



MEDUSA

QUARTERLY ACTIVITIES REPORT

PERIOD ENDED

30 SEPTEMBER 2014

Snapshot of Medusa:

- ❑ Un-hedged, low cost, gold producer focused on organic growth in the Philippines
- ❑ Growth underpinned by improving cash flow from Co-O Mine (narrow vein underground)
- ❑ HY 2014-15 gold production guidance of 40,000 to 45,000 ozs
- ❑ Current Mineral Resources comprise
 - *Co-O Mine:*
Indicated 590k ozs at 11.8 g/t gold;
Inferred 820k ozs at 9.2 g/t gold
 - *Bananghilig Deposit:*
Indicated 770k ozs at 1.5 g/t gold;
Inferred 370k ozs at 1.4 g/t gold
- ❑ Current Probable Reserves :
Co-O Mine 450k ozs at 7.22 g/t gold
- ❑ Co-O Mine Resources and Reserves to be maintained at current levels
- ❑ Excellent exploration upside in 820 km² of tenements. Revised Exploration Budget for FY 2014/15 of US\$12M

Board of Directors:

Andrew Teo (Non-executive Chairman)

Raul Villanueva (Executive Director)

Ciceron Angeles (Non-executive Director)

Robert Weinberg (Non-executive Director)

Gary Powell (Non-executive Director)

Management

Geoff Davis (Chief Executive Officer)

Capital Structure:

Ordinary shares: 207,794,301
Unlisted options: 1,000,000

Listing:

ASX (Code: MML)

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OVERVIEW:

Co-O MINE PRODUCTION

- **Production:** 21,018 ounces at a head grade 5.02 g/t gold and cash costs of US\$382 per ounce (June 2014 quarter of 17,615 ounces at a head grade of 4.99 g/t gold and cash costs of US\$431 per ounce).
- **Production guidance:** to 31 December 2014, 40,000 to 45,000 ounces. A new full year guidance will be provided on completion of a mine review.
- **Mill performance:** gold recovery averaged 92% (June 2014 quarter 85%). Grind size improved to 75% passing 75 microns.
- **Development:** Development averaged 1,679 metres per month.
- **Shaft haulage:** L8 Shaft upgrade is planned for 21 December 2014 to 13 January 2015 to increase the combined mine haulage capacity to approximately 60,000 tonnes per month.
- **Mine review:** Strategic operations review which commenced in early September to optimise long term mine planning, is nearing completion.

Co-O MINE RESOURCES AND RESERVES

- Total Indicated and Inferred Mineral Resources are estimated at 4.34 million tonnes at a grade of 10.1 g/t gold containing 1.41 million ounces of gold.
- Probable Ore Reserves are estimated at 1.92 million tonnes at a grade of 7.22 g/t gold containing 0.45 million ounces of gold.

Co-O MINE EXPLORATION

- Underground drilling results include 1.15 metres at 15.21 g/t Au, 1.40 metres at 24.38g/t Au, 3.95 metres at 4.59 g/t Au and 2.60 metres at 14.44 g/t Au.
- Surface exploration focusing on the North Tinago vein set adjacent to the north side of the mine. Geophysics survey completed.

TAMBIS AREA

- Drilling completed at B2 Discovery area, with last best result of 11.85m at 9.8 g/t Au from 280.6m depth in hole TDH345.
- Downhole geophysics survey in B2 Discovery area planned in the December quarter subject to contractor availability.
- Re-working of the Bananghilig Deposit interpretations underway. Additional metallurgical test work is planned.

CORPORATE & FINANCIALS (unaudited)

- Total cash and cash equivalent in gold on metal account at the end of quarter of approximately US\$15.50 million.
- Mr Geoff Davis was appointed interim Chief Executive Officer on 01 September 2014, following the resignation of Mr Peter Hepburn-Brown on 19 August 2014.

PROJECT OVERVIEW

The locations of the Company's projects are shown on Figure 1.

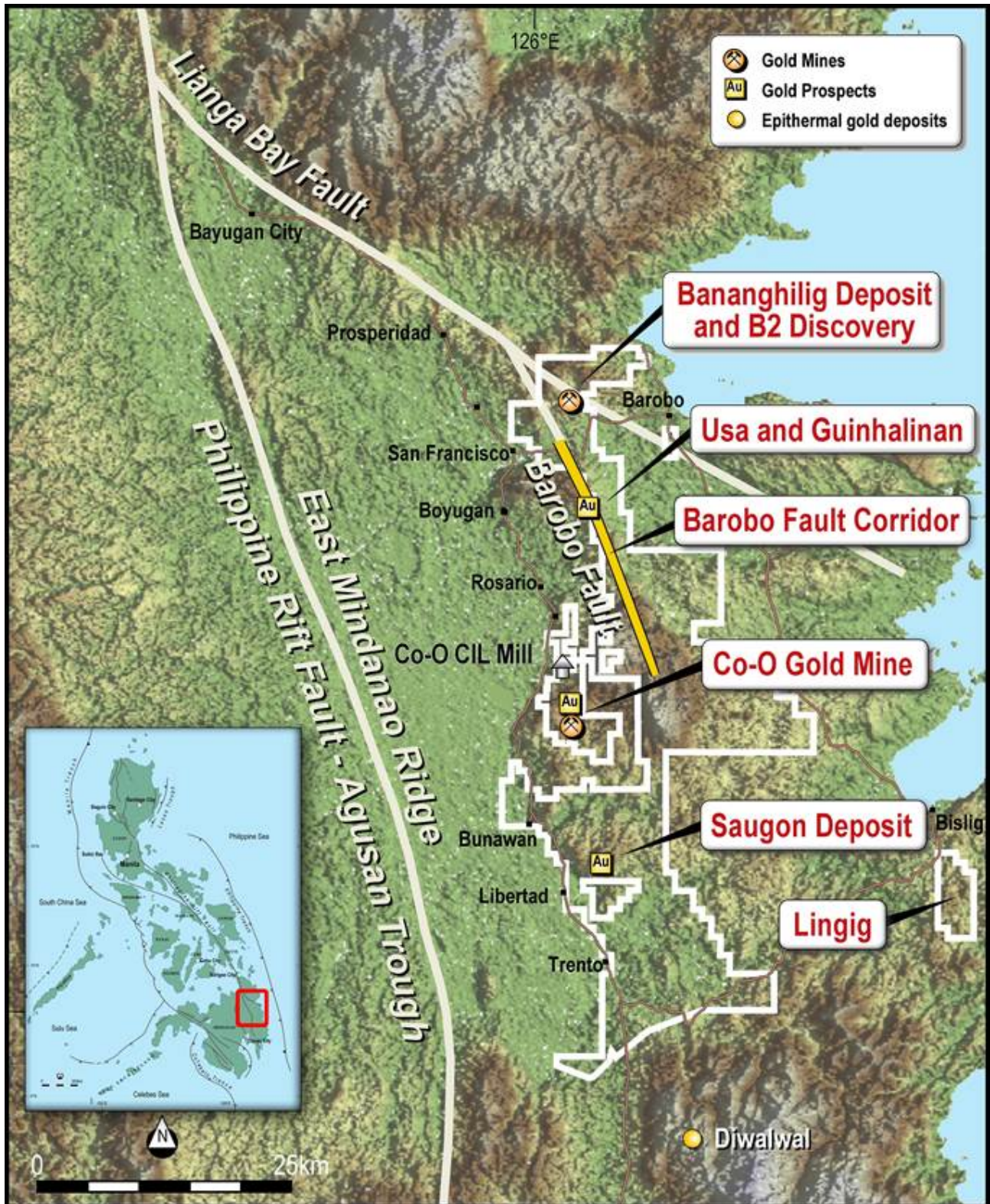


Figure 1. Location diagram showing the Company's Co-O mine and mill operations, tenement areas and main project areas

MINERAL RESOURCES and RESERVES

The ASX announcement dated 25 September 2014 contains detailed information regarding the annual update to the Company's Mineral Resources and Ore Reserves inventory, to the end of the 2014 financial year.

Mineral Resources

Total Inferred and Indicated Mineral Resources for the Co-O Mine, now estimated at 4.34 million tonnes at a grade of 10.1 g/t gold for a total 1.41 million ounces gold, compared to the estimate reported on 8 August 2013 of 6.88 million tonnes at a grade of 9.9 g/t gold for a total 2.19 million ounces gold (Table I).

The changes in the Co-O Mine resources are primarily due to:

- mining depletion;
- modified vein interpretations through increased geological knowledge of the different vein sets obtained by further underground mapping; application of updated resource modelling parameters, and
- application of revised economic constraints and reporting in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code 2012").

Total Inferred and Indicated Mineral Resources for Bananghilig (24.52 million tonnes at a grade of 1.44 g/t gold) and Saugon (81,500 tonnes at a grade of 5.97 g/t gold) deposits were prepared and disclosed under the JORC Code 2004 and remain unchanged from 2013. They have not been updated to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Ore Reserves

A detailed review of all Co-O Mine and milling production data, including mining and metallurgical performances to determine appropriate physical mining parameters, cut-off grades and dilutions has been completed for this latest update to the Mineral Resource and Ore Reserve statement. This has resulted in previously marginal ounces being excluded from this update statement and is reflected in the comparative changes to the Mineral Resources and Ore Reserves (Table I).

The Co-O Mine Probable Ore Reserves are now estimated at 1.92 million tonnes at a grade of 7.22 g/t gold for a total 0.45 million ounces gold compared to the estimate reported on 8 August 2013 of 1.65 million tonnes at a grade of 10.7 g/t gold for a total 0.57 million ounces gold.

A comparison between the current ore reserves and that stated at 30 June 2013 shows a decrease in Probable Reserves of 22% or 124,000 ounces gold.

The changes in the Co-O Mine reserves are primarily due to: mining depletion; modified vein interpretations through increased geological knowledge of the different vein sets obtained by further underground mapping; more conservative mining dilution parameters and modelling techniques, and application of revised economic constraints to the mineral resources and reporting in accordance with the guidelines of the JORC Code 2012 (refer above - Mineral Resources).

Table I. Group Mineral Resources and Ore Reserves estimates at 30 June 2014

Deposit	Category	Tonnes	Grade (g/t gold)	Ounces (gold)
MINERAL RESOURCES				
Co-O Resources ¹ (JORC Code 2012)	Indicated	1,560,000	11.8	590,000
	Inferred	2,780,000	9.2	820,000
Total Co-O Resources	Indicated & Inferred	4,340,000	10.1	1,410,000
Bananghilig Resources ² (JORC Code 2004)	Indicated	16,060,000	1.5	770,000
	Inferred	8,460,000	1.4	370,000
Total Bananghilig Resources	Indicated & Inferred	24,520,000	1.4	1,140,000
Saugon Resources ² (JORC Code 2004)	Indicated	50,000	7.0	10,000
	Inferred	30,000	4.6	10,000
Total Saugon Resources	Indicated & Inferred	80,000	6.0	20,000
Total Resources	Indicated	17,670,000	2.4	1,370,000
Total Resources	Inferred	11,270,000	3.3	1,190,000
TOTAL RESOURCES	Indicated & Inferred	28,940,000	2.8	2,560,000
ORE RESERVES				
Co-O Reserves ¹ (JORC Code 2012)	Probable	1,920,000	7.2	450,000
TOTAL RESERVES	Probable	1,920,000	7.2	450,000

Notes:

- 1 Co-O mineral resources and ore reserves estimated under guideline of JORC Code 2012.
- 2 Bananghilig and Saugon Mineral Resources were previously prepared and first disclosed under the JORC Code 2004, and have not been updated to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported (08 August 2013).

Mineral Resources:

Co-O:

- a lower cut-off of 3.0 g/t gold, minimum mining widths of 1.2 metres, minimum diluted grade of 2.7 g/t gold, minimum grade x width of 3.2 g.m/t have been applied.
- various upper cuts (up to 300 g/t gold) have been applied to different veins.
- a gold price of US\$1,500 has been applied

Bananghilig:

- a lower cut-off of 0.8 g/t gold was applied, and various upper cuts

Saugon:

- a lower cut-off of 2.0 g/t gold was applied

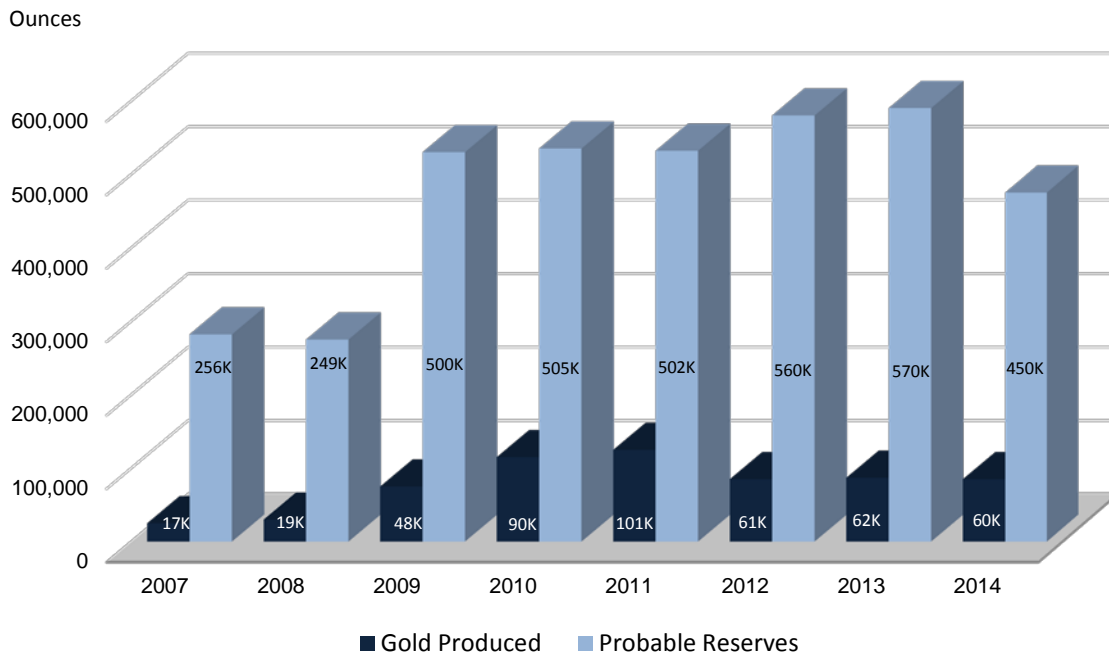
Rounding to the nearest 10,000 may result in some slight discrepancies in totals

Ore Reserves:

Ore Reserves are a subset of Indicated Mineral Resources

Co-O:

- minimum mining widths of 1.25 metres (stopes $\geq 60^\circ$) and 1.5 metres (stopes $< 60^\circ$) have been applied, and where the vein width was equal to the minimum mining width, and extra 0.25 metres dilution was added to the hangingwall.
- a further 10% dilution have been allowed for slabbing in mining of low angle stopes under draw,
- shape dilution of 8% of extra tonnage at 2 g/t gold, for extra development and to reflect pinch and swell of veins,
- 85% mining recovery for stopes < 10 g/t gold,
- 90% mining recovery for stopes ≥ 10 g/t gold,
- 50% of pillars for empty stopes in major veins are included in reserve and diluted to 200%,
- a cut-off grade of 2.0 g/t gold has been applied for development ore
- a cut-off grade averaging 3.0 g/t gold has been applied to broken ore (dependent on closeness to hoisting point)
- a cut-off grade of 3.8 g/t gold has been applied to developed stopes
- a cut-off grade of 4.3 g/t gold has been applied to un-developed stopes
- a gold price of US\$1,250 has been applied



Graph 1. Relationship between the Co-O Mine Probable Reserves and Production 2007 to 2014

Co-O MINE

Production

The production statistics for the September 2014 quarter and the preceding three quarters are summarised in Table I below.

Table II. Gold production statistics

Description	Unit	Quarter ended 30 Sep 2014	Quarter ended 30 Jun 2014	Quarter ended 31 Mar 2014	Quarter ended 31 Dec 2014
Tonnes mined	WMT	160,851	153,238	146,017	108,264
Ore milled	DMT	140,234	129,074	140,879	98,590
Head grade	g/t	5.02	4.99	4.20	4.51
Recovery	%	92%	85%	85%	85%
Gold produced	ozs	21,018	17,615	16,200	11,587
Cash costs ⁽¹⁾	US\$/oz	\$382	\$431	\$398	\$526
Gold sold	ozs	22,491	22,766	15,843	11,774
Average gold price received	US\$	\$1,272	\$1,292	\$1,299	\$1,262

Note:

(1) Net of development costs and includes royalties and local business taxes

The Company produced 21,018 ounces of gold for the quarter, at an average head grade of 5.02 g/t gold and cash costs of US\$382 per ounce, inclusive of royalties and local business taxes.

The increase in gold production is due to a combination of improved mill recoveries, improved head grades and increased tonnage.

Co-O Operations

Mine Overview

The Co-O Mine production is limited by its hoisting capabilities. Currently upper level ore from Levels 1 to 5 exits the mine through 3 small shafts and two portals whilst the lowest levels, currently Levels 6 to 8, is hoisted by the L8 Shaft.

The L8 Shaft will be upgraded from 21 December 2014 to 13 January 2015 to improve the mine haulage to approximately 60,000 tonnes per month and reduce the time required for the employees to travel to and from underground work stations. The L8 Shaft will be upgraded to a 4.8 tonne skip and a double decker man-cage configuration to replace the current 3.6 tonne skip and single man-cage configuration. This exercise will also require the introduction of heavier duty winder ropes and replacement of gearing on the winder.

A new shaft, the E15 Shaft, designed to be capable to hoist from Level 16, but initially planned to Level 8 then to Level 12, is in final engineering and design stage and will begin construction in the near future. It will be funded through cash flow.

Underground Mining

The mine operated as planned during the quarter with a balance of lower grade development ore and stope ore. Level 8 development now has sufficient stopes to ensure ongoing production on a sustainable basis as there are now multiple stopes and development headings as required for shrink stoping of the narrow veins. These are mined by contractors on a meterage and tonnage payments basis.

The reduction of supernumerary contractor staff in the previous quarter, whilst not a direct saving to the company, resulted in increased efficiency transporting men and materials to the workforce. There was some disruption due to dewatering issues on Level 6, but this will be resolved with the commissioning of a new pump station at Level 8 which will discharge directly to the surface during the current quarter.

Mine Review

A comprehensive operations review with a focus on the underground mine is being undertaken by two mining consultants. This review will produce a life of mine plan and budget, incorporating the latest ore body interpretations and corresponding updated hoisting and mine servicing. A key initial outcome will be the validation of the proposed E15 Shaft design criteria against the long term plan.

Production Guidance

As advised on 9 September 2014, the guidance for the half year to 31 December 2014, is 40,000 to 45,000 ounces. A new guidance for the full year to 30 June 2015 will be provided on completion of the mine review.

Mill

Improvements to the milling circuit continued during the quarter including:

- (i) Leaching Circuit: construction of two new pre-leach tanks is underway with completion of the tank shells due in late November. Fitting of agitators and associated equipment is anticipated to be completed in February 2015. These tanks will increase leaching time capacity from 24 hours to approximately 30 hours.
- (ii) Screens: issues with various screens are being resolved progressively.
- (iii) Grind size: grind size distributions averaged 75% passing 75 microns but below the design of 80% passing 75 microns. Modifications are underway to improve this.
- (iv) The vibratory feeder was replaced with a new purpose built apron feeder on 9 July 2014 and the primary crusher is now operating to design.

Gold recoveries averaged 92% due to increased proportion of stope ore in the mill feed, and mill operational improvements. Operating time for the SAG Mill increased due to improvements in ore supply.

Co-O Mine Geology

As advised in the announcement of 9 September 2014, the extensive development that has been undertaken over the last two years, including opening up Level 8, has provided a much clearer understanding of the 3D shapes of the pinching and swelling of the veins and grade distributions. Consequently since September 2013 a major review of all the mine geological data has been undertaken to develop a scheme of systematic classification of the veins according to textures and their relationship to the grade tenor of the vein.

A significant amount of re-interpretation has been completed, including the recognition that the main west-trending vein system is controlled by a major shear system. This shear system has controlled the orientation of the three main sub-vertical veins (Central, Jereme and GHV) and caused the development of numerous 'link' structures/veins in some sections of the mine particularly in the areas between the Jereme and GHV veins on the west side of the Oriental Fault. These link structures/veins are commonly low-angle between 30° to 60° and are now being interpreted and verified from numerous previously unallocated drill hole intersections and underground development and stoping.

In addition, the recognition of the Don Pedro Vein's northerly orientation on Level 8 in 2013 has also resulted in the recognition of a third vein orientation set (Fig.3). The Don Pedro Vein has been mined up to Level 7. To the east, the Don Pedro East Vein has been followed by winzings down from Level 8 to half way between Level 9 and Level 10. Other veins with this orientation are now being recognised in the mine, which are not included in the current resource model due to sparseness of drilling data.

Level development readily defines the pinch and swell nature of the veins in a horizontal direction, and now with an increased number of levels and vertical development as well as stoping data, the pinch and swell characteristics are being defined in a vertical sense. Recognition of pinching and swelling in a vertical direction has affected the projection of veins to depth where a significant proportion of the 2013 Inferred Resources were located.

In summary, the Co-O vein system is complex and interpretation is on-going using existing data and as more data becomes available. The Company may undertake an interim re-estimation of the resources and reserves to include new significant information as it becomes available since 30 June 2014.

Co-O Mine Drilling

Underground diamond drilling continued using three large contract rigs for exploration from drill chambers at Level 3 - 64W, Level 3 - 17W and Level 8 - 19E (Fig. 2), and three smaller Company-owned portable rigs for pre-development drilling at Levels 2, 6 and 8. A total of eleven exploration drill holes were completed for an advance of 6,695.9 metres.

Results are pending for drill holes L3-17W-003, L3-17W-005, L3-17W-006, L3-17W-007, L3-64W-032, L8-19E-015, L8-19E-016 and L8-19E-021. Significant results obtained during the quarter are reported in Table II below and shown further below on the longitudinal projection and composite Level 8 plan of the Co-O Mine (Figs 2 and 3).

Table III. Co-O Mine underground drill hole results since 30 June 2104 of ≥ 0.5 metres at ≥ 3 g/t gold.

(Refer Appendix A for JORC Code, 2012 Edition - Table 1 Report)

Hole Number	East ⁴	North ⁴	RL ⁴	Depth (metres)	Dip (°)	Azimuth (°)	From (metres)	Width ² (metres)	Gold Grade ^{1,3} (uncut) (g/t gold)
UNDERGROUND EXPLORATION DRILL HOLES - LEVEL 3									
L3-17W-002	613894	913226	50	485.8	-31	188	182.00	0.50	17.07
							359.10	1.15	15.21
							413.20	0.85	7.07
L3-17W-004	613893	913226	50	511.8	-29	201	239.55	4.95	3.57
							471.80	1.05	3.35
L3-64W-030	613350	913057	60	476.6	-46	159	108.00	2.45	6.72
							177.55	1.00	15.47*
UNDERGROUND EXPLORATION DRILL HOLES - LEVEL 8									
L8-19E-013	614214	913136	-193	415.0	-29	179	200.15	1.40	24.38
L8-19E-014	614214	913136	-193	430.4	-24	193	14.70	0.90	30.38
L8-19E-017	614219	913137	-193	481.3	-19	125	92.00	3.95	4.59
							455.50	1.05	3.68
							460.80	1.40	22.42
							465.85	1.20	14.69
L8-19E-018	614219	913137	-193	476.0	-19	139	125.45	0.75	6.47
							322.85	1.05	24.07
							381.10	2.60	14.44
							388.45	1.00	5.17
							428.10	1.30	8.56

Notes:

* Previously reported in June 2014 quarterly report.

- Composited intercepts' 'weighted average grades' calculated by using the following parameters:
 - no upper gold grade cut-off applied;
 - lower cut-off grade of 3.0 g/t gold;
 - high-grade samples (≥ 300 g/t gold) within composited interval are individually reported; and
 - ≥ 0.5 metres down hole intercept width at ≥ 3.0 g/t gold, or ≥ 6 gram.metres, and
 - maximum of 1.0 metre of down-hole internal dilution at ≤ 3 g/t gold.
- Intersection widths are downhole drill widths not true widths;
- Assays are by Philsaga Mining Corporation's laboratory; and
- Grid coordinates based on the Philippine Reference System 92. RL is elevation in metres relative to Mine Datum.

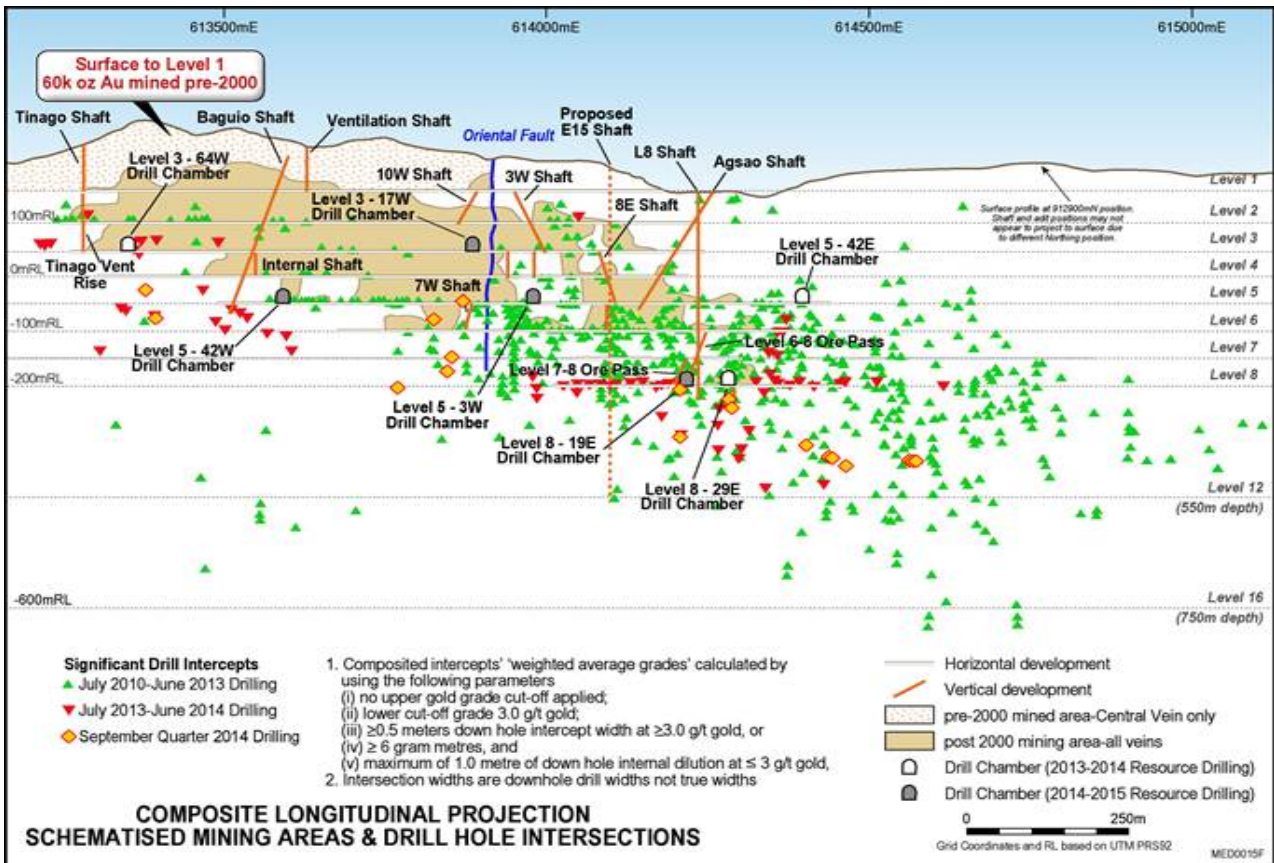


Figure 2. Co-O Mine – Composite longitudinal projection of schematised mining areas, drill chambers for resource drilling and significant drill intercepts.

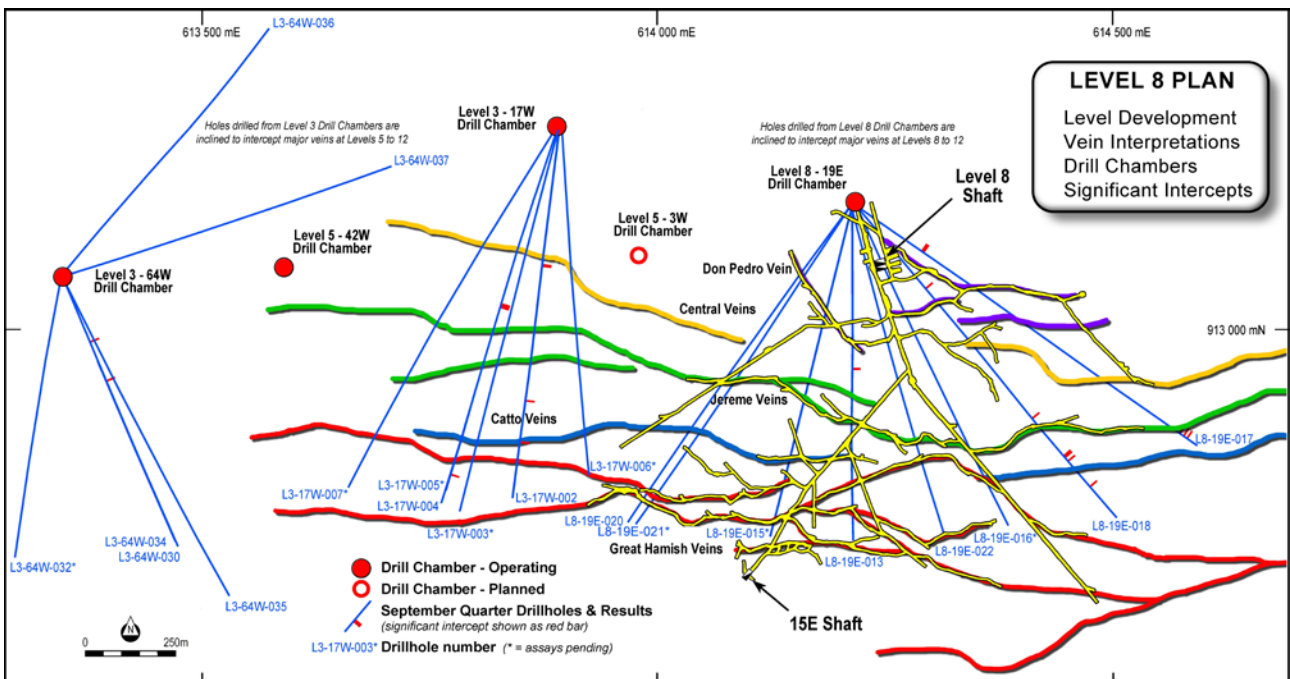


Figure 3. Co-O Mine composite drill hole projection plan at Level 8 showing drill chambers and significant drill intercepts received during the quarter.

HEALTH, SAFETY & ENVIRONMENT

The Lost Time Accident Frequency Rate is 0 for the September 2014 quarter and 0.221 for the 9 months to 30 September 2014.

Subsequent to 30 September as announced on 17 September, a fatal accident occurred in a stope on Level 8. Investigations by the Mines and Geosciences Bureau are in progress.

The Company's Occupational Health and Safety programmes are reviewed on an annual basis. The 2014 review was completed in August 2014 by an independent consultant which resulted in no serious health and safety issues being identified.

There were no environmental breaches during the September 2014 quarter.

Co-O SURFACE EXPLORATION

Induced Polarisation Survey

The ground Induced Polarisation ("IP") and ground magnetics surveys within the Co-O tenements were terminated due to a lack of prospectivity in the remaining section as determined from recent regional mapping. Data processing will commence shortly.

Reconnaissance Programmes

Detailed and reconnaissance geological mapping, trenching and sampling programmes were conducted in the Tagabaka area to the southeast of the Co-O Mine where a number of veins have been verified from previous work. This work is being discontinued temporarily to focus on the North Tinago Vein set on the north side of the Co-O Mine and the Road 17 West prospect.

TAMBIS REGION

The Tambis Project comprising the Bananghilig Gold Deposit and the B2 Discovery area (Fig. 1) is operated under a Mining Agreement with Philex Gold Philippines Inc. over Mineral Production Sharing Agreement ("MPSA") 344-2010-XIII, which covers 6,262 hectares.

The Executive Order on Mining (EO 79) is not expected to have an immediate impact on the Bananghilig Project, since the MPSA was granted prior to EO 79, and the Company can continue to explore, conduct feasibility studies and planning.

BANANGHILIG GOLD DEPOSIT

The announcement of 12 September 2011 summarises the Tambis regional geological setting, local geological setting, deposit description and mineralisation. Additional information is contained in the September 2011 quarterly report dated 24 October 2011, drilling updates on 17 January 2012, 8 August 2012, 21 November 2012, and 02 April 2013, operations update on 08 July 2013, and resource estimation updates on 29 January 2013 and 08 August 2013.

Mineral Resources

The Bananghilig Mineral Resources were previously reported in accordance with The 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004). Using a 0.8 g/t gold lower cut-off applied to the resource estimate, total combined Indicated and Inferred Resources of 24.52 million tonnes was reported, containing 1,136,000 ounces at a grade of 1.44 g/t including an Indicated Resource of 766,000 ounces at 1.48 g/t gold.

Since there have been no material changes to the database for the Bananghilig Deposit since the last reported resource estimate, the Company has not re-estimated the resources in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012).

The Bananghilig Deposit is currently undergoing a geological review and re-interpretations may result in conducting a revised mineral resource estimation in accordance with the guidelines of the JORC Code 2012.

Metallurgy

The Bananghilig Deposit is also undergoing additional preliminary metallurgical testwork to investigate various processing methodologies.

B2 Discovery Area

Drilling at the B2 Discovery was completed in June 2014 to enable collation of data obtained to date and to prepare the area for a 'down-hole' geophysical survey, which is anticipated to commence in the December quarter, depending on contractor availability.

Figure 4 shows the Bananghilig area geology and the position of the B2 Discovery beneath the limestone cover relative to the Bananghilig Deposit.

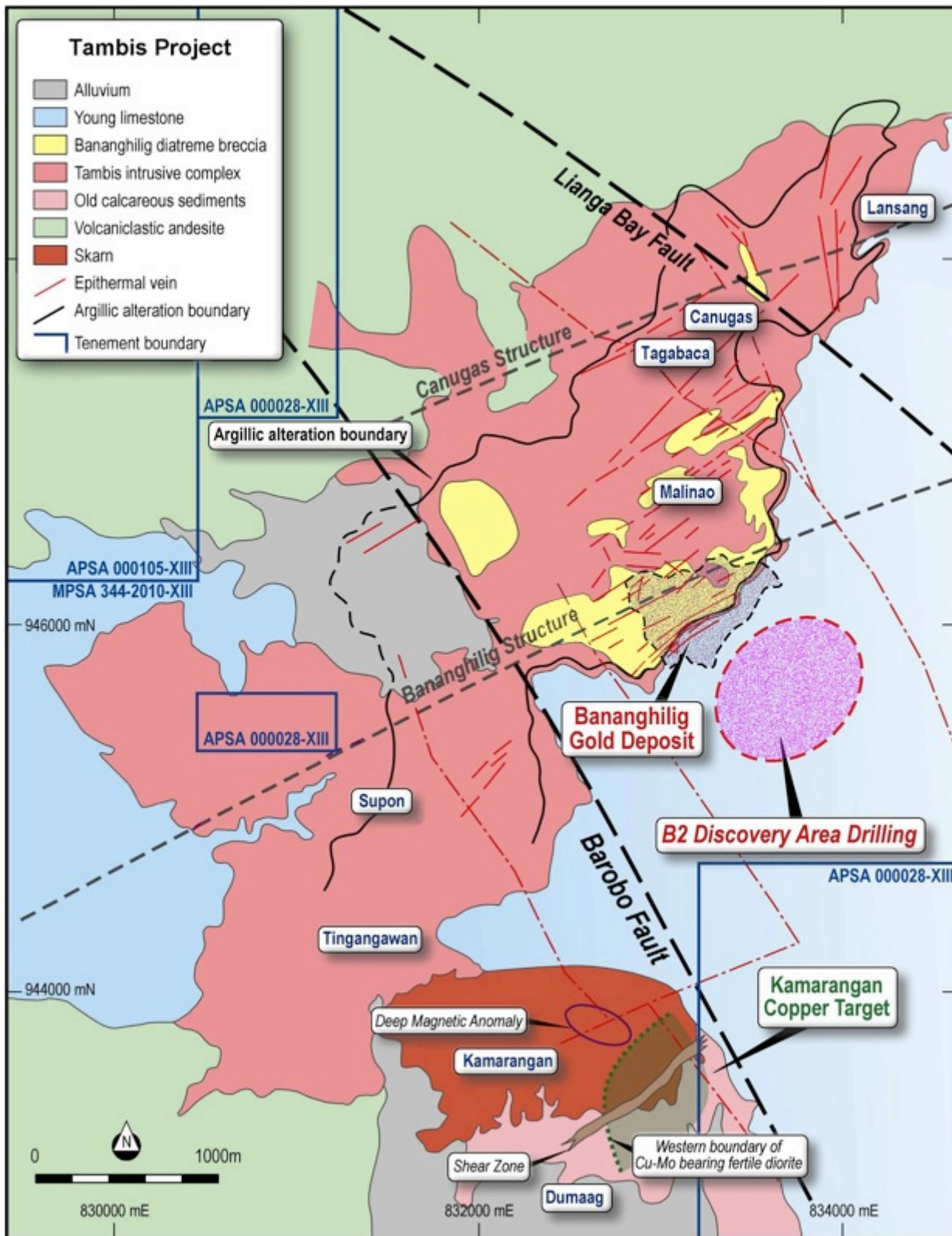


Figure 4. Tambis Project geology showing location of the Bananghilig Deposit relative to the B2 Discovery area and other prospect areas.

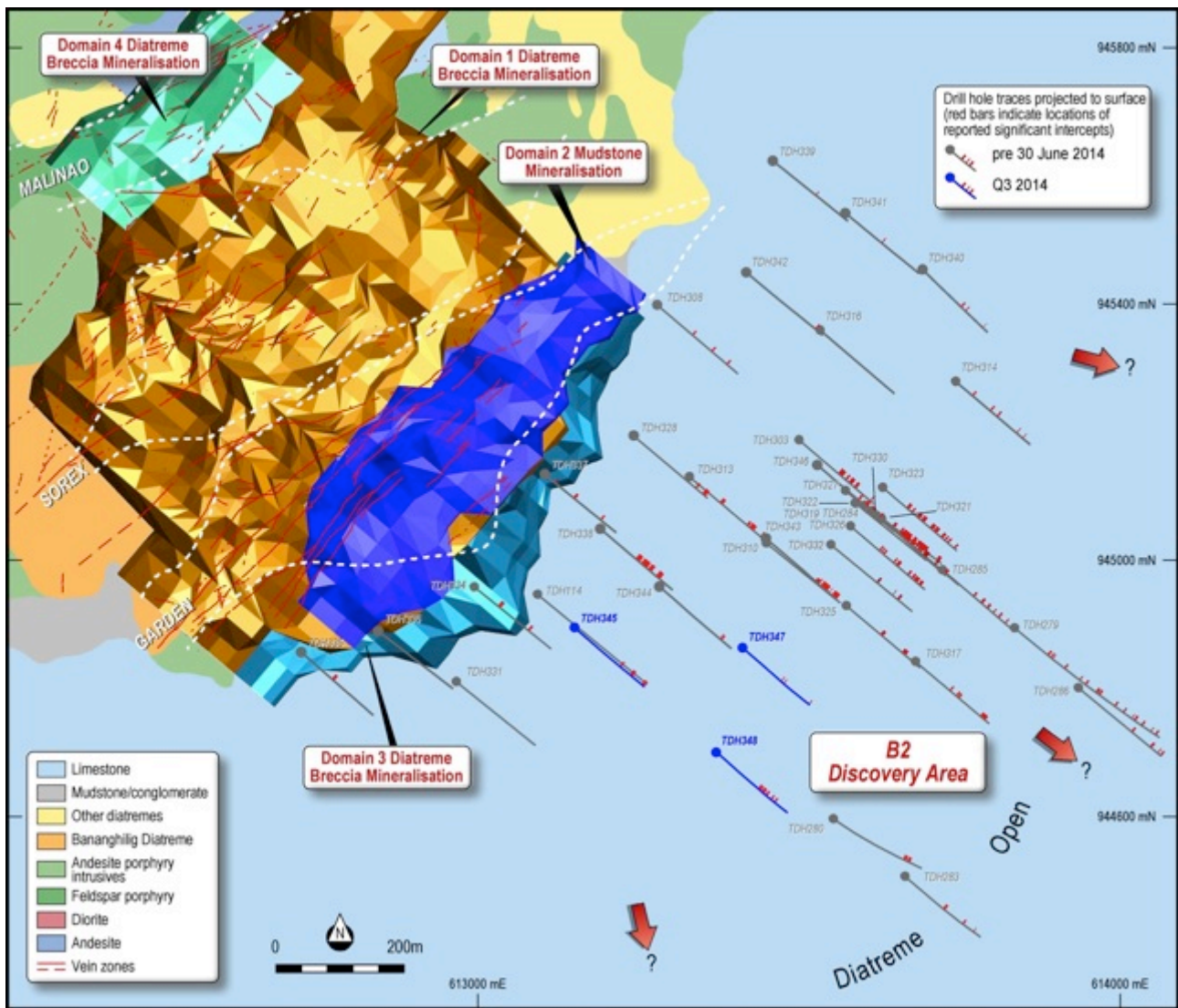


Figure 5. Plan of the Bananghilig Deposit 2013 resource block model and the B2 Discovery area showing drill hole traces and reported significant intercept locations.

B2 Discovery Area Drilling Results

Results of diamond drilling at the B2 Discovery area to 30 June 2014 have been announced on 02 April 2013 and 08 July 2013, in the March 2013, June 2013, September 2013, December 2013, March 2014 and June 2014 Quarterly Reports, and the September 2013 and September 2014 Annual Reports. During the September 2014 quarter, final results were received for the balance of the completed drill holes TDH345, TDH347 and TDH348. Significant intercepts for these drill holes are included in Table III below and highlighted in Figure 5.

Table IV. Bananghilig B2 Discovery Area – significant drill hole results ≥ 0.5 g/t gold or ≥ 5 gram*metres.

(Refer Appendix B for Table 1 prepared in accordance with JORC Code 2012)

Hole Number	East ⁴	North ⁴	RL ⁴	Depth (metres)	Dip (°)	Azimuth (°)	From (metres)	Width ² (metres)	Gold Grade ^{1,3} (uncut) (g/t gold)
TDH345	613153	944893	190	300.6	-60	130	186.15	6.00	1.89
							227.60	13.95	0.79
							280.60	11.85	9.79
							<i>includes</i> 285.15	<i>0.65</i>	<i>24.00</i>
							<i>includes</i> 287.85	<i>1.00</i>	<i>26.09</i>
TDH347	613414	944861	130	301.8	-60	130	166.90	2.00	3.44
							178.20	2.85	3.47
							297.85	2.60	4.57
TDH348	613389	944701	102	300.6	-60	130	169.05	12.80	1.36
							183.85	11.65	1.22
							201.50	6.65	1.99
							222.85	5.40	1.40
							237.60	5.85	1.56

Notes:

- Composited intercepts' 'weighted average grades' calculated by using the following parameters:
 - no upper gold grade cut-off applied;
 - lower cut-off grade of 0.5 g/t gold;
 - high-grade samples (>20 g/t gold) within composited interval are individually reported;
 - ≥ 5 metres down hole intercept width at ≥ 1.0 g/t gold, or
 - ≤ 5 metres down hole intercept width at ≥ 5 gram per metres, and
 - maximum of 3 metres of downhole internal dilution at ≤ 0.5 g/t gold;
- Intersection widths are downhole drill widths not true widths;
- Assays are by Intertek McPhar Mineral Services Inc. in Manila; and
- Grid coordinates and RL (elevation) based on the Philippine Reference System 92.

REGIONAL EXPLORATION

An extensive soil sampling programme has recently been completed at the Guinhalinan prospect (Fig. 1). A programme of detailed geological and regolith mapping is currently underway to aid in the interpretation of the soil geochemistry results.

Processing of the Company's own and joint venture tenement applications are progressing.

EXECUTIVE ORDER ON MINING SECTOR REFORMS IN THE PHILIPPINES and EXECUTIVE ORDER ON EXTRACTIVE INDUSTRIES TRANSPARENCY IN THE PHILIPPINES

There are no changes to the status of these reforms since last reported in the 2014 Annual Report dated 30 September 2014.

FINANCIALS (unaudited)

As at 30 September 2014, the Company had total cash and cash equivalent in gold on metal account of approximately US\$15.50 million (30 June 2014: US\$13.67 million). The Company intends to reduce the amount owed to creditors by approximately US\$5 million in the December quarter.

The Company sold 22,491 ounces of gold at an average price of US\$1,272 per ounce in the September 2014 quarter (June 2014 quarter: 22,766 ounces sold at an average price of US\$1,292 per ounce).

During the September quarter, the Company incurred;

- Exploration expenditure, including underground diamond drilling, of US\$2.7 million (June 2014 quarter: US\$3.5 million);
- US\$3.4 million on capital works associated sustaining capital at the mine and mill and infrastructure (June 2014 quarter: US\$9.4 million); and
- US\$9.5 million on continued mine development (June 2014 quarter: US\$10.0 million); and
- Corporate overheads (Australia and Philippines) of US\$2.4 million (June 2014 quarter: US\$2.8 million)

CORPORATE

Management changes

Mr Geoff Davis, former founding Managing Director and Non-Executive Chairman was appointed interim Chief Executive Officer on 1 September 2014 following the resignation of Mr Peter Hepburn-Brown on 19 August 2014.

The Company will be seeking a Managing Director in early 2015.

JORC CODE 2012 COMPLIANCE - CONSENT OF COMPETENT PERSONS

Medusa Mining Limited

Information in this report relating to **Exploration Results** has been reviewed and is based on information compiled by Mr Gary Powell who is a member of The Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy. Mr Powell is a Non-Executive Director and has sufficient experience, which is relevant to the style of mineralisation and type of deposits under consideration, and to the activity which they are undertaking, to qualify as a "Competent Person" as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Powell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Cube Consulting Pty Ltd

The information in this report that relates to **Mineral Resources** is based on, and fairly represents information and supporting documentation compiled by Mr Mark Zammit, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Zammit is employed by Cube Consulting Pty Ltd and 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Zammit consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Carras Mining Pty Ltd

The Information in this report relating to **Ore Reserves** is based on information compiled by Dr Spero Carras of Carras Mining Pty Ltd. Dr Carras is a Fellow of the Australasian Institute of Mining & Metallurgy and has 30 years of 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Carras consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DISCLAIMER

This report contains certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Medusa, and its officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements.

Actual results, performance or outcomes may differ materially from any projections and forward-looking statements and the assumptions on which those assumptions are based.

You should not place undue reliance on forward-looking statements and neither Medusa nor any of its directors, employees, servants or agents assume any obligation to update such information.

APPENDIX A

Co-O Mine – JORC Code, 2012 Edition – Table 1 report

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialized industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralization that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverized to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Diamond (DD) core and stope face channel samples are the two main sample types. Diamond (DD) core samples: Half core samples for DD core sizes LTK60, NQ and HQ, and whole core samples for DD core sizes TT46. Stope and Development samples: 1.5 to 3m stope face channel samples are submitted for analytical analysis. DD drilling is carried out to industry standard to obtain drill core samples, which are split longitudinally in half along the core axis using a diamond saw, except for TT46 core. Half core or whole core samples are then taken at 1m intervals or at lithological boundary contacts (if >20cm), whichever is least. The sample is crushed with a 1kg split taken for pulverization to obtain four (4) 250g pulp samples. A 30g charge is taken from one of the 250g pulp packets for fire assay gold analysis. The remaining pulp samples are retained in a secure storage for future reference.
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> For underground drilling, larger rigs including LM-55 and Diamec U6, collar holes using HQ/HQ3 drill bits (core diameter 61mm/63mm) until ground conditions require casing off, then reduce to NQ/NQ3 drill bits (core diameter 45mm/47mm). For the smaller portable rigs, drill holes are collared using TT46 drill bits (core diameter 35mm) or LTK60 drill bits (core diameter 44mm). For surface holes, drillholes are collared using PQ3 drill bits (core diameter 83mm) until competent bedrock (typically <50 metres). The holes are then completed using either HQ3 or NQ3 drill bits depending on ground conditions. A core orientation trial commenced during September 2013 with limited success, using the Ezy-Mark™ front-end core orientation tool. Prior to September 2013, no core orientation was carried out due to the very broken nature of the core. The trial is still in progress.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measure taken to maximize sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> For each core run, total core length is measured with the recovery calculated against drilled length. Recovery averaged 95%, which is considered acceptable by industry standards. Sample recovery is maximised by monitoring and adjusting drilling parameters (e.g. mud mix, drill bit series, rotation speed). Core sample integrity is maintained using triple tube coring system. No known relationship has been observed to date between sample recovery and grade. Core recovery is high being >95%. No sampling bias has been observed.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> Core samples have been logged geologically and geotechnically to a level of sufficient detail to support appropriate mineral resource estimation, mining and metallurgical studies. Lithology, mineralisation, alteration, oxidation, sulphide mineralogy, RQD, fracture density, core recovery are recorded by geologists, then entered into a digital database and validated. Qualitative logging is carried out on all drill core. More detailed quantitative logging is carried out for all zones of interest, such as in mineralised zones. Since July 2010, all drill core has been photographed. The drill core obtained prior to July 2010 has a limited photographic record.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <i>If core, whether cut or sawn and whether quarter, half or call core taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> <i>Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples.</i> <i>Measures taken to ensure that the sampling is representative of the in situ material collected including for instance results for field duplicate/second-half sampling.</i> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> Except for TT46 drill core, all drill core is sawn longitudinally in half along the core axis using a diamond saw to predetermined intervals for sampling. Cutting is carried out using a diamond saw with the core resting in a specifically designed cradle to ensure straight and accurate cutting. No non-core drill hole sampling has been carried out for the purposes of this report. Development and stope samples are taken as rock chips by channel sampling of the mining face according to geological boundaries. The sample preparation techniques are to industry standard. For all sample submissions to Philsaga's site laboratory, a CRM (Certified Reference Material) sample, a Blank Material sample (<0.005ppm Au), and a sample duplicate are inserted into every batch of 20 pulp samples. For PQ/PQ3, HQ/HQ3, NQ/NQ3 and LTK60 core, the remaining half core is retained for reference. The TT46 drill core is whole core sampled. Core sample submission sizes vary between 2-5kg depending on core size, sampling interval, and recovery. The assay sample sizes are considered to be appropriate for the style of mineralisation.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>For geophysical tolls, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> All samples are submitted to the Philsaga's laboratory located at the processing plant site. Gold analysis is by fire assay technique using 30g charge and AAS finish. For samples with gold results of >5 g/t Au, FA-grav (gravimetric) method is applied. Since Oct 2010, drill sample duplicate pulps were resubmitted for Ag, Cu, Pb, Zn analysis by the aluminium black metal method. All sample preparation and analysis techniques are appropriate for this style of mineralisation. The quality of sample preparation and analysis is to international standard. The company's laboratory employs industry standard QA/QC procedures during sample preparation and analysis by using internal CRMs, blanks and duplicates. The laboratory undergoes regular audits by independent consultants. As a laboratory procedure, occasional batches of crushed core sample rejects and/or duplicate pulps are selected for re-submission to an independent laboratory (Intertek Philippines, Manila) for gold analysis.
Verification of sampling and assaying	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> No independent sampling has been undertaken by independent personnel, however visual inspections to validate mineralisation with assay results has occurred on a regular basis by independent and alternative company personnel to verify significant mineralised intersections. All drilling is diamond drilling and no twinning of holes has been undertaken. The majority of drilling is proximal to mine development and intersections are continually being validated by the advancing mine workings. Geological logging of drill core and drilling statistics are hand written and transferred to a digital database. Original logs are filed and stored in a secure office. Laboratory results are received as hardcopy and in digital form. Hardcopies are kept onsite. Digital data is imported into dedicated mining software programs and validated. The digital database is backed up on a regular basis with copies kept onsite.
Location of data points	<ul style="list-style-type: none"> <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> Suitably qualified surveyors and/or experienced personnel, using total station survey equipment locate all drillhole collars. Coordinates are located with respect to Survey Control Stations (SCS) established within the project area and underground. A local mine grid system is used which has been adapted from the Philippine Reference System of 1992 (PRS92). Topographic control is maintained using located SCS,

Criteria	JORC Code explanation	Commentary
		<p>which are located relative to the national network of geodetic control points within 10km of the project area. The company's SCS have been audited by independent licensed surveyors in August 2011 and accuracy is $\pm 5\text{mm}$.</p>
<p>Data spacing and distribution</p>	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • Exploration drillholes are located initially on a 50m and 100m grid spacing. For resource definition drilling the sectional spacing is at least 50m with 25m sectional spacing for underground holes. • Sufficient drilling has been completed to support the Mineral Resource and Ore Reserve estimation procedures. • Sample compositing has not been applied.
<p>Orientation of data in relation to geological structure</p>	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>If the relationship between the drilling orientation and the orientation of key mineralized structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> • Mineralisation is hosted within narrow, typically <2m wide quartz veins. The orientation of the veins are typically E-W, with variations from NE-SW to NW-SE, with dips varying from flat-lying to steep dipping to the NW-NE quadrant. Surface drillholes are generally drilled towards the S and vary in dip (-45° to -60°). Underground drill holes are orientated in various directions and dips, depending on rig access to intersect the various mineralised veins at different locations within the mining area. • Due to the nature of this style of mineralisation and the limited underground access for drilling, drilling may not always intersect the mineralisation or structures at an optimum angle, however this is not considered to be material. A good understanding of the deposit geometry has been developed through mining such that it is considered that any sampling bias is recognised and accounted for in the interpretation.
<p>Sample security</p>	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • Drilling is supervised by company geologists and exploration personnel. All samples are retrieved from the drill site at the first opportunity and taken to a secure compound where the core is geologically logged, photographed and sampled. Samples are collected in tagged plastic bags, and stored in a lockable room prior to transportation to the laboratory. The samples are transported using company vehicles and accompanied by company personnel to the laboratory.
<p>Audits or reviews</p>	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> • Dr Rudy Obial from R.C. Obial & Associates routinely undertakes site visit reviews and provides consulting advice for the onsite laboratory upgrades and QA/QC. These regular reviews form part of the continual improvement for the site laboratory. • Cube has undertaken an independent review of available QA/QC data and concluded that the sample data is of a high standard and appropriate for Mineral Resource estimation. • Sampling techniques and database management is to industry standard.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area. 	<ul style="list-style-type: none"> The Co-O mine tenement is operated under a Mineral Production Sharing Agreement (“MPSA”) MPSA No. 262-2008-XIII, which covers 2,538.8 hectares. Aside from the prescribed gross royalties payable to the Philippine government (2%) and the Indigenous People (1%), no other royalties are payable on production from any mining activities within the MPSA.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgement and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> The Co-O mine was originally developed in 1989 by Banahaw Mining and Development Corporation (“BMDC”), a wholly owned subsidiary of Musselbrook Energy and Mines Pty Ltd. The operation closed in 1991 and was placed on ‘care and maintenance’ until its purchase by Philsaga Mining Corporation (“PMC”) in 2000. PMC recommissioned the Co-O mine and began small-scale mining operations. Medusa Mining Ltd (“MML”) listed on the ASX in December 2003, and in December 2006, completed the acquisition of all of PMC’s interests in the Co-O mine and other assets including the mill and numerous tenements and joint ventures. MML has since been actively exploring the Co-O tenements.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style mineralisation. 	<ul style="list-style-type: none"> The Co-O deposit is an intermediate sulphidation, epithermal gold (+Ag ±Cu±Pb±Zn) vein system. The deposit is located in the Eastern Mindanao Volcano-plutonic belt of the Philippines.
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> Easting and northing of the drill hole collar Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar Dip and azimuth of the hole Down hole length and interception depth Hole length If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not distract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> Detailed information in relation to the drill holes re tabulated in Table II of this report, and include: <ul style="list-style-type: none"> Easting, northing and RL of the drillhole collars in both the local mine grid, which is based on PRS92 Zone 5 coordinates. Dip is the inclination of the hole from the horizontal. For example a vertically down drilled hole from the surface is -90°. Azimuth is reported in magnetic degrees as the direction toward which the hole is drilled. Down hole length is the distance from the surface to the end of the hole, as measured along the drill trace. Interception depth is the distance down the hole as measured along the drill trace. Intersection width is the downhole distance of a mineralised intersection as measured along the drill trace.
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade result, the procedure used for aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> No top cutting of assays was done for the reporting of exploration results. Short lengths of high-grade (≥ 300 g/t Au) assays included within composited intercepts, are reported separately. Metal equivalent values are not reported.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg ‘down hole length, true width not known’). 	<ul style="list-style-type: none"> The orientation of the veins is typically E-W, with variations from NE-SW to NW-SE with dips varying from flat-lying to steep to the NW-NE quadrant. Underground drill holes are orientated in various directions and dips, depending on location of the drilling chambers and rig access to intersect the various mineralised veins at different locations within the mining area. All drill results are downhole intervals due to the variable orientation of the mineralisation.

Criteria	JORC Code explanation	Commentary
Diagrams	<ul style="list-style-type: none"> • <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported these should include but not limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> • A longitudinal section is included in this announcement showing significant assay results locations. (Fig. 2) Tabulated intercepts are also included in this announcement. In addition, an underground level plan (Fig. 3) is included, which shows the locations of the drill chambers from where previous drilling has been conducted, and the drill chambers and drill trace projections of drilling completed during this reporting period.
Balanced reporting	<ul style="list-style-type: none"> • <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> • All DD drillholes with significant results are reported in this announcement (Table II).
Other substantive exploration data	<ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater; geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> • No other substantive exploration data has been acquired or considered meaningful and material to this announcement.
Further work	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions of depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling area, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • Mineralisation is still open to the east, and west and at depth. Underground exploration and development drilling will continue to test for extensions along strike and at depth to the Co-O vein system. • Figure 2, located within the main body of this announcement, is a long section of the Co-O mine showing significant drill intercepts in relation to the mine workings. Figure 3 also shows the recent drilling conducted in plan view (projected to Level 8) with significant intercepts in relation to interpreted veins and possible extensions.

APPENDIX B

Bananghilig B2 – JORC Code, 2012 Edition – Table 1 report

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. 	<ul style="list-style-type: none"> Diamond drill core samples obtained by wireline diamond drilling techniques using triple tube as per industry standard practice. Sample Intervals (minimum 20cm) determined by lithological or alteration /mineralisation boundaries or at one (1) metre down-hole intervals, whichever is least. No other types of samples were obtained for the purposes of this report.
	<ul style="list-style-type: none"> Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. 	<ul style="list-style-type: none"> At the end of each core run, the drill core is aligned as best as possible and recovered length measured. Core blocks are annotated with hole number, depth, core run length, and core length recovered. Down-hole depths are validated against measured length of drill rods down-hole. Drill hole deviation measured using electronic single-shot survey tools such as the REFLEX EZ-Shot[®].
	<ul style="list-style-type: none"> Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Diamond drilling carried out to industry standard to obtain drill core samples, from which the core is split in half along the core axis using a diamond saw. Half core samples are then taken at 1 metre intervals or at lithological boundary contacts (if >20cm), whichever is least, crushed from which a 1kg split is pulverised to obtain four (4) x 250 g pulp samples. One pulp sample is used to produce a 50 g charge for classical fire assay gold analysis. The remaining pulp samples are retained in secure storage for future reference. Since Dec 2011, for samples which assay >0.2 g/t Au, the pulps are resubmitted for silver and base metal analysis by mixed acid digest with ICP finish.
Drilling techniques	<ul style="list-style-type: none"> Drill type (e.g core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> Diamond Coring – Holes collared using PQ3 (core Ø 83mm) to competent bedrock (typically <50m), then predominantly HQ3 (core Ø 61mm) until ground conditions require casing off, then NQ3 (core Ø 47mm). All holes completed to target depths. Core orientation trial carried out during September 2013 quarter, with limited success, using the Ezy-Mark[™] front-end core orientation tool. Prior to September 2013, no core orientation carried out due to the soft and very broken nature of the core.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. 	<ul style="list-style-type: none"> For each core run, total core length is measured, and then recovery calculated against drilled length. Recovery averaged 95%, which is considered acceptable by industry standards.
	<ul style="list-style-type: none"> Measures taken to maximise sample recovery and ensure representative nature of the samples. 	<ul style="list-style-type: none"> Sample recovery is maximised by monitoring and adjusting drilling parameters. (e.g. mud mix, drill bit series, rotation) Core sample integrity maintained as best as practical using triple tube system.
	<ul style="list-style-type: none"> Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> No known relationship has been observed to date between sample recovery and grade. Recovery is high at >95%. No sampling bias has been observed to date.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical 	<ul style="list-style-type: none"> Core samples have been logged geologically and geotechnically to a level of sufficient detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Lithology, mineralisation, alteration, oxidation, sulphide mineralogy, RQD, fracture

Criteria	JORC Code explanation	Commentary
	<p><i>studies.</i></p> <ul style="list-style-type: none"> <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> 	<p>density, core recovery are recorded by geologists, entered into a digital database, and validated.</p> <ul style="list-style-type: none"> Qualitative logging is carried out on all drill core. More detailed quantitative logging is carried out for all zones of interest, such as mineralised zones. Since July 2010, all drill core is digitally photographed. Drill core obtained prior to July 2010 have no photographic record.
	<ul style="list-style-type: none"> <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> All drill core is logged.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> 	<ul style="list-style-type: none"> Drill core is half sawn only for those intervals predetermined for sampling. Cutting is carried out using high-speed circular diamond saw blade on a cutting machine, with the core resting in a specifically designed cradle to ensure straight and accurate cutting.
	<ul style="list-style-type: none"> <i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i> 	<ul style="list-style-type: none"> No non-core sampling carried out for the purposes of this report.
	<ul style="list-style-type: none"> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> 	<ul style="list-style-type: none"> The nature, quality and appropriateness of the sample preparation techniques are to industry standard practice.
	<ul style="list-style-type: none"> <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> 	<ul style="list-style-type: none"> For all sample submissions to Intertek Philippines laboratory: Certified Reference Material samples (0.2–12 ppm Au) and Blank Material samples (<0.005ppm Au) are each inserted into every batch of drill core sample submissions at ratio of 1:18. Duplicates are not inserted, as it is deemed impractical for drill core.
	<ul style="list-style-type: none"> <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> 	<ul style="list-style-type: none"> Core samples are obtained by cutting core along the core axis into two halves. Oriented core is cut using the 'bottom of hole' markings. Drill core are not re-sampled. Remaining half core is retained should resampling be required in the future.
	<ul style="list-style-type: none"> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> Core sample sizes vary typically between 2-5kg depending on core size, sampling interval, and to a lesser extent recovery. Samples sizes are considered to be appropriate with respect to the nature and tenor of mineralisation.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> 	<ul style="list-style-type: none"> All samples are submitted to Intertek Philippines, an independent ISO17025 accredited laboratory. Gold analysis is by classical fire assay technique using 50g charge and AAS finish. Since Dec 2011, for samples, which assay >0.2ppm Au, duplicate pulps are resubmitted for Ag, Cu, Pb, Zn analysis by mixed acid digest with ICP finish. All sample preparation and analysis techniques are appropriate for this style of mineralisation. The quality of sample preparation and analysis is of international standard.
	<ul style="list-style-type: none"> <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> 	<ul style="list-style-type: none"> The Company used no geophysical or other analytical tools for the purposes of this report.
	<ul style="list-style-type: none"> <i>Nature of quality control procedures adopted (e.g standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> Intertek Philippines is an independent commercial laboratory, which employs industry standard QA/QC procedures during sample preparation and analysis using internal standards, blanks and duplicates. Data from their QA/QC is made available and reviewed. Occasional batches of crushed core sample rejects and/or duplicate pulps are selected for re-submission for gold analysis.
Verification of sampling and	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company</i> 	<ul style="list-style-type: none"> Independent and alternative company personnel on a regular basis verify significant intersections.

Criteria	JORC Code explanation	Commentary
assaying	<i>personnel.</i>	
	<ul style="list-style-type: none"> • <i>The use of twinned holes.</i> 	<ul style="list-style-type: none"> • All drilling is by diamond coring. Drill holes are not twinned.
	<ul style="list-style-type: none"> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> 	<ul style="list-style-type: none"> • Logging of drill core and drilling statistics are hand written and encoded into digital database. Original logs are filed and stored in a secure office. Laboratory results are received as hardcopy and in digital form. Hardcopies are kept off-site. Digital data is imported into dedicated mining software programs and validated. • Digital database is backed up on regular basis, with copies kept off site. The database is secured by password with access limited to specified personnel.
	<ul style="list-style-type: none"> • <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> • There is no adjustment to assay data.
Location of data points	<ul style="list-style-type: none"> • <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> 	<ul style="list-style-type: none"> • Suitably qualified surveyors and/or experienced personnel, using total station survey equipment locate all drill hole collars. Coordinates are located with respect to Survey Control Stations established within the project area.
	<ul style="list-style-type: none"> • <i>Specification of the grid system used.</i> 	<ul style="list-style-type: none"> • UTM PRS92 (Philippine Reference System of 1992).
	<ul style="list-style-type: none"> • <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> • Topographic control is maintained using located Survey Control Stations (SCS), which are located relative to the national network of geodetic control points within 10km of the project area. • The company's Survey Control Stations was audited by independent licensed surveyors in August 2011 and accuracy is $\pm 5\text{mm}$
Data spacing and distribution	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> • Exploration drill holes are located initially on 150 metre grid spacing. For resource estimation drill hole spacing is closed to at least 40 metre hole spacing. • Drill core sampling is carried out on maximum of one (1) metre down-hole intervals
	<ul style="list-style-type: none"> • <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> 	<ul style="list-style-type: none"> • Sufficient drilling has been completed to establish the drill hole density required to attain the degree of geological and grade continuity appropriate for Mineral Resource estimation procedure(s) and classifications applied.
	<ul style="list-style-type: none"> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • Sample compositing has not been applied.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> 	<ul style="list-style-type: none"> • Mineralisation is hosted predominantly by a diatreme breccia complex with narrow hydrothermal breccia zones encompassed by more broad zones of hydrothermal crackle breccia zones. The orientation of the higher-grade zones is predominantly in a NE-SW (040°-220°) orientation with dips varying from sub-vertical to moderate dips to the NW. Drill-hole orientation (azimuth 130°, dip -60°) is considered to be the most appropriate orientation to intersect the mineralisation and associated structures.
	<ul style="list-style-type: none"> • <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> • Due to the nature of this style of deposit, there are rare instances where drilling has not intersected mineralisation or structures at an optimum angle, however this is not considered to be material.
Sample security	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • Drilling is supervised by company geologists and exploration personnel. All samples are retrieved from the drill site at the first opportunity and taken to a secure compound where the core is then sampled. Samples are collected in tagged plastic bags, and stored in a lockable room prior to transportation to the laboratory. The samples are transported using Company vehicles and accompanied by company personnel to the laboratory.
Audits or reviews	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> • Audits have been conducted by independent consultants on sampling techniques, laboratory procedures, and database management on an

Criteria	JORC Code explanation	Commentary
		<p>intermittent basis. Alternative company personnel carry out regular reviews of sampling techniques. Results of the audits confirm that the laboratories and protocols are industry standard and results within acceptable tolerance limits.</p> <ul style="list-style-type: none"> • Sampling techniques and database management is of industry standard.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> • <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> 	<ul style="list-style-type: none"> • The Tambis project, comprising the Bananghilig Gold Deposit, is operated under a Mining Agreement with Philex Gold Philippines Inc. ("Philex") over Mineral Production Sharing Agreement ("MPSA") 344-2010-XIII, which covers 6,262 hectares. • Aside from the prescribed royalties payable to the Philippine government and the Indigenous People ("IP"), a royalty of 7% NSR is payable to Philex on precious and base metal production from any mining activities within the MPSA.
	<ul style="list-style-type: none"> • <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> 	<ul style="list-style-type: none"> • The tenement is a granted mining and production sharing agreement with the Philippine government. • The Executive Order on Mining (EO-79) signed on 6 July 2012, by the President of the Philippines, will have no immediate impact on the Bananghilig Project as the Company can continue to explore, conduct feasibility studies and planning. • New legislation on mining taxes and royalties is yet to be finalised for consideration by Congress.
Exploration done by other parties	<ul style="list-style-type: none"> • <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> • 1973-77 Soriano Exploration, a division of Atlas Consolidated and Mining Development Corporation conducted first exploration. 38 diamond drill holes (4,871m). No hardcopy data is available. Digital data obtained from Philex. No drill hole collars were able to be verified in the field. • 1995-97 Philex carried out diamond drilling (79 drill holes, 12,173m) and RC drilling (227 drill holes, 12,629m). No hardcopy data is available. Digital data obtained from Philex. No drill core or RC samples are available for verification purposes. The position of five (5) diamond drill hole collars were verified in the field. No RC drill hole collars have been located in the field.
Geology	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> • Bananghilig is a diatreme breccia hosted, intermediate sulphidation epithermal gold (+Ag ±Cu±Pb±Zn) deposit. The deposit is located in the Eastern Mindanao Volcano-plutonic belt of the Philippines.
Drill hole Information	<ul style="list-style-type: none"> • <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> ○ <i>easting and northing of the drill hole collar</i> ○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> ○ <i>dip and azimuth of the hole</i> ○ <i>down hole length and interception depth</i> ○ <i>hole length.</i> 	<ul style="list-style-type: none"> • Refer to Table III in the main body of this report.
	<ul style="list-style-type: none"> • <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	<ul style="list-style-type: none"> • No drill hole information has been excluded from Table III.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g cutting of high grades) and cut-off grades are usually Material and should be stated. 	<ul style="list-style-type: none"> Composited intercepts' 'weighted average grades' calculated by using the following parameters: <ul style="list-style-type: none"> no upper gold grade cut-off applied; lower cut-off grade of 0.5 g/t gold; high grade samples (>20 g/t gold) within composited interval are individually reported; ≥ 5 metres down hole intercept width at ≥ 1.0 g/t gold, or ≤ 5 metres down hole intercept width at ≥ 5 gram per metres, and maximum of 3 metres of down hole internal dilution at ≤0.5 g/t gold.
	<ul style="list-style-type: none"> Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. 	<ul style="list-style-type: none"> Short lengths of high-grade (>20 g/t Au) gold assays, within composited intercepts, are included and reported within Table III as individual results.
	<ul style="list-style-type: none"> The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> Metal equivalent values are not reported.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. 	
	<ul style="list-style-type: none"> If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. 	<ul style="list-style-type: none"> The orientation of the higher-grade zones is predominantly in a NE-SW (040°-220°) orientation with dips varying from sub-vertical to moderate dips to the NW. Drill hole orientation (azimuth 130°, dip -60°) is considered to be the most appropriate orientation to intersect the mineralisation and associated structures.
	<ul style="list-style-type: none"> If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g 'down hole length, true width not known'). 	<ul style="list-style-type: none"> Intersection widths are down hole drill widths not true widths;
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Refer to Figures 4 and 5 located in the main body of this report.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> Short lengths of high-grade (>20 g/t Au) gold assays, within composited intercepts, are included and reported within Table III as individual results.
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> Geotechnical diamond drill core samples have been obtained, and were submitted to an independent geotechnical laboratory during the March 2014 quarter. Results are pending. To date, more than 4,000 bulk density determinations have been completed.
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (e.g tests for lateral extensions or depth extensions or large-scale step-out drilling). 	<ul style="list-style-type: none"> Mineralisation is still open to the southeast, south, and southwest and at depth. Drilling was suspended in June 2014 quarter to prepare for 'down-hole' geophysical surveys.
	<ul style="list-style-type: none"> Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> Figures 4 & 5 located within the main body of the report highlights the areas for possible extensions to the mineralisation beneath the limestone cover, in relation to the Bananghilig deposit as it is currently know, as well as location of the results of drilling tabulated in Table III.

APPENDIX C: TENEMENT SCHEDULE

Name	Tenement ID	Registered Holder	Company's Interest ¹	Royalty	Area (hectares)
Co-O Mine	MPSA No. 262-2008-XIII	Philsaga	100.0%	-	2,538.79
	MPSA No.299-2009-XIII	Philsaga	100.0%	-	2,200.36
Co-O	APSA No. 00012-XIII	BMMRC	100.0% ²	-	339.80
	APSA No. 00087-XIII	Samuel Afdal	100.0% ²	-	846.44
	APSA No. 00088-XIII	Phsamed	100.0%	-	7,303.73
	APSA No. 00098-XIII	Philcord	100.0% ²	1% net profit	1,184.38
	APSA No. 00099-XIII	Philcord	100.0% ²	1% net profit	676.83
Saugon	EP 017-XIII	Philsaga	100.0%	-	3,132.31
	EP 031-XIII	Philsaga	100.0%	-	3,978.54
	EP 032-XIII	Philsaga	100.0%	-	3,047.53
	EPA No. 00066-XIII	Philsaga	100.0%	-	6,769.13
	EPA No. 00067-XIII	Samuel Afdal	100.0% ²	-	1,692.69
	EPA No. 00069-XIII	Phsamed	100.0%	-	7,789.80
	EPA No. 00087-XIII	Philsaga	100.0%	-	764.20
Tambis	MPSA No. 344-2010-XIII	Philex	100.0%	7% net smelter	6,207.62
Das-Agan	MPSA No. 343-2010-XIII	Das-agan	100.0%	3% gross	3,809.55
Apical	APSA No. 00028-XIII	Apmedoro	Earning 70.0% (JV)	-	2,084.09
Corplex	APSA No. 00054-XIII	Corplex	100.0%	3% net smelter	2,118.16
	APSA No. 00056-XIII	Corplex	100.0%	-	162.00
	APSA No. 00077-XIII	Corplex	100.0%	4% gross	810.00
	EPA No. 00186-XIII	Corplex	100.0%	3% net smelter	7,111.35
Tagbina	EPA No. 00176-XIII	Sursur	100.0%	3% gross	3,823.00
	EPA No. 00180-XIII	Sursur	100.0%	3% gross	5,948.00
	EPA No. 00181-XIII	Sursur	100.0%	3% gross	6,118.00
Sinug-ang	EPA No. 00114-XIII	Salcedo / Philsaga	100.0%	-	190.38

Notes:

¹ There has been no change to Company's interest for any tenement, and there has been no tenement acquired or disposed of during the reporting period.

² In process of being assigned.

ABBREVIATIONS:

Tenement Types

MPSA	Granted Mineral Production Sharing Agreement	APSA	Application for Mineral Production Sharing Agreement
EP	Granted Exploration Permit	EPA	Application for Exploration Permit
SSMP	Granted Small Scale Mining Permit		

Registered Holders

Philsaga	Philsaga Mining Corporation	Alcorn	Alcorn Gold Resources Corporation
BMMRC	Base Metals Mineral & Resources Corporation	Philex	Philex Gold Philippines Incorporated
Phsamed	Phsamed Mining Corporation	Das-Agan	Das-Agan Mining Corporation
Philcord	Mindanao Philcord Mining Corporation	Apmedoro	APMEDORO Mining Corporation
Corplex	Corplex Resources Incorporated	Sursur	Sursur Mining Corporation
Salcedo	Neptali P. Salcedo		