QUARTERLY ACTIVITIES REPORT
PERIOD ENDED
31 March 2018

Snapshot of Medusa:

- Un-hedged, low cash cost, gold producer focused on organic growth in the Philippines and Southeast Asia
- No long-term debt

Board of Directors:

Andrew Teo (Non-executive Chairman)

Boyd Timler (Managing Director)

Raul Villanueva (Executive Director)

Roy Daniel (Non-executive Director)

Management:

Boyd Timler
(Managing Director)

Raul Villanueva
(President, Philippine subsidiaries)

Peter Alphonso
(Chief Financial Officer / Company Secretary)

James P. Llorca
(Manager of Geology & Resources)

David McGowan
(General Manager, Engineering)

Capital Structure:

Ordinary shares:	207,794,301
Unlisted options:	6,030,000

Listing:

ASX (Code: MML)

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OVERVIEW:

Co-O MINE PRODUCTION

- **Production:** 22,918 ounces at average head grade of 6.36 g/t gold (Dec 2017 qtr: 25,056 ounces at average grade of 6.67 g/t gold).
- **Cash Costs:** of US$568 per ounce (Dec 2017 qtr: US$523 per ounce).
- **All-In-Sustaining-Costs ("AISC"):** US$1,073 per ounce (Dec 2017 qtr: US$1,025 per ounce).
- **Mill Performance:** gold recovery averaged 94.8% (Dec 2017 qtr: 94.9%).
- **Mine Development:** Total advance was 6,242 metres of horizontal and vertical development (Dec 2017 qtr: 5,765 metres).
- **Mine Infrasturcture Projects:**
  - E15 Service Shaft: Reached depth of 489 metres, 7 metres below the 10 level and 17 metres from planned bottom of shaft.
  - Main Levels and Winzes: Development on Level 9 totalled 1024 metres, with an additional 163 metres developed on Level 10.
- **Production Guidance (2017/18):** The FY17-18 production guidance was revised upwards in December 2017 to 85,000 to 95,000 ounces, at All-In-Sustaining-Costs ("AISC") of between US$1,000 to US$1,150 per ounce of gold produced.

  For the full year to 30 June 2018, the Company expects to deliver gold at the upper limits of the revised production guidance with AISC at the lower end of the revised costs guidance.

Co-O MINE EXPLORATION

- **Surface and Underground resource drilling**

  Total drilling for the quarter was 7,876 metres. The breakdown as follows:
  - Reserve drilling Levels 6, & 7 from 13 drill holes totalled 1,569 metres.
  - Resource definition drilling at Level 8, from 7 drill holes totalled 6,306 metres.
  - Results from the resource drilling include 0.45 metres @ 1,085.8 g/t gold, 1.00 metres @ 333.9 g/t gold, 0.20 metres @ 187.5 g/t gold, and 0.85 metres @ 170.5 g/t gold.

REGIONAL & NEAR MINE EXPLORATION

- **Near Mine Exploration** (**MinEx**)**:** continued the reconnaissance activities within the mine environs.

RESOURCES & RESERVES

- An updated Mineral Resource and Ore Reserve estimates to 31 December 2017, was completed and released to the market on 3 April 2018.

CORPORATE & FINANCIALS

- Total cash and cash equivalent of gold on metal account at the end of the quarter was approximately US$18.1 million (Dec 2017 Qtr: US$16.7 million).

TENEMENT PROJECT OVERVIEW

The locations of the Company's Tenement on Figure 1.

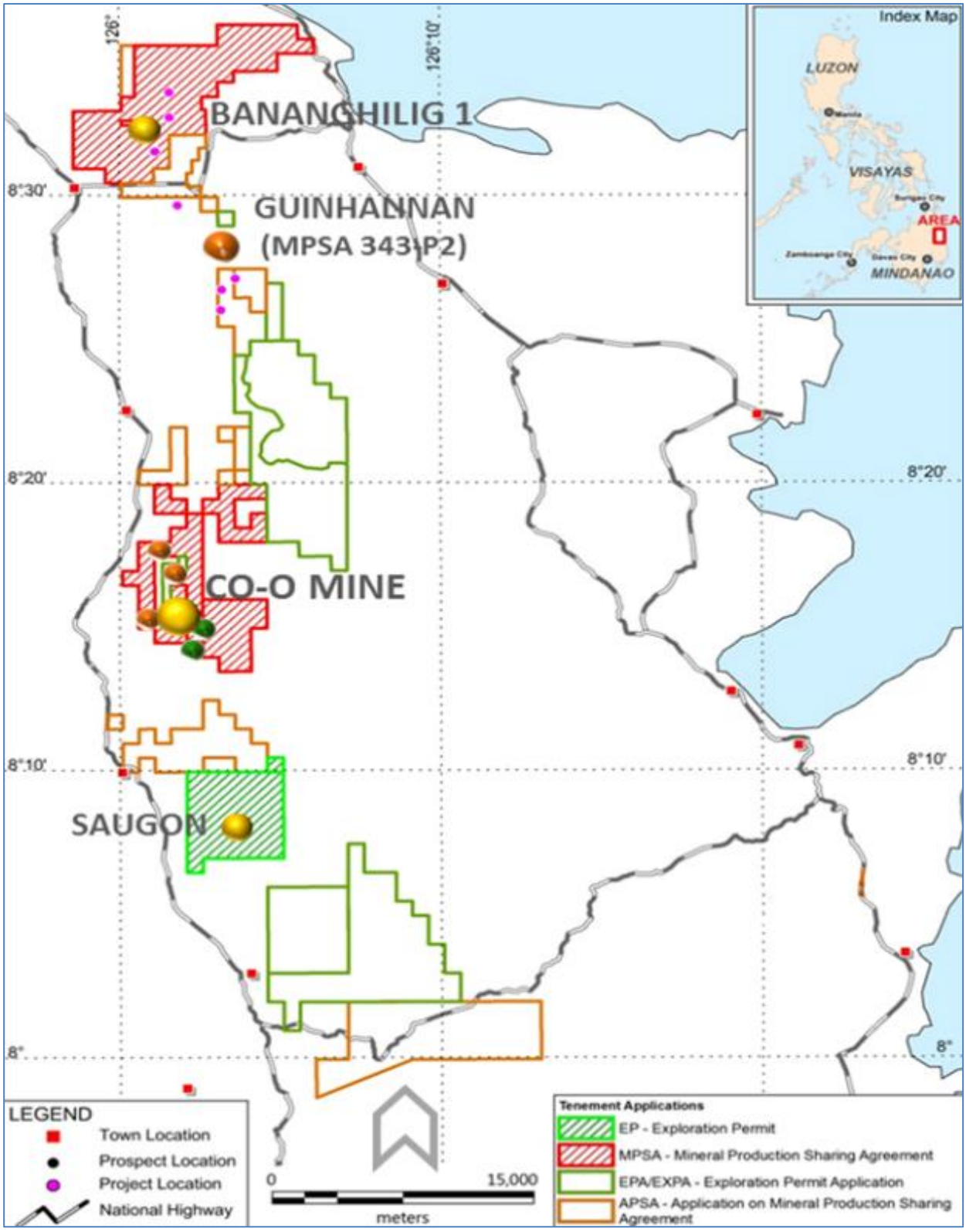


Figure 1: Location diagram showing the company's Tenements covering the Co-O mine and mill operations areas.

Co-O MINE

PRODUCTION

The production statistics for the March 2018 Quarter and comparatives for the previous four quarters are summarised in Table I below.

Table I. Gold production statistics

Description	Unit	Mar 2017 Quarter	Jun 2017 Quarter	Sep 2017 Quarter	Dec 2017 Quarter	Mar 2018 Quarter
Ore mined	WMT	140,865	139,967	143,317	129,624	134,707
Ore milled	DMT	122,960	123,670	121,616	124,916	118,495
Head grade	g/t	4.93	6.38	6.59	6.67	6.36
Recovery	%	94.3%	94.4%	94.6%	94.9%	94.8%
Gold produced	ounces	18,390	23,846	24,896	25,056	22,918
Gold sold	ounces	17,837	22,296	27,602	25,550	20,468
U/G development	metres	6,004	5,671	6,371	5,765	6,242
Cash costs (*)	US$/ounce	$644	$539	$565	$523	$568
All-In-Sustaining-Costs ("AISC")	US$/ounce	$1,555	$1,180	$973	$1,025	$1,073
Average gold price received	US$/ounce	$1,229	$1,252	$1,274	$1,281	$1,335
Cash & cash equivalent	US$M	$10.6M	$11.5M	$16.8M	$16.7M	$18.1M

Note:

(*) Net of capitalised development costs and includes royalties and local business taxes.

The Company produced 22,918 ounces of gold for the quarter, at an average head grade of 6.36 g/t gold from 118,495 tonnes of ore processed. Tonnes processed was restricted by mine ore hoisting, while mill feed grade was influenced by better quality development ore and a higher proportion of stope ore in the mill feed blend.

All-In-Sustaining-Costs ("AISC") for the March 2018 quarter was US$1,073 per ounce of gold and the YTD AISC was US$1,022 per ounce of gold.

The overall ore mined for the quarter was down from previous quarters, reflected reduced production through January 2018. The L8, Baguio and Agsao shafts was shut down at the beginning of January for major planned maintenance. All planned work was completed on time.

The mine completed a total of 6,242 metres of development. Of this, 3,349 metres was horizontal, and 2,893 metres was vertical development. Development continued on Level 10.

The in-stope broken ore inventory at the end of the quarter was 31,119 tonnes (WMT) at 9.09 g/t gold. This is a reduction in broken tonnes from the Dec 2017 quarter by 32%, but with a grade improvement of 18%

Production Shafts

Overall material hoisted was 129,898 tonnes (DMT) for ore and waste combined.

- **Level 8 Shaft:**

  Improved utilisation of the shaft for hoisting, helped to maintain hoisting tonnes for the despite having less hoisting days available resulting from completion of planned shaft maintenance in the first week of January and a shorter month in February.

- **Agsao Inclined Shaft:**

  Material hoisted is down with reduced hoisting days resulting from completion of the planned shaft maintenance at start of January and short month in February.

- **Baguio Inclined Shaft:**

  Material hoisted is down with reduced hoisting days resulting from completion of the planned shaft maintenance at start of January and short month in February.

- **Portals:**

  Reduced hoisting through the old portals with less ore available from level 3.

- **L8 Winzes:**

  29E and 12E Winzes continued to hoist material from Level 9 and Level 10 to Level 8. The 43E Winze has now reached the Level 10 and is now operational.

  The 48E Winze is at Level 10 and developing plats and level drives.

  The 35E Winze has reached 59.5 metres and is at level 9 and continuing onto level 10.

  For the March 2018 quarter, there was a total of 696 metres of horizontal development and 490 metres of vertical development on Levels 9 and 10. Stoping activities are continuing on Level 9.

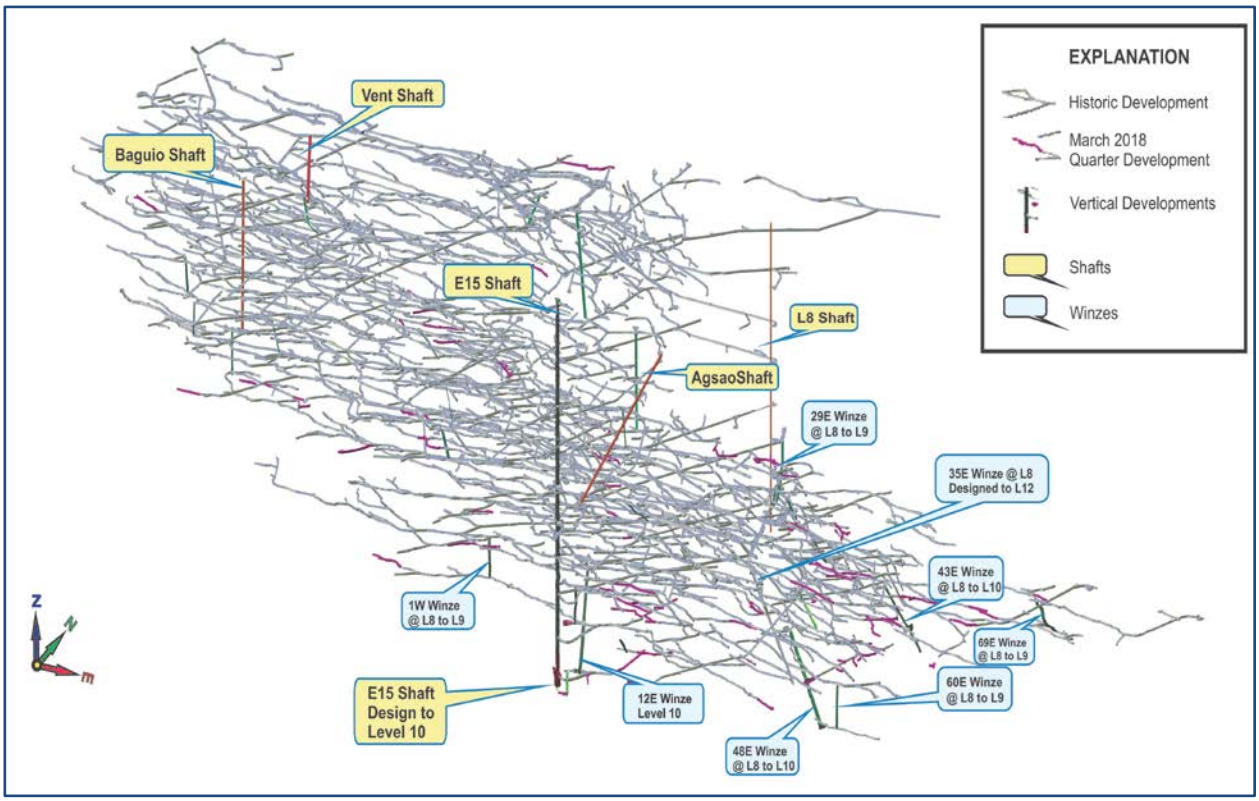


Figure 2: 3D Isometric view of Co-O mine showing all historic mine development, plus the March 2018 Quarters horizontial development in Pink, also showing the primary vertical development in Brown and Green. E15 is shown here at Level 10, with design to Level 10 sump (+16 metres)

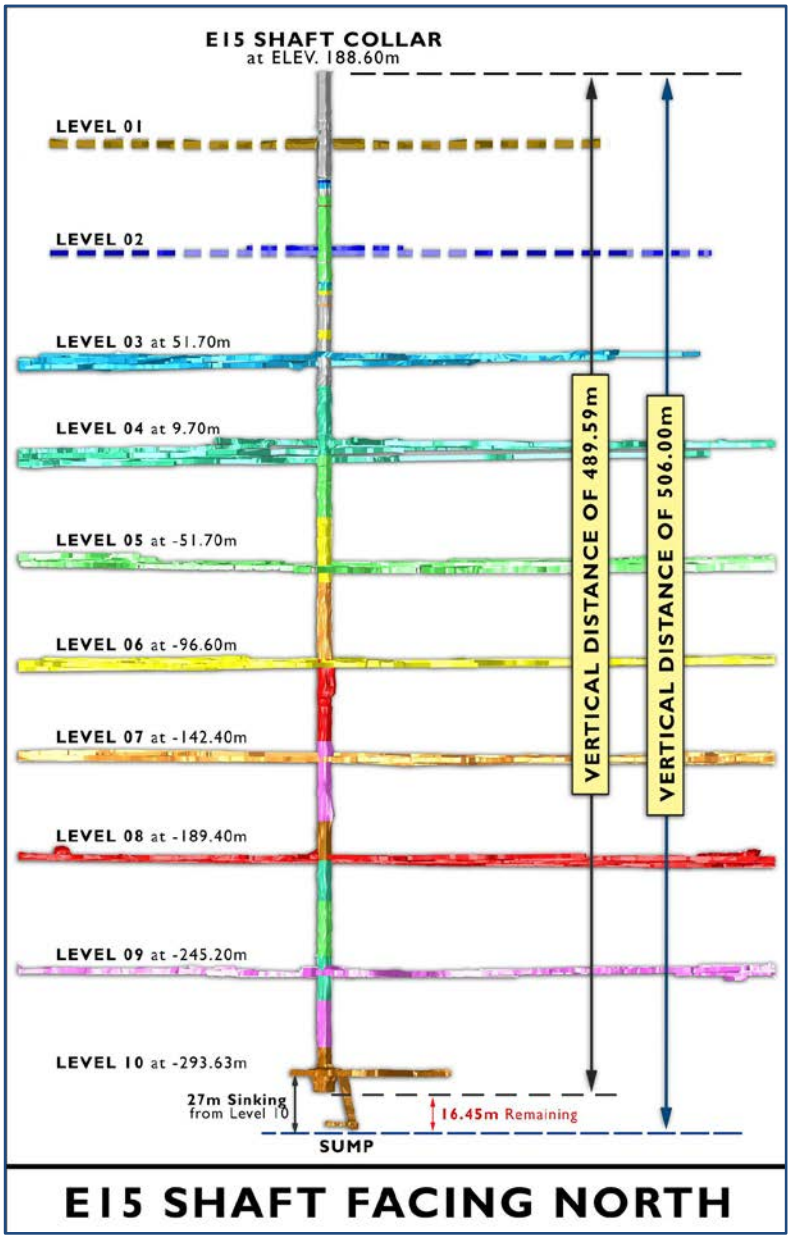


Figure 3: Cross section of E15 shaft showing progress to the end of the March 2018 Quarter.

E15 Service Shaft

E15 Service Shaft has progressed to 7 metres below Level 10, a total of 489 metres from the shaft collar. The final design depth to level 10 sump is 506 metres. There is 17 metres of blind sinking remaining.

Highlights for the March 2018 quarter were:

- sinking broke through into the Level 10;
- drawbridge chambers were excavated on the Level 10;
- civil works commenced on Level 9 with installations and concreting of the drawbridge beams;
- the development of the sump and winze access below Level 10 has been completed;
- drawbridges have been delivered;
- Fabrication of lower shaft steel work continued but completion will be delayed;

Going forward, it is expected to have all the rock work completed in April 2018. Delays in the lower shaft steel fabrication will see the final construction work (shaft hard-wear and headframe re-configuration) installed by the end of the September 2018 quarter.

Processing Plant

The process plant throughput was 118,495 tonnes at a grade of 6.36 g/t gold, slightly down on the previous quarter (124,916 tonnes at a grade of 6.67 g/t gold). The processing plant throughput is limited by the mine hoisting production. The process plant continued with good recoveries to 94.8% for the quarter (Dec 2017 quarter: 94.9%).

The TSF #5 upstream diversion dam #2 was completed during the Mar 2018 quarter. This is to divert rain water from entering TSF #5.

HEALTH, SAFETY & ENVIRONMENT

There were no environmental issues reported for the quarter.

There was one lost time injury recorded during the Mar 2018 quarter to give a LTIFR of 0.43 (incidents per million-man hours) for the quarter. There were 5 low severity incidents for the quarter. All these incidents have been investigated with action plans developed to focus on the root causes, risks, behaviour and the sites safety culture.

Co-O MINE GEOLOGY

Co-O Mine Drilling

For the March 2018 quarter, a total of 7,876 metres was drilled which is approximately 68% more compared to the previous quarter. The breakdown of the drilling meterage is from Levels 6, 7, and 8. The resource drilling from Level 8 downward totalled 6,306 metres while the reserve definition drilling from Levels 6 & 7 aggregated 1,569 metres.

The underground drilling campaign from Level 8 targeting resource definition between Levels 8 to Level 12 (Figure 4) continued over this quarter with good results. This program is targeting to increase and upgrade the current mineral resource base and intercept the depth and strike extensions of the mineralized vein system between Levels 8 to Level 12 (-200m to -400m RL).

Significant results obtained during the Quarter are reported in Table II and relative positions shown in longitudinal section in Figures 4.

Table II. Co-O Mine underground drill hole results ≥ 3 gram-metres/tonne gold
(Refer Appendix A for JORC Code, 2012 Edition - Table 1 Report)

Hole Number	East	North	RL	Depth (metres)	Azim (°)	Dip (°)	From (metres)	To (metres)	Width (metres)	Gold (g/t)	Accumulations (gm*m)
UNDERGROUND RESOURCE DRILLING - LEVEL 6											
L6-28W-001	613711	912954	-97	86	350	0	43.00	43.60	0.60	3.95	2.37
L6-32W-005	613635	912815	-97	150	194	0	14.00	15.00	1.00	52.50	52.50
							23.70	24.00	0.30	11.73	3.52
							41.70	42.05	0.35	3.60	1.26
							43.20	43.55	0.35	3.13	1.10
							45.70	46.05	0.35	4.97	1.74
							52.45	52.70	0.25	3.14	0.79
							62.15	62.70	0.55	90.27	49.65
							63.75	64.50	0.75	9.87	7.40
L6-58E-001	614563	912855	-89	200	10	1	101.80	102.20	0.40	36.00	14.40
							102.80	103.05	0.25	7.83	1.96
							182.05	182.50	0.45	8.28	3.73
UNDERGROUND RESOURCE DRILLING - LEVEL 7											
L7-41E-001	614376	912777	-139	65	160	-1	25.20	25.80	0.60	6.47	3.88
L7-52E-001	614519	912970	-139	152	135	0	11.30	11.50	0.20	4.94	0.99
							34.80	36.00	1.20	8.81	10.57
							Including		0.40	19.55	7.82
									0.80	3.44	2.75
							36.60	37.75	1.15	87.56	100.70
							Including		0.50	93.35	46.67
									0.30	64.46	19.34
									0.35	99.10	34.69
							91.65	91.85	0.20	7.10	1.42
UNDERGROUND RESOURCE DRILLING - LEVEL 8											
L8-2W-022	613993	913098	-188	481	186	-34	204.50	205.20	0.70	19.23	13.46
L8-2W-023	613993	913098	-189	551	175	-34	110.80	111.80	1.00	128.67	128.67
							230.70	231.20	0.50	5.33	2.67
							233.85	234.80	0.95	3.39	3.22
							243.50	243.90	0.40	61.57	24.63
L8-2W-024	613992	913098	-189	551	196	-35	269.30	269.65	0.35	10.23	3.58
							272.85	273.15	0.30	3.01	0.90
							277.30	278.65	1.35	248.09	334.92
							Including		0.35	3.01	1.05
									1.00	333.87	333.87

Hole Number	East	North	RL	Depth (metres)	Azim (°)	Dip (°)	From (metres)	To (metres)	Width (metres)	Gold (g/t)	Accumulations (gm*m)
UNDERGROUND RESOURCE DRILLING - LEVEL 8											
L8-45E-040	614467	913036	-190	500	151	-7	124.40	124.60	0.20	10.13	2.03
							133.10	133.55	0.45	28.72	12.92
							134.60	135.90	1.30	8.40	10.92
							Including		1.05	3.39	3.56
									0.25	29.43	7.36
							139.20	139.50	0.30	12.97	3.89
							140.20	140.75	0.55	17.20	9.46
							151.75	153.10	1.35	25.03	33.78
							Including		0.35	79.47	27.81
									1.00	5.97	5.97
							155.40	155.80	0.40	21.53	8.61
							159.30	160.50	1.20	35.25	42.30
							Including		0.20	187.47	37.49
									1.00	4.81	4.81
							161.20	161.50	0.30	92.63	27.79
							226.70	226.90	0.20	8.60	1.72
							314.10	316.45	2.35	9.81	23.06
							Including		1.00	13.33	13.33
									1.00	3.47	3.47
									0.35	17.90	6.26
L8-45E-041	614468	913037	-190	509	144	-7	95.00	95.40	0.40	37.80	15.12
							95.70	96.45	0.75	7.57	5.68
							122.65	123.05	0.40	55.10	22.04
							124.90	126.00	1.10	15.07	16.58
							Including		0.65	11.40	7.41
									0.45	20.37	9.17
							142.00	143.10	1.10	3.43	3.77
							206.45	207.45	1.00	5.57	5.57
							269.45	269.65	0.20	31.73	6.35
							350.75	351.80	1.05	5.53	5.81
L8-45E-042	614465	913037	-190	503	191	-31	123.30	124.00	0.70	31.07	21.75
							124.15	125.45	1.30	5.02	6.52
							Including		0.30	4.62	1.39
									0.55	4.78	2.63
									0.45	5.57	2.51
							132.30	132.75	0.45	3.05	1.37
							173.10	174.25	1.15	11.39	13.10
							Including		0.90	12.83	11.55
									0.25	6.20	1.55
							186.65	188.30	1.65	21.61	35.65
							Including		1.00	32.40	32.40
									0.65	5.00	3.25
							188.50	189.50	1.00	11.44	11.44
							293.25	294.00	0.75	8.67	6.50
							495.50	496.20	0.70	4.27	2.99

Hole Number	East	North	RL	Depth (metres)	Azim (°)	Dip (°)	From (metres)	To (metres)	Width (metres)	Gold (g/t)	Accumulations (gm*m)
UNDERGROUND RESOURCE DRILLING - LEVEL 8											
L8-45E-043	614467	913037	-190	551	148	-14	117.10	117.65	0.55	6.13	3.37
							120.15	120.35	0.20	3.47	0.69
							123.20	123.90	0.70	11.37	7.96
							142.25	142.50	0.25	6.41	1.60
							153.35	154.35	1.00	3.31	3.31
							156.10	156.65	0.55	14.36	7.90
							162.15	164.30	2.15	19.00	40.85
							Including		0.95	8.78	8.34
									0.80	23.90	19.12
									0.40	33.47	13.39
							164.65	165.60	0.95	90.07	85.57
							223.55	223.75	0.20	3.16	0.63
							227.15	227.60	0.45	1085.77	488.60
L8-45E-044	614468	913037	-191	550	146	-21	62.60	63.15	0.55	3.19	1.75
							118.15	118.95	0.80	6.97	5.58
							119.50	119.70	0.20	15.60	3.12
							120.70	120.95	0.25	6.54	1.64
							129.70	130.25	0.55	10.95	6.02
							143.45	143.65	0.20	5.87	1.17
							159.30	160.50	1.20	11.57	13.89
							Including		0.20	38.93	7.79
									1.00	6.10	6.10
							168.30	168.85	0.55	6.22	3.42
							168.85	169.40	0.55	3.56	1.96
							170.15	171.75	1.60	41.85	66.96
							Including		0.75	84.03	63.02
									0.65	4.64	3.02
									0.20	4.62	0.92
							225.15	226.00	0.85	30.03	25.53
							250.45	251.45	1.00	5.26	5.26
							340.50	342.50	2.00	91.51	183.01
							Including		0.55	36.40	20.02
									0.85	170.53	144.95
									0.60	30.07	18.04
							344.35	344.65	0.30	4.18	1.25
L8-45E-045	614466	913036	-191	550	167	-27	123.60	124.20	0.60	4.81	2.89
							134.45	134.65	0.20	18.72	3.74
							144.40	144.90	0.50	5.40	2.70
							146.40	146.75	0.35	4.47	1.56
							155.00	156.50	1.50	11.07	16.60
							Including		0.85	10.53	8.95
									0.65	11.77	7.65
							167.35	168.00	0.65	6.43	4.18

Notes:

1. Composited intercepts' ''Accumulations' calculated by using the following parameters:
   (i) Accumulations = grade X width
   (ii) no upper gold grade cut-off applied;
   (iii) lower cut-off grade of 3.0 g/t gold; and
2. Intersection widths are downhole drill widths not true widths;
3. Analysis is carried out by Philsaga Mining Corporation's laboratory; Inter-laboratory check assays are carried out with an independent accredited commercial laboratory (Intertek Philippines, Manila) on a regular basis every quarter.
4. Grid coordinates are rounded and based on the Co-O Mine Grid. RL is elevation, rounded in metres relative to Mine Datum.

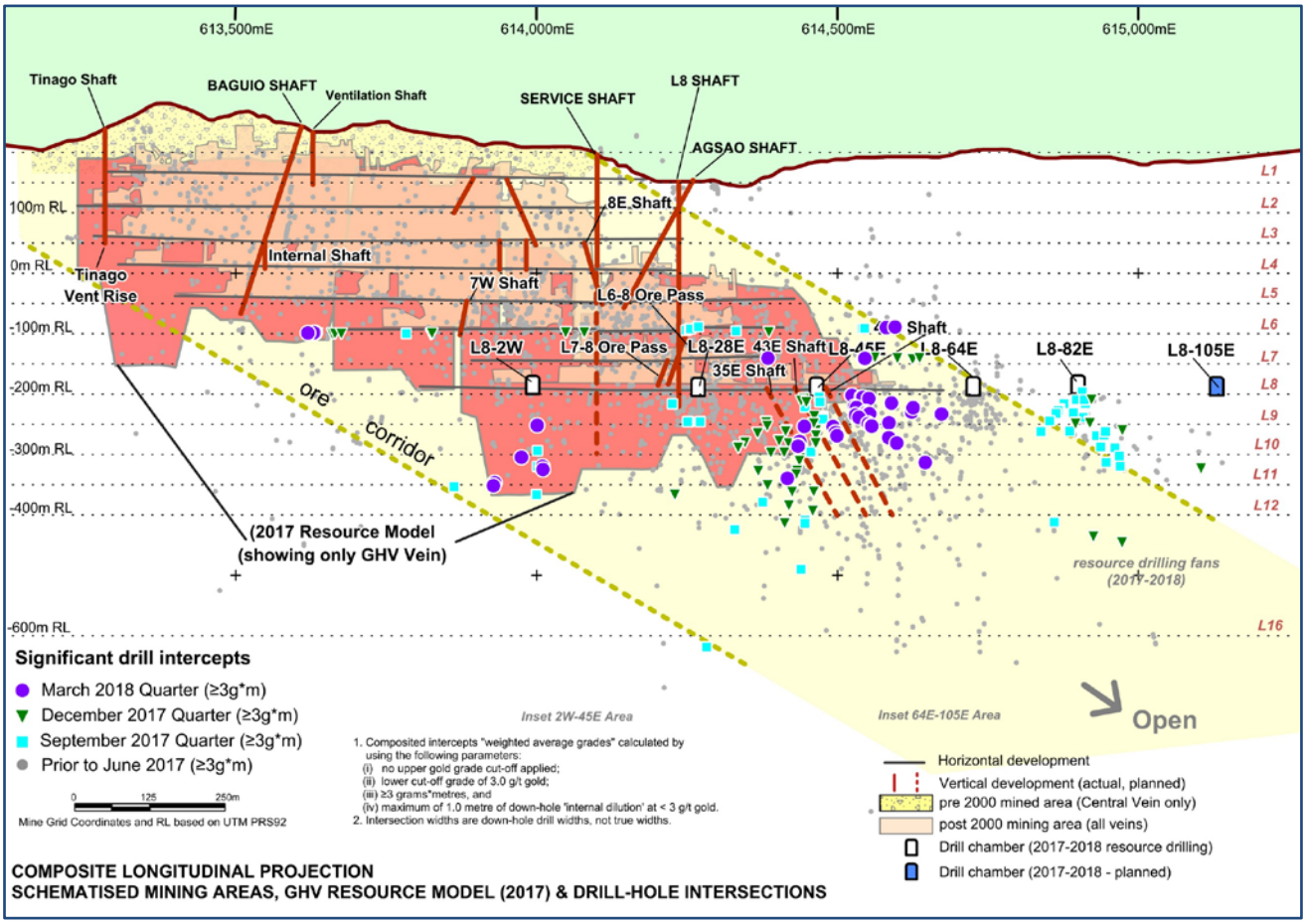


Figure 4: Co-O Mine Longitudinal Projection showing composited mining depletion, vertical development, Ore Reserves limits, and significant drill intercept locations (including previously reported). Note that the ore reserve limits are updated with the 2017 Resource Model.

Figures 5 show a more detailed location of the significant results. The numbers represent grade*metres (far right column on table II). The March 2018 quarter's drilling, continues to return very high-grade assay results of narrower veins.

Note, the close spacing of results reflects there are multiple veins and the drill station is close to the structures (See Figure 5).

The holes drilled from station L8-2W are not shown on figure 5, but referring to table II, holes L8-2W-022, 023, 024 returned significant infill results. Similarly, very good in-fill results from hole L6-32W-005.

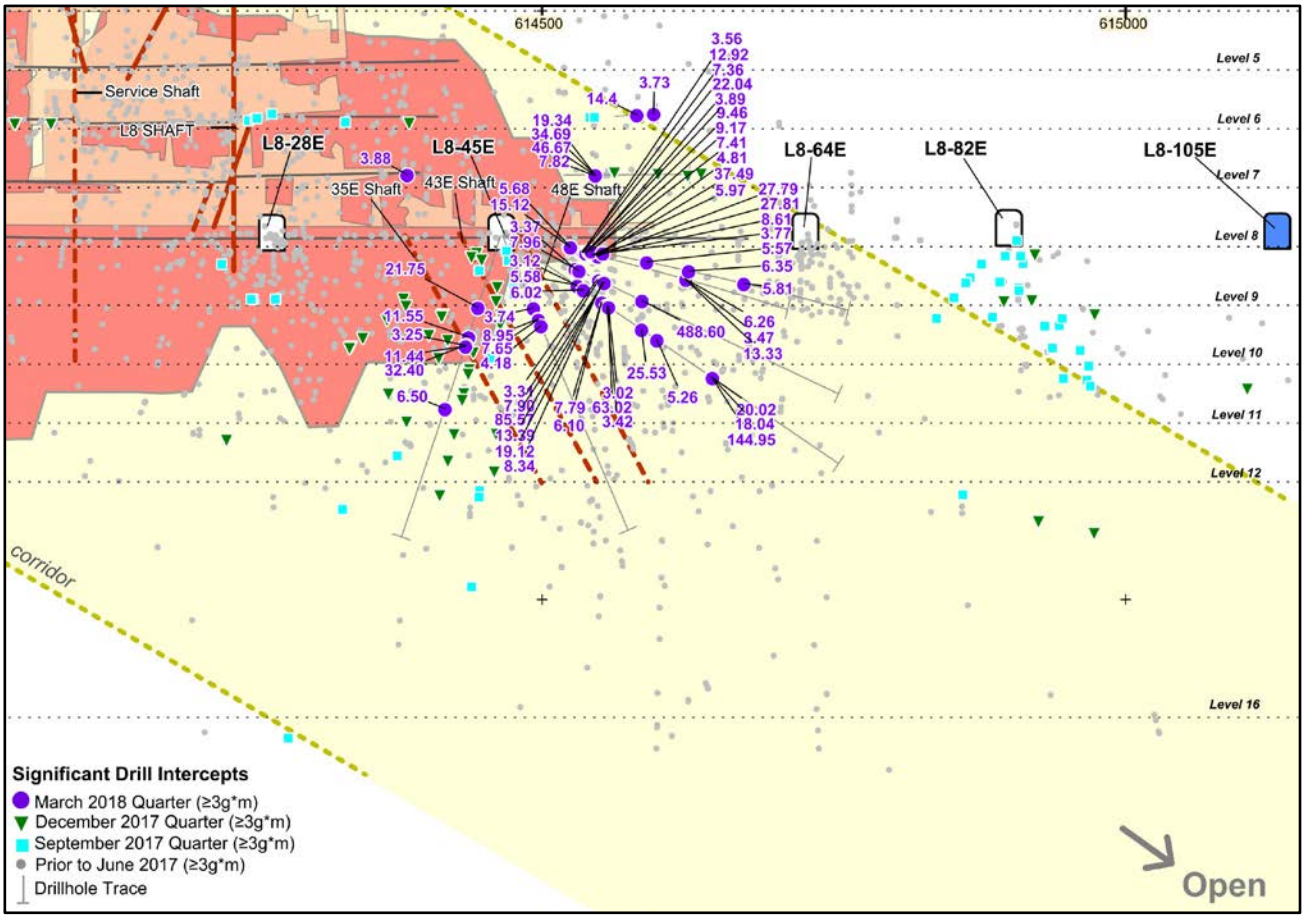


Figure 5: Significant Drill Intercepts.

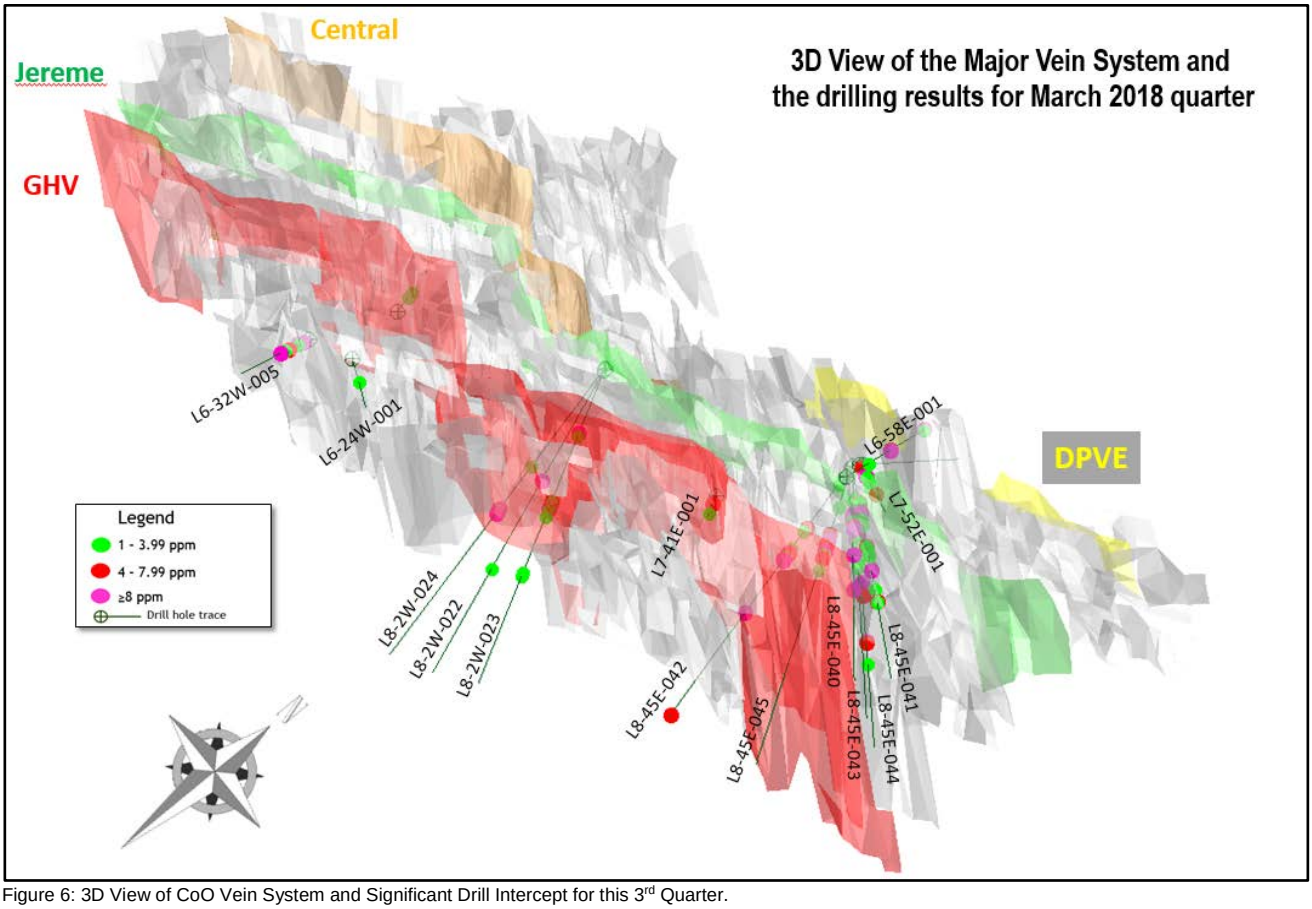


Figure 6: 3D View of CoO Vein System and Significant Drill Intercept for this 3rd Quarter.

The drilling and underground development on Level 9, shows that the GHV and GHVHW (GHV Hanging Wall Vein) are changing strike (Figure 7) but the grade tenor remains the same.

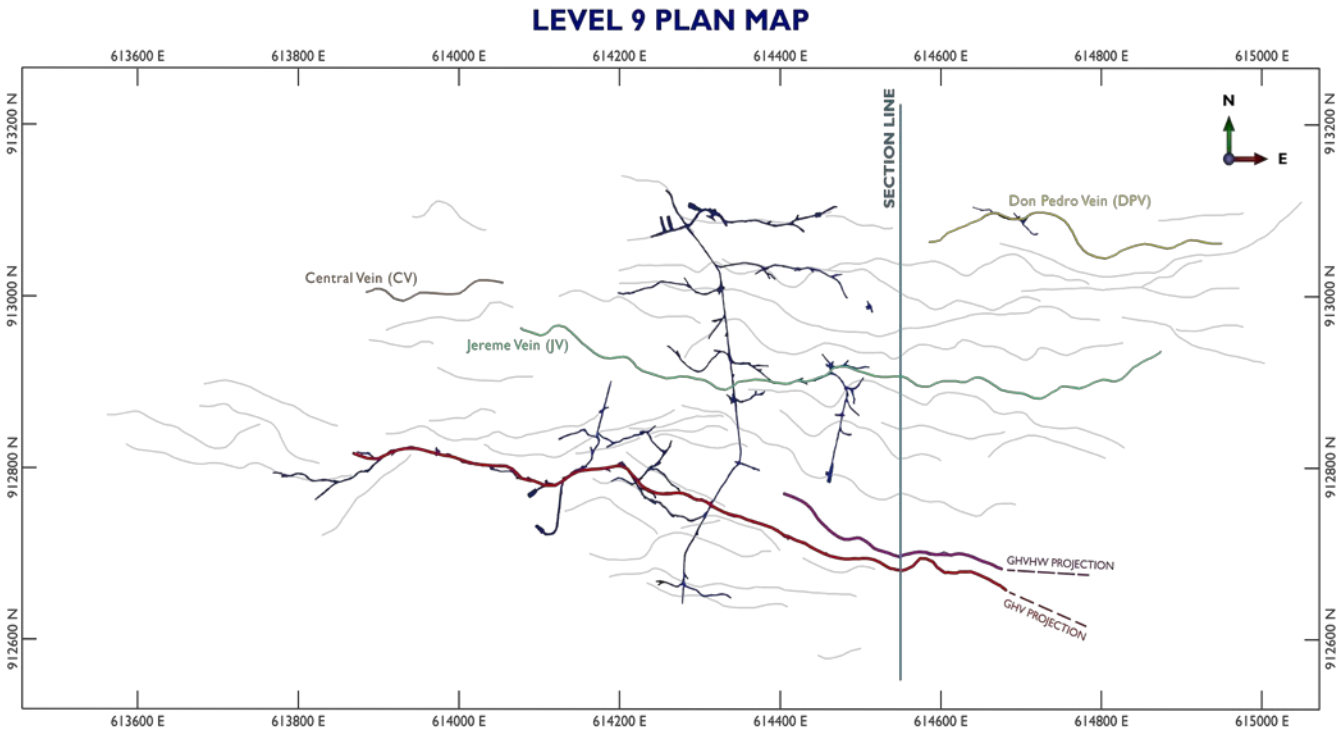


Figure 7: Level 9 plan showing projected Southeast strike of GHV from the general E-W strike.

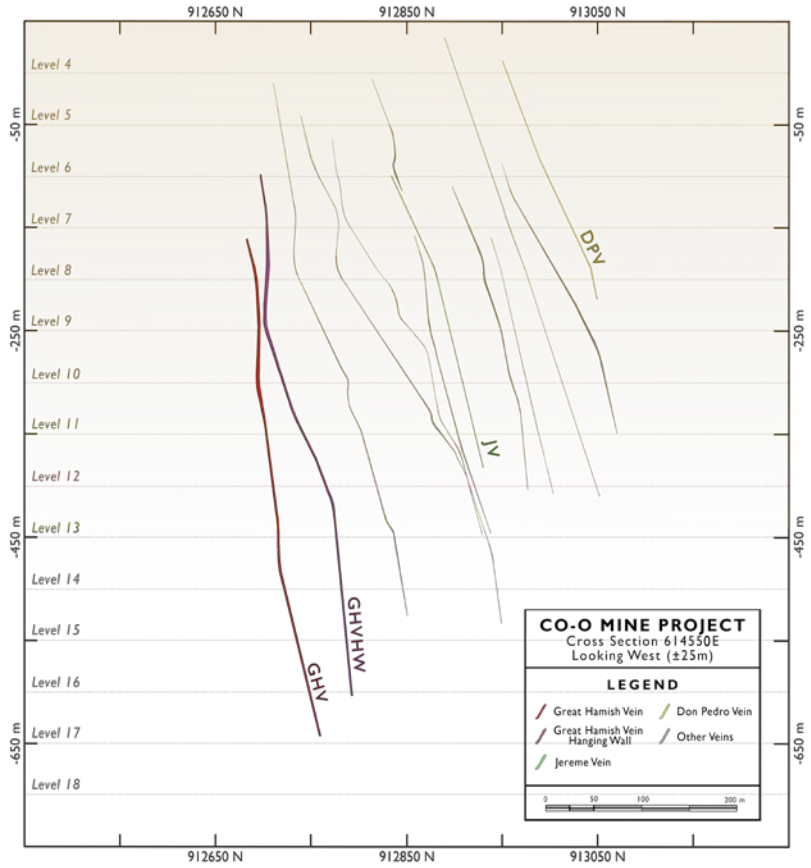


Figure 8: Cross section looking West showing the major veins,GHW & GHVHW, JV & DPV

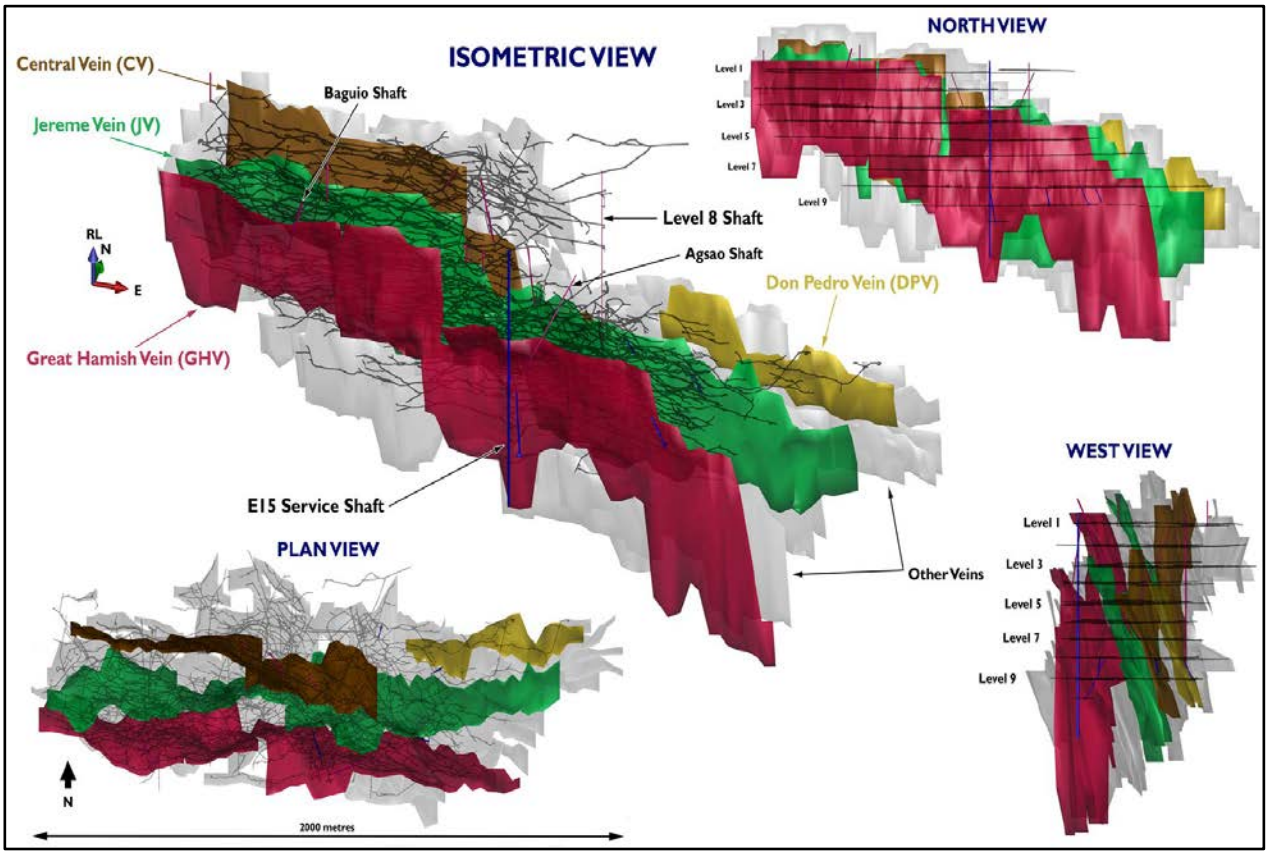


Figure 9: 3D Isometric vein with plan, section long-section views of; GHW & GHVHW, JV & DPV

As we continue with the in-fill drilling below L8 and the step-out drilling down-dip to the east we continue to expand the resources on the Great Hamish, Jereme and Don Predro Veins.

With the completion of the E15 Shaft and un-constrained access to Level 9 and 10, geology can establish newer, more ideally located drilling stations for continued expansion of the Co-O resources.

Co-O SURFACE EXPLORATION

Near Mine Exploration (MinEX)

The location of the Company's projects covered during this quarter are shown in Figure 10 below.

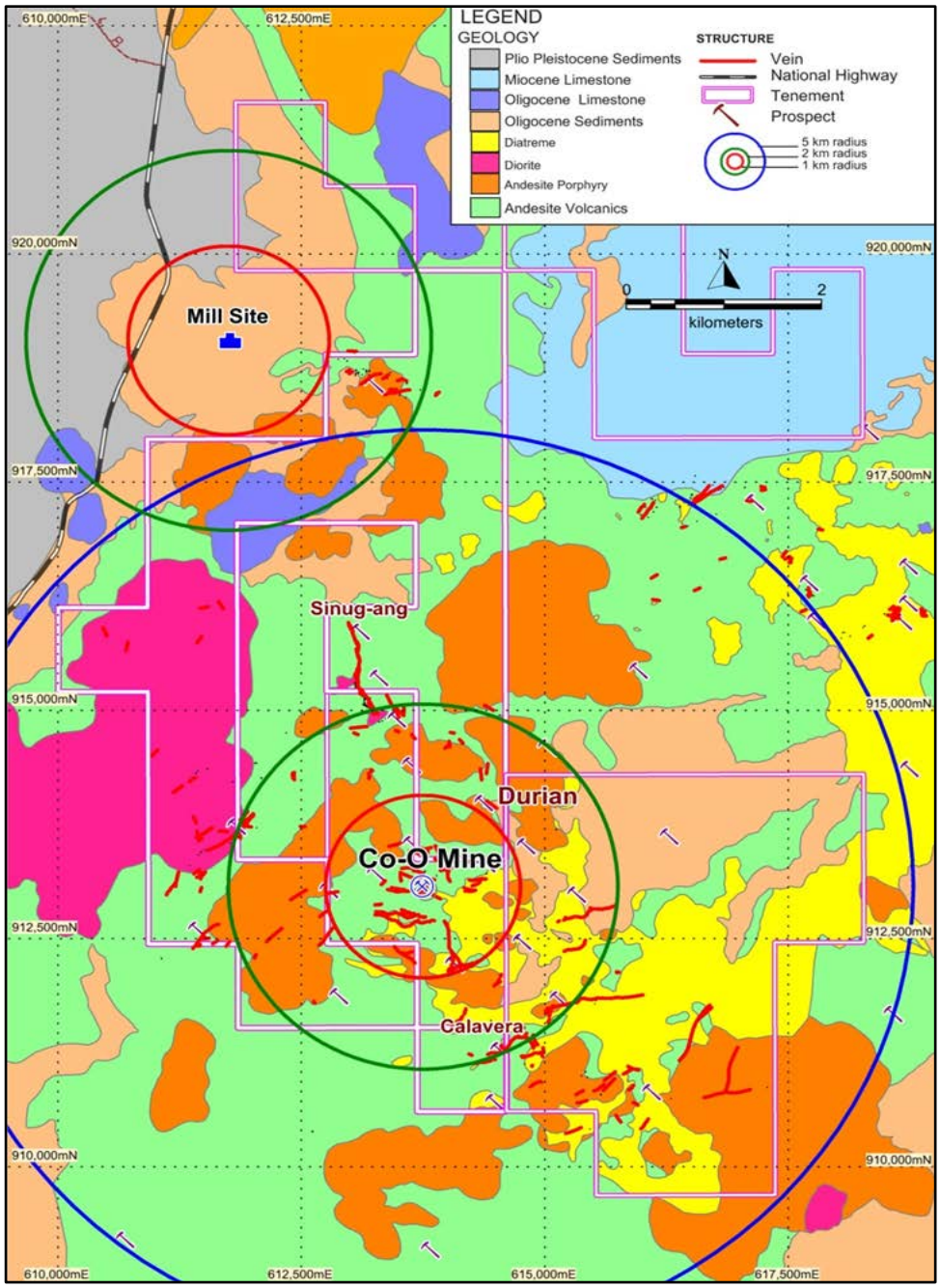


Figure 10: Updated geologic map of the the Co-O Mine District showing the location of Durian Prospect in relation to Co-O Mine and other prospects within.

The Durian Prospect

Exploration activities during the quarter are currently focused on the Durian Prospect – an area located more than a kilometre north of Co-O Mine (Figure 7). The prospect is characterised by arcuate-shaped moderate to high IP chargeability anomalous zones with coincident low resistivity anomalous zones. The geometry of the IP chargeability anomaly can be related to a potential diatreme-associated gold vein mineralisation similar to that of Co-O Mine deposit (Figure 11). The area has yet to be fully drill tested.

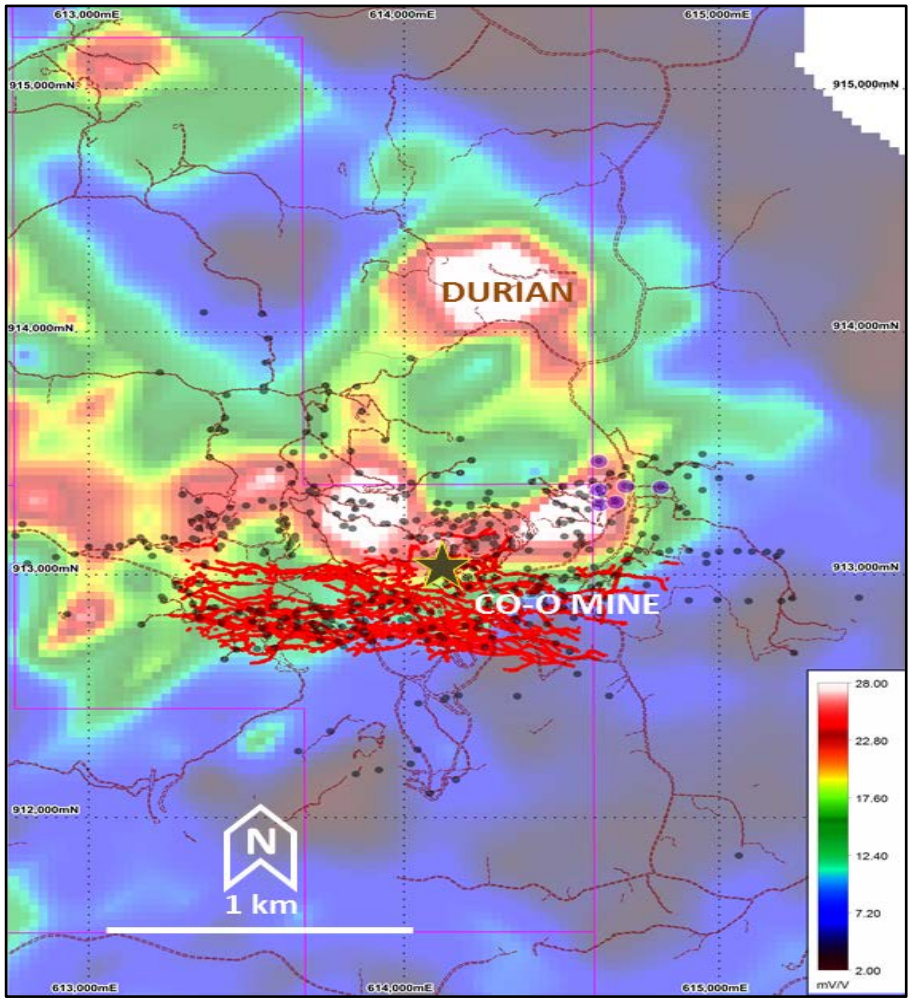


Figure 11: Map projection of the Co-O vein system at Level 1, 5 and 8 showing vein structures hugging the peripheral margin of the high IP chargeability anomaly. Note vein widths were exaggerated for illustration only.

Reconnaissance Exploration within MPSA 299

Geologic mapping of MPSA 299 Parcel 1 remains in progress, but have yet to identify a viable drill target.

Regional and Overseas Exploration (New Project Generation)

The compilation, screening and selection of potential new projects remain ongoing, with the search expanding regionally outside the Philippines.

- **Cambodia Project**

The Company announced as at 2 March 2018 the below update on the Cambodia project.

"*On 10 January 2018, Medusa Mining Limited (ASX: MML) (Medusa) announced that it had entered into a Memorandum of Understanding with SEA Resources Pty Ltd, Sovann Resources Co., LTD (a related Cambodian entity of SEA) and the shareholders of Sovann (together, referred to as SEA) regarding an exploration opportunity in the Prek Kampi region of Cambodia (MOU).*

The MOU provided a non-binding framework to guide Medusa and SEA in the negotiation of an Earn-in Agreement under which Medusa could acquire up to a 70% interest in a metallic mineral exploration licence applied for by SEA in the Prek Kampi region of Cambodia.

Under the terms of the MOU, Medusa and SEA had until 1 March 2018 to finalise the Earn-in Agreement. The Earn-in Agreement was not finalised by 1 March 2018. As a result, the MOU expired and Medusa will not pursue this exploration opportunity."

The Company remains committed to expanding its presence in South East Asia as part of its longer-term strategic diversification plan.

RESOURCE AND RESERVES 31 DECEMBER 2017

The 31 December 2017 resource and reserve statement was released on 3 April 2018. Medusa is now better aligned with its financial year-end reporting requirements. From the eight months of diamond drilling and mine development, Medusa has slightly increased its total Co-O Mine resource to 865,000 ounces. Total resources now stand at 1.34M ounces of gold (Table III).

Co-O mine resources now sit at 2.5M tonnes, grading 10.65 g/t for 865,000 contained ounces of gold. Co-O mine reserves are now 1.52M tonnes, grading 6.69 g/t for 327,000 contained ounces of gold.

Table III. Group Total Mineral Resources and Ore Reserves estimates at 31 December 2017

Deposit	Category	Tonnes [4]	Grade [4] (g/t gold)	Gold [4] (ounces)
MINERAL RESOURCES [1,2]				
Co-O Resources [1] (JORC 2012)	Indicated	1,389,000	10.93	488,000
	Inferred	1,141,000	10.30	378,000
Total Co-O Resources	**Indicated & Inferred**	**2,530,000**	**10.65**	**865,000**
Bananghilig Resources [2] (JORC 012)	Indicated	7,580,000	1.66	406,000
	Inferred	200,000	4.42	29,000
Total Bananghilig Resources	**Indicated & Inferred**	**7,780,000**	**1.73**	**435,000**
Saugon Resources [3] (JORC 2012)	Indicated	47,500	7.00	10,700
	Inferred	34,000	4.60	5,000
Total Saugon Resources	**Indicated & Inferred**	**81,500**	**6.00**	**15,700**
TSF#1 Tailings Resources (JORC 2012)	Indicated	510,000	1.72	28,200
Total TSF#1 Tailings Resources	**Indicated**	**510,000**	**1.72**	**28,200**
TOTAL RESOURCES	**Indicated**	**9,526,500**	**3.05**	**932,900**
TOTAL RESOURCES	**Inferred**	**1,375,000**	**9.32**	**412,000**
TOTAL RESOURCES	**Indicated & Inferred**	**10,901,500**	**3.84**	**1,344,900**
ORE RESERVES [2]				
Co-O Reserves [2] (JORC 2012)	Probable	1,520,000	6.69	327,000
TOTAL RESERVES	**Probable**	**1,520,000**	**6.69**	**327,000**

Notes:

[1] Mineral Resources are inclusive of Ore Reserves.
[2] Co-O and Bananghilig Mineral Resources and Co-O Ore Reserves estimated under guideline of JORC 2012.
[3] Saugon Mineral Resources were previously prepared and first disclosed under the JORC 2004, and have not been updated to comply with JORC 2012 on the basis that the information has not materially changed since it was last reported.
[4] Rounding to the nearest 1,000 may result in some slight apparent discrepancies in totals used in all tables.

Mineral Resources:

Co-O:
- a minimum lower block cut-off of 3.2 gram*metres/tonne accumulation, which incorporates minimum mining widths of 1.25m or 1.5m (depending on vein attitude) above cut-off grade, in its derivation;
- various high cut gold grades, up to 300 g/t gold, have been applied to different veins, and
- a gold price of US$1,500 per ounce has been applied

Bananghilig:
- Indicted Resource: a lower block cut-off of 0.75 g/t gold has been applied to mineralisation within a US$1,500/oz Whittle pit shell, reflective of open pit mining costs.
- Inferred Resource: a lower block cut-off of 3.0 g/t gold has been applied to mineralisation outside of the US$1,500/oz Whittle pit shell, to a maximum depth of 100 metres below the pit shell walls and base, reflective of underground mining costs.
- a high cut of 40 g/t gold has been applied to all mineralisation.
- Allowance for artisanal mining depletion of 18,300 oz gold applied within the Whittle pit shell
- a gold price of US$1,500 per ounce has been applied

Saugon:
- a lower cut-off of 2.0 g/t gold has been applied
- a gold price of US$1,500 per ounce has been applied

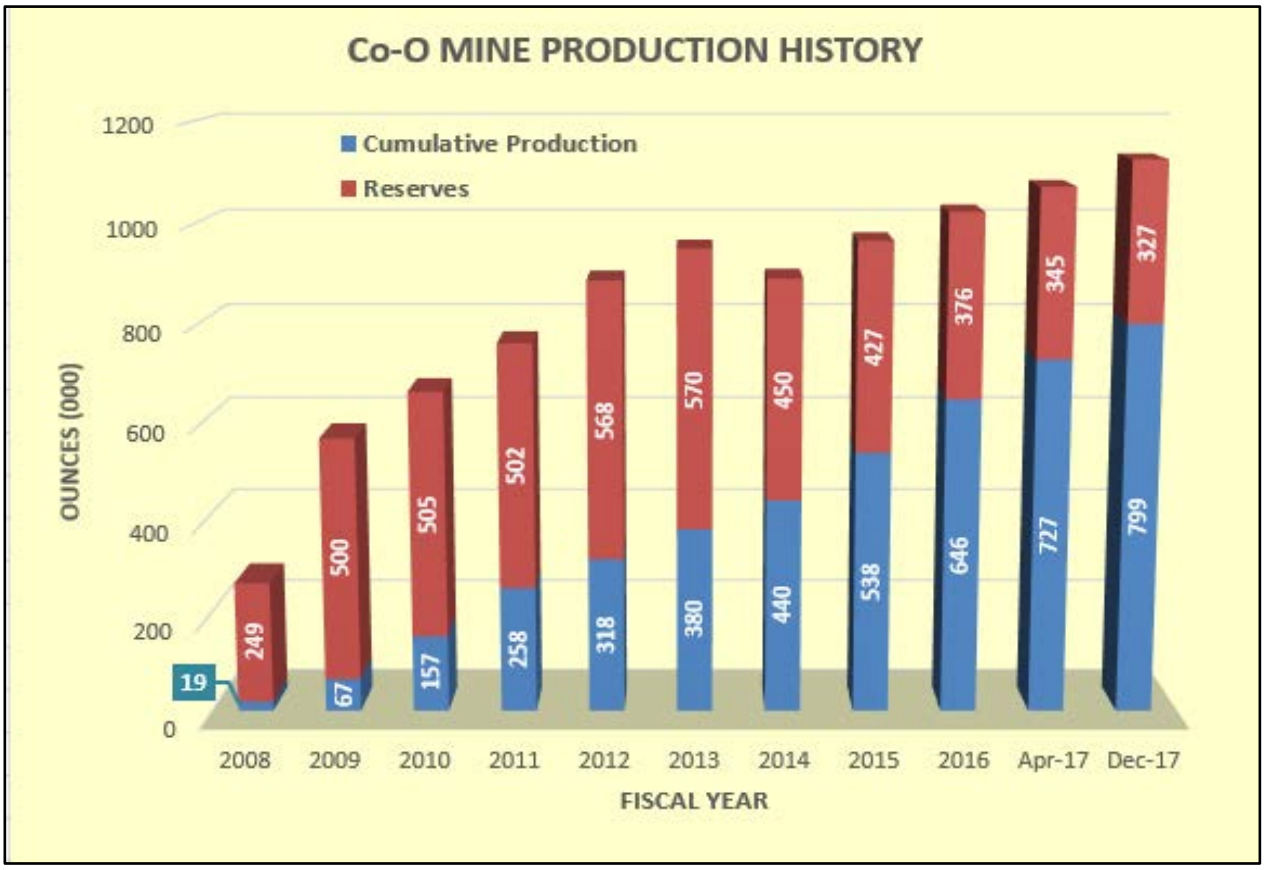
TSF#1 Tailings:
- a lower cut-off of 0.85 g/t gold has been applied
- a Bangka drilling was undertaken using grid spacing of 25 by 25 meters
- a gold price of US$1,500 per ounce has been applied

Ore Reserves:

Ore Reserves are a subset of Mineral Resources

Co-O:
- minimum mining widths of 1.25 metres (stopes ≥50°) and 1.5 metres (stopes <50°) have been applied, and where the vein width was equal to, or greater than, the minimum mining width, an extra 0.25 metres dilution was added to the hanging wall,
- a further 10% dilution has been allowed for slabbing in mining of low angle stopes under draw,
- shape dilution of 7% of extra tonnage at 2 g/t gold applied, to reflect pinch and swell of veins, and faulting,
- an allocation for extra development 'on-vein' at a grade of 2 g/t gold has been applied.
- an allocation for extra development 'off-vein' at a grade of 1 g/t gold has been applied.
- 85% mining recovery for stopes <10 g/t gold,
- 90% mining recovery for stopes ≥10 g/t gold,
- all pillars in the mine were manually assessed and a 50% recovery factor was applied to all pillars,
- stopes containing <500 tonnes were removed to account for ore loss,
- a cut-off grade of 4.0 g/t gold has been applied to all stopes,
- a gold price of US$1,275 per ounce has been applied.

In Co-O's 10 years of production history, the original pre-production reserves have been replaced four-fold, showing the robustness of this deposit. Currently Medusa has a better understanding of the Co-O ore body, a higher level of confidence in the resources and reserves and the deposit remains open to the east and down plunge on the main structures.



Graph 1: Cumulative Production and Annual Ore Reserves over 10 year production history

Notes:

- 2012-13 impact of +US$1,600 per ounce gold price; and
- Introduction of JORC 2012 guidelines in 2014

PRODUCTION GUIDANCE (2017-18):

The FY17-18 production guidance was revised upwards in December 2017 to 85,000 to 95,000 ounces, at All-In-Sustaining-Costs ("AISC") of between US$1,000 to US$1,150 per ounce of gold produced.

For the full year to 30 June 2018, the Company expects to deliver gold at the upper limits of the revised production guidance with AISC at the lower end of the revised costs guidance.

FINANCIALS

As at 31 March 2018, the Company had total cash and cash equivalent in gold on metal account of approximately US$18.1 million (31 Dec 2017: US$16.7 million).

The Company sold 20,468 ounces of gold at an average price of US$1,335 per ounce in the March 2018 quarter (Dec 2017 quarter: 25,550 ounces sold at an average price of US$1,281 per ounce).

During the March 2018 quarter, the Company incurred;

- exploration expenditure (inclusive of underground exploration) of US$1.6M (Dec 2017 quarter: US$0.9M; YTD: US$3.8M);
- US$2.7M on capital works (inclusive of new Service Shaft) and associated sustaining capital at the mine and mill (Dec 2017 quarter: US$3.8M; YTD: US$9.1M);
- US$6.7M on continued mine development (Dec 2017 quarter: US$5.9M; YTD: US$18.1M); and
- corporate overheads of US$1.3M (Dec 2017 quarter: US$1.5M; YTD: US$4.3M).

In addition to the expenses highlighted above, which form part of AISC of US$1,073 per ounce of gold produced for the March 2018 quarter (Dec 2017 quarter: AISC of US$1,025 per ounce), the Company also expended cash in the following areas during the quarter:

- decrease in creditors/borrowings of approximately US$0.9 million;
- decrease in warehouse inventory and other receivables of around US$1.7 million;
- net outlay of indirect value added tax (refundable in tax credits) of approximately US$2.1 million.

JORC CODE 2012 COMPLIANCE - CONSENT OF COMPETENT PERSONS

Medusa Mining Limited

Information in this report relating to **Exploration Results** has been directed and reviewed by Mr James P Llorca, and is based on information compiled by Philsaga Mining Corporation's technical personnel. Mr Llorca is a Fellow of the Australian Institute of Geoscientists (AIG), also a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and a Chartered Professional in Geology of the AusIMM.

Mr Llorca is Manager of Geology and Resources, and is a full-time employee of Medusa Mining Limited, and has sufficient experience which is relevant to the styles of mineralisation and type of deposits under consideration and to the activities for 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 Llorca 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	• *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 handled 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.*	• 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: Stope face channel samples are taken over stope widths of 1.5 to 3m, for both waste and mineralised material. • 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	• *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).*	• For underground drilling, larger rigs (i.e. LM-55 and Diamec U6, U6DH), collar holes using HQ/HQ3 drill bits (core Ø 61mm/63mm) until ground conditions require casing off, then reduce to NQ/NQ3 drill bits (core Ø 45mm/47mm). For the smaller portable rigs, drill holes are collared using TT46 drill bits (core Ø 35mm) or LTK60 drill bits (core Ø 44mm). • For surface holes, drillholes are collared using PQ3 drill bits (core Ø 83mm) until competent bedrock. The holes are then completed using either HQ3 or NQ3 drill bits depending on ground conditions. • Drill core orientation is measured using the Ezy-Mark™ front-end core orientation tool.
Drill sample recovery	• *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.*	• For each core run, total core length is measured with the recovery calculated against drilled length. Recovery averaged better than 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	• *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.*	• 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 is 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.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or call core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• 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.

Criteria	JORC Code explanation	Commentary
	• *Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples.* • *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.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• 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. • The sample preparation procedure employed follows volume and grain size reduction protocols (-200 mesh) to ensure that a representative aliquot sample is taken for analysis. Grain-size checks for crushing and pulverizing are undertaken routinely. • 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	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *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.* • *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.*	• All drill core and stope face samples from the mine are submitted to Philsaga Mining Corporation's (PMC) Assay Laboratory, located at the mill site. Samples are prepared and assayed in the laboratory. Gold is assayed by the fire assay method, an industry standard commonly employed for gold deposits. It is a total-extraction method and of ore-grade category. Two assay variants are used based on gold content: the FA30-AAS for Au grades < 5g/t, and FA30-GRAV for Au grades > 5g/t. Both sample preparation and analytical procedures are of industry standards applicable to gold deposits. • A QAQC system has been put in place in the PMC Assay Laboratory since 2006. It has been maintained and continually improved up to the present. The quality control system essentially, utilises certified reference materials (CRMs) for accuracy determination at a frequency of 1:60 to 1:25. For precision, duplicate assays are undertaken at 1:20 to 1:10 frequency. Blanks are determined at 1:50 or 1 per batch. Samples assayed with lead button weights outside the accepted range of >25 to <35 grams, are re-assayed after adjustment of the flux. • Inter-laboratory check assays with an independent accredited commercial laboratory (Intertek Philippines, Manila) are undertaken at a frequency of 1 per quarter. Compatibility of assay methods with the external laboratory is ensured to minimize variances due to method differences. • The QAQC assessment showed that the CRMs inserted for each batch of samples, generally had accuracy within the acceptable tolerance levels. Duplicate assays generally returned assays within ±20% MPRD for FY2016. Replicate assays of CRMs, showed good precision within < 10% at 95% confidence level, which is within acceptable limits for gold analysis. Intermittent analytical biases were shown but were well within the accepted tolerance limits.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Visual inspections to validate mineralisation with assay results has occurred on a regular basis. Independent and alternative company personnel on a regular basis 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	• *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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• 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).

Criteria	JORC Code explanation	Commentary
		• Topographic and underground survey control is maintained using located SCS, which are located relative to the national network of geodetic control points within 10km of the project area. The Company's SCS were audited by independent licensed surveyors (Land Surveys of Perth, Western Australia) in April 2015 and they found no gross errors with the survey data. Land Surveys have since provided independent services to assist mine survey to establish and maintain SCS to a high standard, as the mine deepens. Accuracy is considered to be appropriate for the purposes of mine control.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *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* • *Whether sample compositing has been applied.*	• Prior to 2015, surface exploration drillholes were located initially on a 50m and 100m grid spacing, and for resource definition drilling the sectional spacing is at least 50m with 25m sectional spacing for underground holes. Since 2015, resource drilling is conducted wholly from underground with minimum intercept spacing for the major veins of 40m x 40m for Indicated and 80m x 80m for Inferred categories. • Sufficient drilling and underground face sampling has been completed to support Mineral Resource and Ore Reserve estimation procedures. • Sample compositing has not been applied to exploration data for the purposes of reporting.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *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 assesses and reported if material.*	• Mineralisation is hosted within narrow, typically <2m wide quartz veins. Orientations 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 north. Surface drillholes were 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.
Sample security	• *The measures taken to ensure sample security.*	• Drilling is supervised by Philsaga mine 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.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• In May 2017, Intertek Testing Services Phils, Inc. conducted and reported on an independent review of available QA/QC data. There were procedural issues identified by the audit that were immediately rectified. • The Laboratory is currently on the conversion of the ISO 14001: 2015 version. • A follow up independent audit by a third party is scheduled in May 2018. • Since October 2016, the Philsaga laboratory was visited several times by Mr JP Llorca. As of 2016, the Company conducts its own QAQC using the Acquire database management software. This work is carried out on site by Philsaga GIS personnel trained and experienced in QAQC protocols. • The accuracy of the gold determinations was predominantly within the tolerance limits for both PMC laboratory and the independent checking laboratory. The precision of assay is better for the independent laboratory and as such, where diamond drilling assays exist for both laboratories, results from the independent laboratory have been used, in preference to PMC assays, 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	• *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.*	• The Co-O mine is operated under Mineral Production Sharing Agreements ("MPSA") MPSAs 262-2008-XIII and 299-2009-XIII, which covers a total of 4,739 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	• *Acknowledgement and appraisal of exploration by other parties.*	• 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 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, through PMC, has since been actively exploring the Co-O tenements.
Geology	• *Deposit type, geological setting and style mineralisation.*	• 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	• *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:*
	  o *Easting and northing of the drill hole collar*
	  o *Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  o *Dip and azimuth of the hole*
	  o *Down hole length and interception depth*
	  o *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 form the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• Detailed information in relation to the drill holes forming the basis of this Mineral Resource estimate is not included in this report on the basis that the data set is too large and the information has been previously publicly reported. The information is not material in the context of this report and its exclusion does not detract from the understanding of this report. For the sake of completeness, the following background information is provided in relation to the drill holes.
		• Easting, northing and RL of the drillhole collars are in both the local mine grid, PRS92 and UTM WGS84 Zone 51 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. Magnetic North <-1° west of True North.
		• 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	• *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.*	• No top cutting of assays is done for the reporting of exploration results. • Short lengths of high-grade assays are included within composited intercepts. • Metal equivalent values are not reported.
Relationship between mineralisation widths and intercept lengths	• *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').*	• The majority of drilling is oriented approximately orthogonal to the known orientation of mineralization. However, the intersection length is measured down the hole trace and may not be the true width. • 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 north. Surface drillholes are generally orientated 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.

Criteria	JORC Code explanation	Commentary
		• All drill results are downhole intervals due to the variable orientation of the mineralisation.
Diagrams	• *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.*	• A longitudinal section is included showing significant assay results locations (Figure 2). Tabulated intercepts are not included as they have been previously reported.
Balanced reporting	• *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.*	• Significant intercepts have previously been reported for all DD drillholes that form the basis of the Mineral Resource estimate. Less significant intercepts have not been reported since the drilling is carried out within the mine environs.
Other substantive exploration data	• *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.*	• No other substantive exploration data has been acquired or considered meaningful and material to this announcement.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions of depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling area, provided this information is not commercially sensitive.*	• Recent drilling focused on the eastern geological limits of GHV from Levels 9 to 14 with less than favourable results due to the disruptive diatreme. However, the GHV shows mineralisation at L16. Also, from L-9 to 14, the northern veins indicate the favourable mineralisation. • Mineralisation is still open to the east, 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.

Section 3. Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used*	• The data entry form has an underlying validation system in the form of lookup codes. Data transfer of drillhole records and all other related records are done electronically. The data is managed through a relational database management system (RDBMS) based on Access. The data repository has an underlying data model consisting of inter-related tables with defined data structure to ensure restrictive referential integrity. The database has defined validation codes aligned to its relationship to the tables with ordered referential keys to trap errors during data entry and data import. PMC GIS staff perform daily backups of the database. Only nominated staff are given access permission to do data maintenance. • During 2016, the database was transferred, and is now stored and maintained in a large scale database format using a database tool called acQuire Geoscientific Information Management Suite (GIMS). The acQuire GIMS is widely used in the mining industry worldwide. All records necessary to produce graphical QAQC plots for reporting were extracted from acQuire database to ascertain integrity of data processing and accuracy of data analyses. • All geological logs are collated on paper and reviewed by the end user before electronic data entry. All entered records are imported into the master database with error detection mechanisms in place. The records will not be copied to database until errors are corrected. Validation checks on the database were completed prior to exploratory data analysis for resource estimation. The drilling data was found to be well structured and no obvious material discrepancies were detected in the collar, survey, assay or geology data.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits undertaken indicate why this is the case.*	• Mr Llorca, (Medusa's Manager – Geology and Resources), has been actively involved with the Co-O mine technical operations during the FY2017, with regular site visits usually for periods of up to 2 weeks at a time. • Dr Carras of Carras Mining Pty Ltd (“Carras”) has undertaken site visits consistently since 2010 with the last site visit completed in February 2017. Each site visit was approximately 7 to 14 days in duration focusing on the mineralisation interpretation with the site geologists, reviewing the recent drilling results and the underground mining and infrastructure activities.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation* • *The factors affecting continuity both of grade and geology.*	• The geological confidence is moderate to high in areas where drilling, mining and development are currently active. This is especially the case for data above Level 8. The geological confidence is moderate to low in the eastern-most and deeper areas (below Level 10) that are defined by relatively wide spaced drilling. • Mineralised wireframes were constructed using a combination of: drillhole logging; assay grade data; geological mapping, and face sampling from mine development. • The final geological interpretation was supervised by Mr Llorca in consultation with the PMC geological group and audited by Carras Mining Pty Ltd.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• The overall Co-O project area comprises numerous anastomosing veins generally orientated east-west with steep and flat dipping inter-connected veins within a 0.5km x 2.0km area (Figures 1 and 2). Mineralisation extends from surface to approximately 850m below surface. The depth limit to mineralisation is not yet defined, with current limits being a function of geological plunge and lack of drilling.
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimate, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.*	• A 2D modelling approach using Ordinary Kriging was used to estimate accumulation and horizontal width. The final gold grades were derived using back calculation involving accumulation and horizontal width. • Intercept composites were used. Gold grades had top-cuts applied to various veins, based on their respective natural assay population breaks, typically between the 95th - 99th percentile. Further cutting was also applied to the accumulation. A top cut as high as 300 g/t Au was used for the very high grade GHV vein. Lower top cuts were used for other veins.

Criteria	JORC Code explanation	Commentary
	• *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modeling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	• Estimation was constrained within 3D interpretation wireframes. Estimates were based on a minimum number of composites being 3 and the maximum number of composites being 12. The search ellipse varied from 50 to 100m, with the average being 75m. GEOVIA Surpac™ mining software was used for the estimation. • No by-product recoveries were considered. • No deleterious elements are known. • 2D block sizes were 25m along strike, 25m down dip. This block size was adopted to account for exploration drilling data typically spaced on 25m and 50m sections and stope face samples which were taken every 1.5 to 3m. A 5m by 5m discretisation was used. • No assumptions of selective mining units were made, as the current underground mining method is based on vein geometry and shrink stoping. • Only gold was modelled and no correlation between other elements was investigated. • Mineralised domains acted as hard boundaries to control the mineral resource estimates. A soft boundary was applied as a halo around the presence of clustered stope face sample data. • Visual comparisons were also made between the accumulation variable from the input composites and the estimated accumulation block values. A similar visual comparison was made for the input composite gold grade and the back-calculated block grade. • The 2D block model data was then imported into a 3D block model, using cell sizes of 0.25mN x 3.125mE x 3.125mRL. A volumetric check was made on veins and checked against the 3D block model. • Block model validation was undertaken using the comparison of model data to intercept composite drillhole data.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture content.*	• Moisture was not considered in the density assignment and all tonnage estimates are based on dry tonnes.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• A block cut-off grade of 3.2 gram*metres/tonne Au for mineral resource reporting was used.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• The Co-O project area is currently an active underground mine. Narrow vein mining techniques using hand held equipment allows mining to be achieved to a minimum width of 1.25m. • No external mining dilution was applied to the mineral resource model.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• All ore associated with the mineral resource is currently treated in PMC's owned and operated Carbon-in-Leach (CIL) plant located approximately 6.7km NNW of the Co-O mine.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• The Co-O project is an operating gold mine with all of the appropriate regulatory permits to allow underground mining, haulage and processing of ore material, and storage of tailings.

Criteria	JORC Code explanation	Commentary
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determines, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• A program of over 1,000 specific gravity measurements was completed on vein samples from drill core and rock, prior to June 2010, with an additional 61 density determinations undertaken during June 2012. Measurements were completed using weight in air/weight in water methodology on lengths of cut core. • The June 2012 density measurements confirmed the use of 2.62 g/cm^3 as being appropriate for all vein mineralisation, with all background material assigned a density of 2.45 g/cm^3.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The criteria used for resource classification include: geological continuity and vein volume, vein texture, data quality and spacing, mining information on all Levels, grade extrapolation and modelling technique. • In addition the following economic parameters were considered as a requirement for reasonable prospects for economic extraction: gold price of USD1,500, and grade x width of 3.2 gram*metres/tonne Au. As a result, there are areas within the interpreted mineralisation model, which do not satisfy these requirements and are therefore not included within the reported mineral resource. • No Measured Resources have been estimated due to the short scale variability in volume and grade plus the moderate risks identified in the data quality, data spatial location and mined volume definition. The Co-O Mine is currently embarking on a program to capture all development data accurately and this should enable the reporting of a Measured component in the future. • The Indicated Resource boundary was defined by blocks with higher estimation confidence, typically within areas defined by drillhole data closer than 50m x 50m and usually approaching 25m x 25m and/or coincident with the underground mine development where geological and volume continuity is well established. • Areas of Inferred Resource reflect identified veins where there is no mining information with limited drillhole data. • The Mineral Resource estimate appropriately reflects the Competent Persons' view of the deposit.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• Block models were validated by visual and statistical comparison of drillhole assays, block grades and vein textures. A major geological study was carried out in 2015 and 2016, on drill core and block grades to validate these to the vein textures observed in drill core and underground face mapping. Over the past 3 years, the site geologists have developed a good understanding of epithermal vein textures and their relationships to gold grades.
Discussion of relative accuracy /confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• The relative accuracy of the Mineral Resource estimation in the Co-O project area of PMC is reflected in the resource classification in accordance with the guidelines set out in the JORC Code 2012. • The mineral resources constitute a global resource estimate. • An accurate 'resource to mine and mill' reconciliation is difficult to quantify given the numerous working faces at any one time; mining outside of resources, and the mixing of stoping and development ore during mining and hoisting. However small local reconciliation studies, which have continued in FY2016 to 2017 (where appropriate data are available), suggests a reasonable reconciliation exists between the resource and mine claimed grade with generally more tonnage at a lower grade for the same contained metal.

Section 4. Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• The reported Reserve is based on the Resource model interpretation produced and modelled by Philsaga Mining Corporation (31 December 2017 data cut off) and checked by Carras Mining Pty Ltd. • Mineral Resources are reported inclusive of Reserves.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Dr. Spero Carras, has been a continuous visitor to the Co-O mine-site for the past 8 years. He has worked in conjunction with the mine staff at site and has a very thorough knowledge of the mining practices. He was also been actively involved in the geological studies carried out during the last 4 years, evaluating the Co-O mine's vein textures and other characteristics associated with the various vein sets. He has worked continuously on evaluation and resource/reserve estimation of narrow vein, underground gold deposits and mines, for more than thirty five years. • In January 2016, Dr. Carras was requested to advise on the infrastructure requirements to enable development of the mine to Level 12.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• The Ore Reserve and mine design to extract the Reserve, were established for an operating mine that has been developing and stoping the Co-O vein system for more than ten years by means of narrow vein mining practices. • Following definition of a Mineral Resource with diamond core drilling intercepts below or adjacent to the existing workings and physical definition of the vein system, narrow vein mining practices require level development along the vein system with nominal 50m high vertical rises at 30m horizontal intervals to define the vein in three dimensions and the Reserve as stope panels. The mine plan applies physical dimensions to the stope panels that are technically viable, as they are derived from drill hole intercepts, actual exposure of the veins and proven stoping practice, appropriate dilution allowances that reflect actual conditions, and cut-off grades that reflect actual costs incurred for same mining practices. • The mine plan has been developed to better than Pre-Feasibility Study level of work. • Since this is an operating mine extracting extensions of an already defined mineralised vein system, there are no further material Modifying Factors required.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• The cut-off grades used are 2.0g/t for development ore, 1g/t for development off vein and 4.0g/t for all stopes. For Levels 2 and 3 where haulage is very minimal, slightly lower cut-off grades are used, consistent with the lower haulage costs. This practice is also being adopted to allow closure of these upper levels as soon as possible to optimise and focus mine services to lower levels. The costs used to arrive at cut-off grades are based on actual validated mine costs, as achieved to date. • Cut-off grade estimates include mining, haulage and hoisting, surface haulage, milling, administration, sustaining capital, drilling, royalty, development and an extra development factor for mining outside of Reserves as well as the cost of all underground drilling. • When development passes through lower grade stopes to reach higher grade stopes, the lower grade stopes are included in the Reserve estimate, providing the costs of development and stoping are covered by the grade of the higher grade stopes.
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of*	• The Resource was converted to Reserve by using detailed design provided by the Co-O mine operations, as the basis. • Minimum mining widths (MMW), dilution and cut-off

Criteria	JORC Code explanation	Commentary
	appropriate factors by optimisation or by preliminary or detailed design). • *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* • *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.* • *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).* • *The mining dilution factors used.* • *The mining recovery factors used.* • *Any minimum mining widths used.* • *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* • *The infrastructure requirements of the selected mining methods*	grades applied to panels of size 30m x 50m high based on the block model. Costs were then applied to determine those panels in the Indicated category, which were economic. If economic, they were included in the Probable Reserve. A small proportion of panels below cut-off grade were included in the Reserve (<5%), to reflect practical mining. • Mining at Co-O utilises both Shrink and Slot stope mining. These methods have been used at the mine since 1989 and are well understood. • At the lowermost levels, winzing on ore and narrow vein development is, and always has been part of the strategy of developing a new level. This practice will continue down to Level 13 and will also be used for small ore panels below levels. • The MMW and mining dilution factors used are: MMW of 1.25 metres for panels with a dip ≥ 50 degrees. MMW of 1.50 metres for panels with a dip < 50 degrees. • Where the panel width was equal to, or greater than, the MMW, an additional 0.25 metres dilution was then added to the Hanging Wall. • A further 10% dilution was allowed for slabbing in the mining of low angle stopes under draw (when they are being emptied). • A shape dilution factor of 7% of extra tonnage at 2g/t has been added to the Reserve. This is to reflect the pinch and swell nature of the Co-O veins, and faulting, which occurs along strike and down dip, making them discontinuous at times. This results in a component of over-development at low grade. • An allocation for extra development 'on-vein' at a grade of 2 g/t Au • An allocation for extra development 'off-vein' at a grade of 1 g/t Au, • For stopes < 10g/t gold an 85% mining recovery was used. For stopes ≥ 10g/t gold a 90% mining recovery was used. • 75% recovery for sill pillars and 50% recovery for crown pillars with an overall ore loss of 20%. • Stopes containing less than 500 tonnes, were removed to account for ore loss. • Inferred Resources and low grade Indicated Resource (<5%) are only utilised in the Ore Reserve estimation when these panels need to be developed in order to access higher grade ore (which must be able to carry all costs of the Inferred and low grade resource). This also includes a small element of development beyond the Indicated Resource as an exploration component. • Underground Level development is continuous with all other required infrastructure either in place, under construction, or planned. The E15 Service Shaft is currently being developed for hoisting men and materials from Level 10 to surface. It is scheduled for availability in the September quarter of financial year 2018 in which case underground hoisting capacity should increase by 20% for the L8 Shaft. The upgrading of ventilation and de-watering systems is completed.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.* • *Whether the metallurgical process is well-tested technology or novel in nature.* • *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.* • *Any assumptions or allowances made for deleterious elements.*	• Material is trucked to the Co-O mill, which is a conventional CIL plant with gravity circuit. It is a well-tested technology. • The metallurgical recovery is placed at 94%, which is the current recovery being experienced • There are no deleterious elements.

Criteria	JORC Code explanation	Commentary
	• *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.* • *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	
Environmen-tal	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• The Co-O mine is an operating narrow-vein underground gold mine. The Co-O processing plant is a conventional CIL plant. • The Co-O mining and processing operations have been operating since 1989, with several upgrades to the mine and processing plant since then. • All Philippine national and local government regulatory permits are valid and subsisting for the current operations. • Where possible, waste rock is retained underground and used to backfill mined-out stopes, or when hauled to the surface, used for road-works, retaining walls, landfill, etc.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• Co-O is an operating underground mine and processing plant and has the necessary infrastructure in place for its continued operation. • The Ore Reserve estimate requires some additional infrastructure and allowances have been made for this when preparing the estimate
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.* • *The methodology used to estimate operating costs.* • *Allowances made for the content of deleterious elements.* • *The source of exchange rates used in the study.* • *Derivation of transportation charges.* • *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* • *The allowances made for royalties payable, both Government and private.*	• The projected capital costs are based on actual costs, quotes and factored costs from engineering consultants and existing mining operations. • The operating costs are based on actual data from FY2017 and the projected budget costs of FY2018. • There are no deleterious elements. • An exchange rate of 50 Philippine Pesos to US$1.00 has been used. • Transportation costs are fixed under contract and includes road maintenance. • Historical data has been used for treatment and refining charges. • A royalty of 3.5% of revenue has been applied.
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.* • *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• A gold price of US$1,275 has been used, consistent with the short-term price.
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• All product sold at market prices.
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.* • *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	• All costs are based on historical costs. • An analysis was carried out in respect of decreased grade, decreased recovery, decreased gold price and increased costs and the results indicate that the project remains profitable at an acceptable NPV value. • The Co-O Mine has a large amount of development in lower grade areas, and should the gold price increase,

Criteria	JORC Code explanation	Commentary
		some low grade stopes can be brought into production. There has been no inclusion of this material into Reserves unless it forms part of development necessary to access high grade stopes (<3%).
Social	• *The status of agreements with key stakeholders and matters leading to social licence to operate.*	• There are agreements in place with landowners of lands on which some infrastructure are sited. There are community and compensation agreements in place with landowners at Co-O minesite and Co-O plant, including the indigenous people, for the purposes of current and future operations.
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	• None of the identified risk areas mentioned below are believed to have a material impact on the Co-O project and/or the estimation of the Ore Reserves. • Naturally occurring risks in the Co-O region include seismic events, flooding, land-slides. • Naturally occurring risks are not believed to be significant, and therefore not considered to be material. The Co-O operations have not been materially affected by naturally occurring events since its beginnings in 1989. • The Co-O operations are currently compliant with all legal and regulatory requirements, and there is no reason to believe any further required government permits, licenses or statutory approvals will not be granted.
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.* • *Whether the result appropriately reflects the Competent Person's view of the deposit.* • *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• Ore Reserve categories are based on the Resource classification in the Resource model and have been updated with current mine knowledge. • During FY2015, FY2016 and FY2017, extensive geological studies were carried out, focussing on vein textures and other characteristics. Observations from underground development can now be directly correlated with drill-hole information. This is particularly relevant to the recognition of high grade veins and their potential. • The Reserve result reflects the Resource as produced by Philsaga's geological interpretation (reported in accordance with JORC 2012). However, it is the Competent Person's experience that these types of multiple narrow vein orebodies invariably result in more ore than is reported in the Reserve as a result of underground development uncovering veins which may either be from the Inferred category or undiscovered. Typically this results in more ounces than is stated by the Ore Reserve based on current drilling and development. It is not possible to allow for this in the Reserve estimate. Every effort has been made to account for current underground knowledge and mining practice, by the application of various factors used in the conversion process of Resource to Reserve. • No Proven Ore Reserve has been derived from Measured Resources.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• There have been no other external audits carried out on the Ore Reserve estimates.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.*	• Vein gold orebodies represent the most difficult family of orebodies for which to state a relative local accuracy of Reserves. However, it is the Competent Person's opinion, that the ounces stated in the Reserve are achievable at the global level. Co-O mineralisation is a very large gold system and as such there is the potential for additional veins within the global estimate. Furthermore, veins which cross-cut the orebody, such as the Don Pedro vein, have been understated by the current drilling orientation and therefore can only be defined by development, hence the allocation of cost for over-development and extra-development in the mine.

Criteria	JORC Code explanation	Commentary
	• *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.* • *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• Due to a significant amount of mining occurring outside of Reserve, accurate reconciliation has only been possible for some local areas of the mine. However, the GHV vein has performed consistently with exceptional high-grade stopes (> 10 g/t broken ore), justifying the application of the very high cutting factors used. This is now being observed in the development on Level 9 where very high grade stopes are being encountered (particularly towards the east). • Co-O is an operating mine and there are no perceived modifying factors that would have a material impact on the global Ore Reserve viability. • Mine performance has been considered and factored into the Ore Reserve parameters used in this study.

APPENDIX B: TENEMENT SCHEDULE (as at 30 March 2018)

Name	Tenement ID	Registered Holder	Company's Interest at		Royalty [1]	Area (hectares) at	
			31 Dec 2017	30 Mar 2018		31 Dec 2017	30 Mar 2018
Co-O Mine	MPSA 262-2008-XIII	PMC	100%	100%	-	2,539	2,539
	MPSA 299-2009-XIII	PMC	100%	100%	-	2,200	2,200
Co-O	APSA 00012-XIII	BMMRC	100%	100%	-	340	340
	APSA 00088-XIII	Phsamed	100%	100%	-	4,742	4,742
	APSA 00098-XIII	Philcord	100%	100%	1% NPI	507	507
	APSA 00099-XIII	Philcord	100%	100%	1% NPI	592	592
Saugon	EP 017-XIII	PMC	100%	100%	-	3,132	3,132
	EPA 00066-XIII	PMC	100%	100%	-	6,769	6,769
	EPA 00069-XIII [2]	Phsamed	100%	100%	-	2,519	2,519
	EPA 00087-XIII [2]	PMC	100%	100%	-	87	87
Tambis	MPSA 344-2010-XIII	Philex	100%	100%	7% NSR	6,208	6,208
Apical	APSA 00028-XIII	Apmedoro	Earning 70% (JV)		-	1, 235	1,235
Corplex	APSA 00054-XIII	Corplex	100%	100%	3% NSR	2,118	2,118
	APSA 00056-XIII	Corplex	100%	100%	-	162	162
	APSA 00077-XIII	Corplex	100%	100%	4% GSR	810	810
	EPA 00186-XIII	Corplex	100%	100%	3% NSR	7,111	7,111
Sinug-ang	EPA 00114-XIII	Salcedo/PMC	100%	100%	-	190	190

NOTES:

1. Royalties payable to registered holders, aside from the prescribed royalties' payable to the Philippine government and the Indigenous People.
2. Awaiting for approval and confirmation by MGB of area reduction.

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

Registered Holders

PMC	Philsaga Mining 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	Salcedo	Neptali P. Salcedo

Royalty

NPI	Net Profit Interest	GSR	Gross Smelter Royalty
NSR	Net Smelter Royalty		