MD289 on 29 October 2010, MD241 to MD260 on 30 June 2010, MD217 to MD240 on 29 March 2010, for holes below MD217 on 18 January 2010, 10 December 2009, 1 July 2009, 22 January 2009, 1 December 2008 and 12 August 2008. In 2007 the announcements are dated 9 July, 15 May and 28 February.

Figure 2 (attached) shows the recently completed underground drilling totalling 6,723.50 metres in 29 holes. Table II lists underground drill hole results since 18 January 2011. Completed holes drilled include L2-040 and L2-041, L3-013 to L3-019, L4-010 and L4-011, and L5-028 to L5-033, L5-035 to L5-039, and L5-040 to L5-047. Assays are awaited for holes L5-029, L5-034, L5-036 to L5-038, L5-040, and L5-042 to L5-047.

Results down to 0.2 metres wide are reported since underground development shows that in many cases as the veins approach cross-cutting faults, they narrow down on both sides of the fault over 5 to 10 metres before widening out, and hence the narrower intersections are important in defining vein continuity. There is also some pinching and swelling of veins along strike. Most drilling is sub-parallel to the fault direction and rarely intersects the faults, which are subsequently identified by underground on-vein development.

Drill hole collar positions are surveyed by a qualified surveyor and surface drill holes are surveyed downhole at regular intervals using a digital multi-shot downhole camera.

It is important to note that the drilling of narrow epithermal veins generally provides an indication of the presence of the gold mineralised vein but may not always provide good quantitative data with respect to accurate grade and volume estimations for some or all of the following reasons:

- Veins commonly pinch and swell and may be brecciated or displaced by faults;
- Gold distribution may be erratic; and
- Drill core recovery may be reduced because of the brecciation and soft unconsolidated material and hence the recovered material may not be representative of the material drilled.

Consequently, the Company regards the initial drilling as indicative only and operates the policy of using drilling to locate the position and extent of the mineralised veins. This is then followed by on-vein development to support the drilling results, and to provide a more accurate estimate of vein grades which results in the upgrading of the resource category from Inferred to Indicated. The development supports the estimation of resources and facilitates the conversion of resources to reserves.

Further information on narrow veins and the Company's policies regarding exploration, development and resources-reserves is contained on the Company's website, medusamining.com.au

Table I. Surface drill hole results ≥3 g/t gold and ≥0.2 metres downhole for new holes MD 300 to MD 305 and complete assays for a previously partly reported holes designated * *

Hole number	East	North	Dip (°)	Azimuth (°)	From (metres)	Width (metres)	Grade (uncut) (g/t gold)
MD290 **	613470	913217	-45	137	362.90	0.25	27.20 (*)
MD291 **	614223	913120	-55	192	334.10	1.20	4.13
					378.40	0.55	11.92
					445.80	0.40	3.16
					452.60	1.40	5.69
					578.20	0.25	5.28
MD295 **	614223	913120	-65	193	118.45	0.20	17.75
					400.45	5.65	6.05
					462.00	0.60	6.16 (*)
					569.80	0.35	30.61 (*)
					612.90	0.50	3.41 (*)
MD297 **	614018	913157	-64	205	97.40	1.00	3.17 (*)
					179.50	2.45	3.39 (*)
					296.65	1.00	3.03 (*)
					642.40	0.20	4.37 (*)
MD298 **	614160	913111	-50	193	265.45	0.65	12.87 (*)
					276.30	0.40	3.21 (*)
					328.60	0.30	3.32 (*)
					425.40	2.00	219.17 (*)
					443.10	1.10	14.07 (*)
					489.20	1.60	7.89 (*)
					569.60	0.40	23.99 (*)
MD300	614160	913113	-60	196	0.00	4.00	5.89 (*)
					342.50	0.60	5.07 (*)
					354.00	0.40	3.74 (*)
					387.75	0.25	6.20 (*)
MD301	614020	913156	-55	188	143.65	0.55	15.13 (*)
					153.70	0.30	4.74 (*)
					156.25	0.25	8.60 (*)
					163.50	0.35	9.93 (*)
					196.90	0.20	5.20 (*)
					218.90	0.35	4.78 (*)
					346.55	0.20	3.27 (*)
					549.75	0.55	4.57 (*)
MD302	614021	913156	-52	174	143.10	2.70	6.24 (*)
					170.10	0.25	16.93 (*)
					176.15	2.15	14.33 (*)
					216.90	1.80	5.56 (*)
					295.70	0.80	42.33 (*)
					334.25	0.25	3.87 (*)
MD303	614114	913101	-57	206	55.00	2.50	7.76 (*)
					205.80	0.85	54.70 (*)
					315.35	1.00	4.05 (*)
					321.65	0.40	4.26 (*)
					366.35	1.00	31.45 (*)
					400.60	0.80	3.70 (*)
					429.50	0.60	6.30 (*)
					439.70	0.40	3.23 (*)
					591.30	0.25	4.04 (*)
					610.00	0.80	5.81 (*)

Notes:

(i) Intersection widths are downhole drill widths not true widths;
(ii) Assays denoted by (*) are by Philsaga Mining Corporation's laboratory, all other assays are by McPhar Geoservices Inc. in Manila;
(iii) Grid co-ordinates based on the Philippine Reference System 92.

Table II. Underground drill hole results ≥3 g/t gold and ≥0.2 metres downhole.

Hole number	East	North	Dip (°)	Azimuth (°)	From (metres)	Width (metres)	Grade (uncut) (g/t gold)
LEVEL 2							
L2-040	613311	912873	3	228	66.50	0.45	40.63 (*)
L2-041	613313	912873	3	193	60.80	0.55	5.63 (*)
					76.95	0.45	19.07 (*)
LEVEL 3							
L3-014	613965	913136	3	36	61.40	0.60	24.47 (*)
L3-016	613730	912861	3	225	69.60	3.30	5.06 (*)
					75.60	0.80	4.67 (*)
L3-017	613728	912863	3	231	38.50	0.40	22.67 (*)
					102.10	0.60	17.58 (*)
					107.00	0.20	4.87 (*)
L3-018	613725	912749	3	72	69.90	0.30	4.20 (*)
L3-019	613723	912751	3	49	52.90	0.30	124.03 (*)
LEVEL 4							
L4-010	613563	912804	3	359	43.05	3.05	5.32 (*)
					73.40	0.30	6.37 (*)
L4-011	613561	912804	3	322	95.75	1.40	3.59 (*)
LEVEL 5							
L5-027	613942	912887	-19	203	71.80	1.20	4.93 (*)
					75.90	0.20	17.77 (*)
					77.75	0.20	3.17 (*)
					227.70	0.20	11.61 (*)
L5-028*	614136	912893	-19	190	25.30	0.50	3.63 (*)
					69.70	0.60	10.41 (*)
					162.40	4.80	13.84 (*)
					208.20	0.80	49.93 (*)
L5-030	614137	912894	-19	174	206.80	0.45	56.03 (*)
					251.50	0.25	12.23 (*)
L5-031	613945	912887	0	140	25.35	0.30	21.00 (*)
					76.40	0.45	16.03 (*)
					88.65	0.30	10.73 (*)
					120.05	1.50	6.38 (*)
					131.10	0.35	38.33 (*)
					143.80	3.70	7.31 (*)
L5-032	614141	912898	-19	140	62.20	0.25	25.15 (*)
					118.30	0.40	23.80 (*)
					128.45	0.35	3.23 (*)
					139.00	0.20	8.43 (*)
					141.15	0.25	3.76 (*)
					187.80	0.40	8.80 (*)
					223.40	0.60	3.65 (*)
L5-033	613943	912887	0	162	55.10	0.60	13.47 (*)
					106.10	0.25	23.98 (*)
L5-034	613942	912887	0	183	110.40	0.55	27.96 (*)
					115.70	0.20	38.61 (*)
L5-035	613942	912887	0	200	47.90	0.40	4.96 (*)
					114.35	0.40	44.20 (*)
					116.05	0.25	6.60 (*)
					117.10	0.80	7.93 (*)
L5-039	613943	912887	-53	187	180.95	9.65	12.58 (*)
L5-041	613943	912887	-53	183	162.80	13.10	47.81(*)

Notes:

(i) Intersection widths are downhole drill widths not true widths;
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(iii) Grid co-ordinates based on the Philippine Reference System 92.

Structural assessment of the Co-O Mine vein architecture

A recent assessment of the Co-O Mine's vein architecture by independent consultants advised that the vein architecture is very similar to the Martha Mine in the Hauraki Goldfield of New Zealand. This mine commenced operation in 1880 based on high grade epithermal quartz veins and up until 1951 had produced 5 million ounces of gold and 11 million ounces of silver. The mine re-opened as an open pit in 1987 (Crown Minerals, 2004).

The Martha Mine consisted of an extensive (1600 metres long by 500 metres wide) braided system of four main sub-parallel veins, the Martha, Welcome, Empire and Royal) which were mined to a depth of over 600 metres (Brathwaite and McKay, 1989). Similarly, the areal extent of the current resources at Co-O is approximately 1,500 metres long by 500 metres wide, and level development is just starting at 250 metres below surface on the eastern side of the Oriental Fault just below the tops of some of the veins which top out at between 150-200 metres below surface, indicating extensive depth extensions likely remain to be explored and developed.

Co-O REGIONAL DRILLING

Using the Co-O Mine as a model, drill testing commenced in the September quarter of 2009 on veins in the region of the Co-O Mine.

The Co-O vein system Central Vein outcrops at surface on the western side of the Oriental Fault, where it was first discovered. The veins at surface rarely exceed 0.5 metres width and generally assay around 1 to 5 g/t gold (with possibly some supergene enrichment which is an increased concentration of minerals due to weathering of the near surface mineralisation). Gold values on the Central Vein start to increase significantly approximately 80 metres below surface.

It should also be noted that the drilling in the late 1980s and early 1990s to locate the veins east of the Oriental Fault intersected clay - minor silica alteration zones up dip from the high grade veins, and returned assays up to 1 g/t gold which were considered inconsequential at the time. Hence the Company carefully evaluates the importance of low assays in geologically favourable settings.

Figure 1 (attached) shows the positions of the 11 holes EXP054 to EXP065 for a total of 8,246 metres. Table III shows the results >3 g/t gold over >0.2 metres. Results for EXP001 to EXP012 were announced on 17 December 2009, an update up to EXP022 was provided on 19 March 2010, holes EXP022 to EXP028 were provided on 30 June 2010, for holes EXP029 to EXP037 on 29 October 2010 and for holes EXP038 to EXP053 on 18 January 2011.

Additional assay results are awaited for EXP063 and EXP064.

The grade trends, alteration types and vein mineralogies emerging from some of the NT veins suggest that the drilling may still be high up in the mineralisation system, in a similar manner to the late 1980s drilling east of the Oriental Fault. This early drilling intersected clay alteration zones with minor veining, but the fully formed veins were not intersected until nearly 200 metres below the present surface. If the vertical displacement component of the Oriental Fault is added, and erosion, then the tops of the well formed veins may have been well in excess of 200 metres below surface.

Table III. Regional drill hole EXP 054-065 results ≥3g/t gold and ≥0.2 metres downhole

Hole number	East	North	Dip (°)	Azimuth (°)	From (metres)	Width (metres)	Grade (uncut) (g/t gold)
EXP054	614102	913410	-50	160	675.70	0.35	23.19 (*)
					710.60	1.15	12.49 (*)
					782.25	0.55	8.29 (*)
EXP055	613438	913741	-50	180	586.55	0.70	5.10 (*)
EXP056	613699	913646	-50	180	708.80	0.20	6.93 (*)
EXP061	613640	913452	-50	180	335.25	0.45	14.67 (*)
EXP062	614354	913289	-50	160	482.20	0.70	30.43 (*)
					594.15	1.00	8.87 (*)
					736.10	1.00	3.74 (*)
					772.30	0.45	4.37 (*)
EXP064	613972	913316	-50	160	348.50	1.00	3.42 (*)
					450.00	0.45	3.10 (*)

Notes:

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(ii) Assays denoted by (*) are by Philsaga Mining Corporation's laboratory, all other assays are by McPhar Geoservices Inc. in Manila;
(iii) Grid coordinates based on the Philippine Reference System 92.

ON-GOING DRILL PROGRAMME

It is intended that two surface rigs (which may be reduced to one depending on progress) will continue drilling on the Co-O Mine area and four rigs will continue regional drilling. Four drill rigs will continue operating underground.

DRILL HOLE SAMPLING AND ASSAYING PROCEDURES

Samples are taken from mainly HQ sized (hole outside diameter 96 mm, hole inside diameter 63.5mm) and some NQ sized (hole outside diameter 75.8 mm, hole inside diameter 47.6 mm) drill core. The selected sample intervals are halved by diamond saw and half the core was bagged, numbered and sent to the Company laboratory. In a small number of cases to confirm the geological logging, the selected interval was re-split and ¼ core re-submitted for assay.

Initial sample preparation and assaying is undertaken at the Company's on–site laboratory. Samples are dried at 105ºC for 6 to 8 hours, crushed to less than 1.25 cm by jaw crusher, re-crushed to less than 3 mm using a secondary crusher followed by ring grinding of 700 to 800 grams of sample to nominal particle size of less than 200 mesh. Barren rock wash is used between samples in the preparation equipment. The samples are assayed by fire assay with Atomic Absorption Spectrometer (AAS) finish on a 30 gram sample. All assays over 5 g/t gold are re-assayed using gravimetric fire assay techniques on a 30 gram sample.

Check assaying of the majority of samples used in the yearly resource estimates is undertaken by McPhar Geoservices Phils Inc ("McPhar"), a NATA and ISO 9001/2000 accredited laboratory in Manila. The pulps are airfreighted to McPhar who fire assay 30 grams of samples using AAS finish and a selected number of samples are checked using gravimetric fire assay techniques. Duplicate samples and standards are included in each batch of check samples.

When reporting results, where available, the assays of McPhar as an independent laboratory have been given priority over the Company laboratory's results.

REFERENCES

Brathwaite, R.L. and Mckay, D.F., 1989: Geology and Exploration of the Martha Hill gold-Silver Deposit, Waihi. In Mineral Deposits of New Zealand, Monograph 13, Aust. IMM, Ed David Kear.

Crown Minerals , 2004: Ministry of Economic Development New Zealand. Website: crownminerals.govt.nz

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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 "Australasian 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 Sedar in August 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.

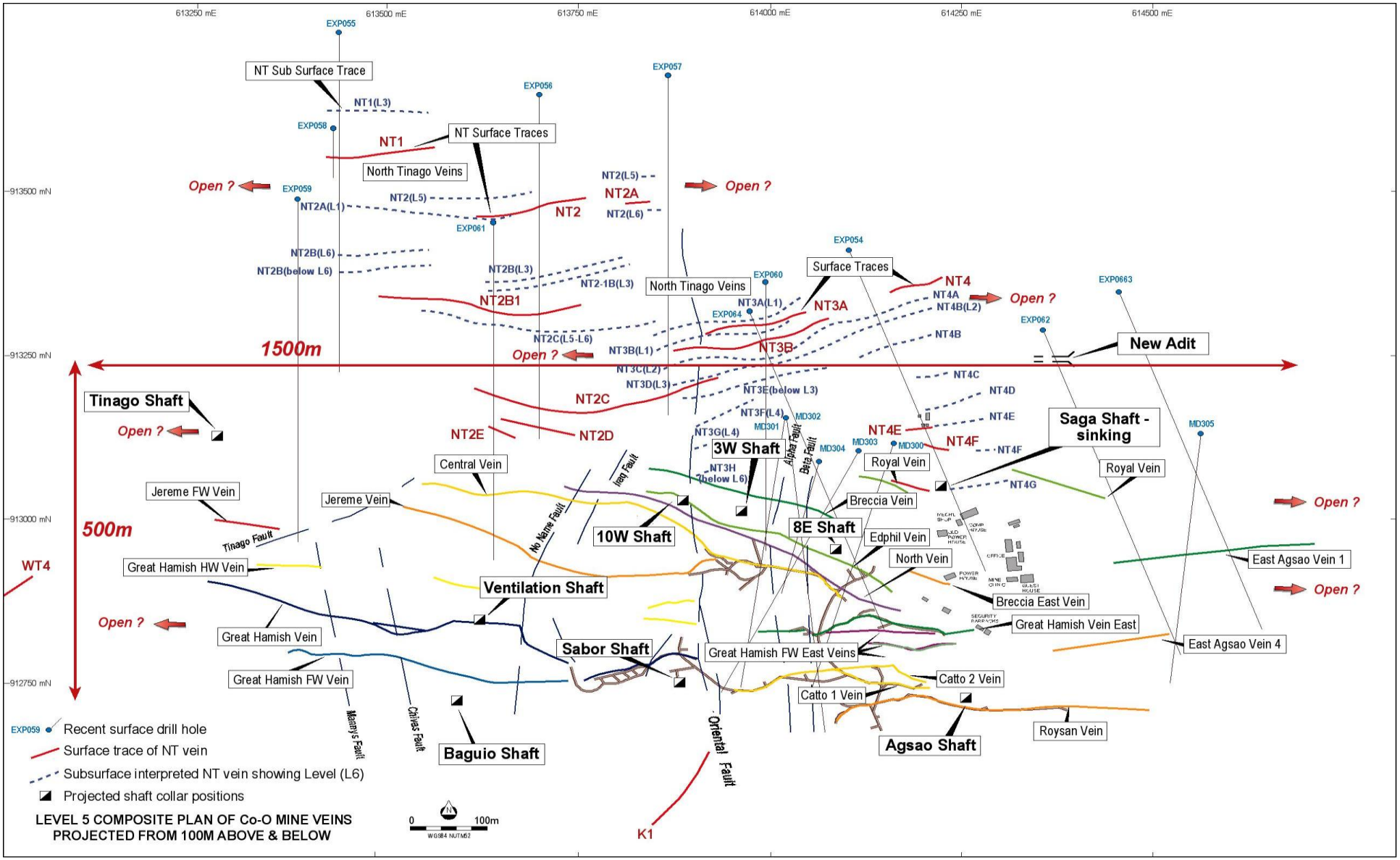

Figure 1. Map of the Co-O Mine showing the locations of drill holes MD300 to MD305, and EXP 054 to 065.

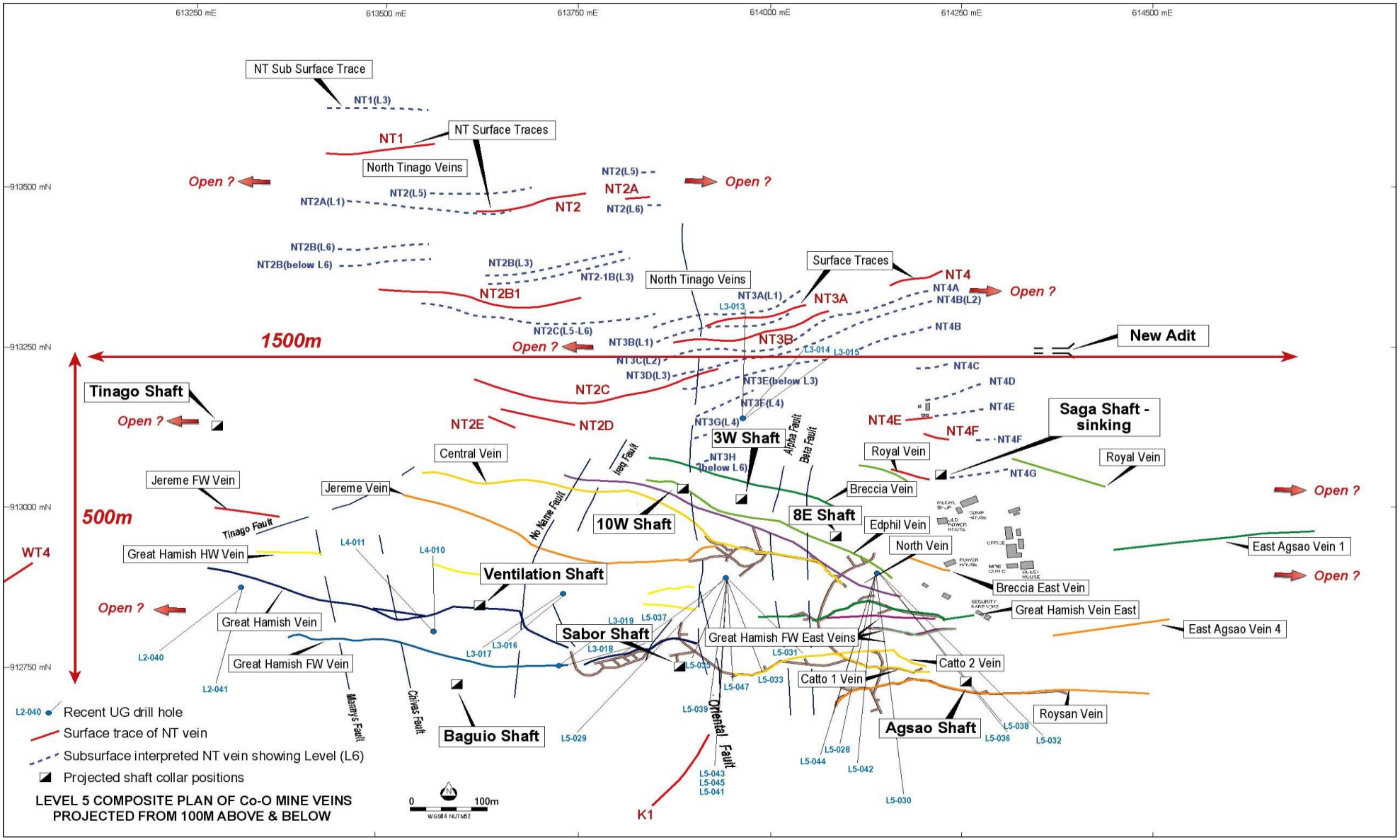

Figure 2. Map of the Co-O Mine showing the location of the underground drill holes.