



QUARTERLY ACTIVITIES REPORT

PERIOD ENDED

31 December 2018

Snapshot of Medusa:

- Un-hedged, high grade gold producer focused on growth in the Philippines and Asia Pacific
- No long-term debt

Board of Directors:

Andrew Teo
(Chairperson and Interim CEO)

Raul Villanueva
(Executive Director)

Roy Daniel
(Non-Executive Director)

Executive Management:

Raul Villanueva
(President, Philippine subsidiaries)

David McGowan
(Chief Operating Officer)

Peter Alphonso
(Chief Financial Officer/Company Secretary)

James P. Llorca
(General Manager, Geology & Resources)

Patrick Chang
(Corporate Development Officer)

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:** 23,120 ounces at average head grade of 6.11 g/t gold (Sep 2018 qtr: 24,178 ounces at average head grade of 5.97 g/t)
- **Cash Costs:** US\$567 per ounce (Sep 2018 qtr: US\$549 per ounce)
- **All-In Sustaining Costs ("AISC"):** US\$1,156 per ounce (Sep 2018 qtr: US\$1,126 per ounce)
- **Mill Performance:** Gold recovery averaged 94.5% (Sep 2018 qtr 94.5%)
- **Mine Development:** Total advance was 6,920 metres of horizontal and vertical development (Sep 2018 qtr: 7,898 metres)
- **Mine Infrastructure Projects:**
 - E15 Service Shaft – practical completion achieved in October 2018 and commissioning completed November 2018. Shaft is now fully operational.
 - Development of internal hoisting winzes - E43 completed to level 10 and E48 winze completed to level 10, these winzes are linked by horizontal development on level 10. E35 winze continued development past level 10 towards level 12.
 - Additional pump fitted to the level 8 pump station
 - Detailed planning has commenced for the establishment of a pumping station on level 10.

Co-O MINE EXPLORATION

■ Underground resource drilling

Total drilling for the quarter was 12,503 metres, a 19% increase from last quarter. Key areas targeted were as follows:

- Reserve drilling at levels 5 and 7 totalled 2,951 metres from 20 holes.
- Resource definition drilling at levels 8 and 10 totalled 9,552 metres from 20 holes.
- High-grade results from the resource drilling completed include 9.75 metres @ 11.76 g/t gold, 2.20 metres @ 7.47 g/t gold, 0.50 metres @ 256.13 g/t gold and 0.70 metres @ 198.26 g/t gold.

REGIONAL & NEAR MINE EXPLORATION

- **Co-O Near Mine Exploration (MinEx):** 14 drill holes were completed at Royal Crowne Vein aggregating 3,496 metres. Geologic interpretation and modelling are currently underway and expected to be completed and reported next quarter.
- **Epithermal Gold and Porphyry Cu-Au projects (Qld, Australia):** Activity this quarter included working with landholders to progress the required agreements to access the land for drilling. The MML-Ellenkey Gold JV has also engaged native title holders to prepare for clearance of the initial drill programs at both Mt Clark West (copper porphyry prospect) and Hill 212 (epithermal gold prospect).

CORPORATE & FINANCIALS

- Total cash and cash equivalent of gold on metal account at the end of the quarter increased to approximately US\$14.6 million (Sep 2018 qtr: US\$11.8 million) after working capital movements, VAT, tax and interest charges.
- The Company expects to provide an update in relation to the appointment of a CEO during the March Quarter.

TENEMENT PROJECT OVERVIEW

The locations of the Company's Philippines Tenements on Figure 1.

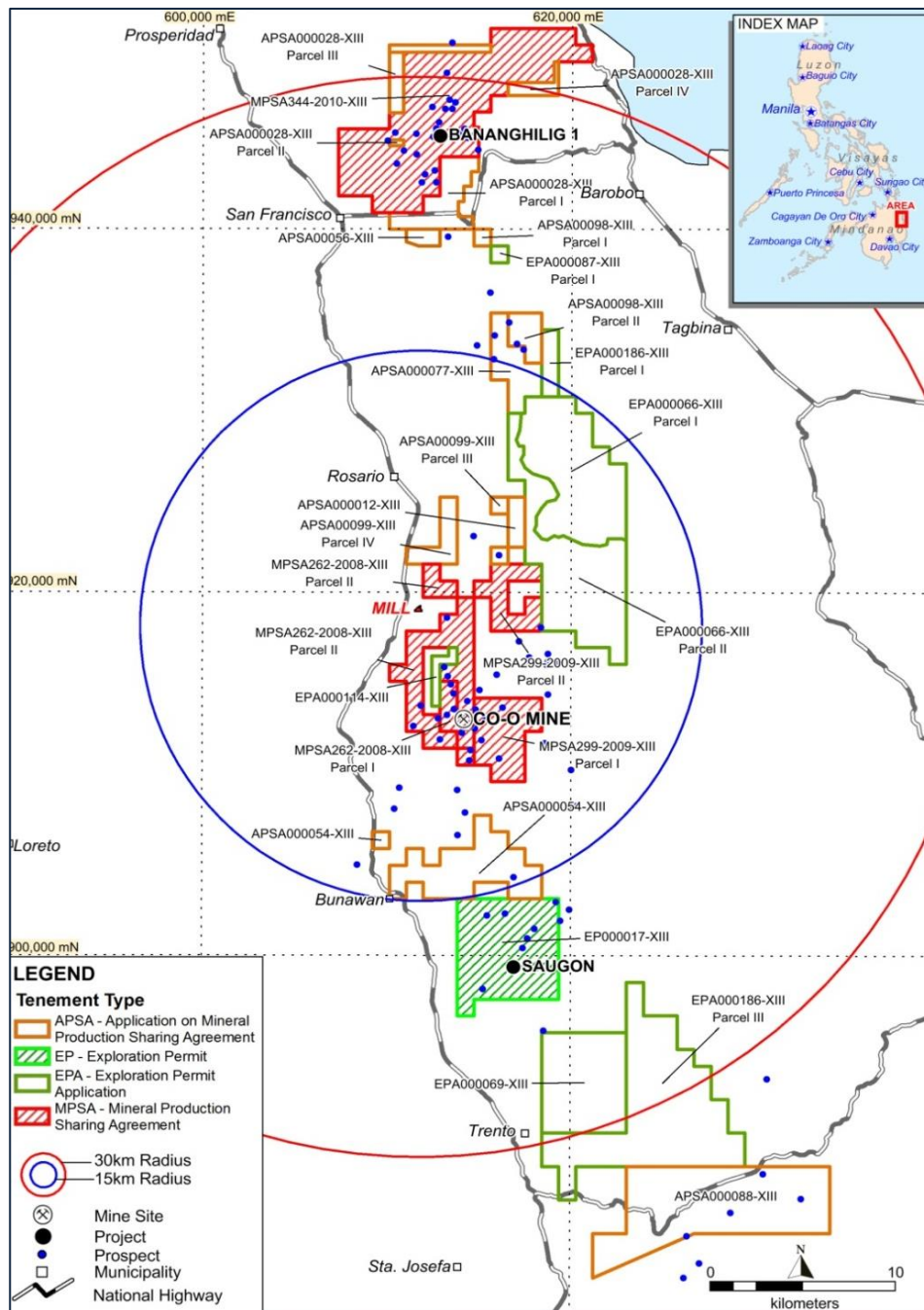


Figure 1: Location diagram showing the company's Tenements covering the Co-O mine and mill operations areas.

At the end of the December 2018 Quarter, the Company's tenement portfolio remained unchanged having, 17 tenement holdings with a combined area of 412 km² (Figure 1 & Appendix B). This includes 4 granted tenements and 13 tenement applications. On the granted tenements, 3 are currently in the exploration stage, and 1 covering the Co-O Mine area is in the operation stage. PMC's application to the Mines and Geosciences Bureau (MGB) for the consolidation and integration of MPSA 262 Parcel 2 and MPSA 299 with Co-O Mine's tenement ground (i.e. MPSA 262 Parcel 1) is still under review.

Co-O MINE

PRODUCTION

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

Table I. Gold production statistics

| Description | Unit | Dec 2017 Quarter | Mar 2018 Quarter | Jun 2018 Quarter | Sep 2018 Quarter | Dec 2018 Quarter | 2018/19 Half-Year |
|----------------------------------|---------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Ore mined | WMT | 129,624 | 134,707 | 142,752 | 145,761 | 137,982 | 283,743 |
| Ore milled | DMT | 124,916 | 118,495 | 129,962 | 133,209 | 124,623 | 257,832 |
| Head grade | g/t | 6.67 | 6.36 | 5.74 | 5.97 | 6.11 | 6.04 |
| Recovery | % | 94.9% | 94.8% | 94.5% | 94.5% | 94.5% | 94.5% |
| Gold produced | ounces | 25,056 | 22,918 | 22,835 | 24,178 | 23,120 | 47,298 |
| Gold sold | ounces | 25,550 | 20,468 | 22,435 | 23,818 | 24,160 | 47,978 |
| U/G development | metres | 5,765 | 6,242 | 7,565 | 7,898 | 6,920 | 14,818 |
| Cash costs (*) | US\$/oz | \$523 | \$568 | \$595 | \$549 | \$567 | \$558 |
| All-In-Sustaining-Costs ("AISC") | US\$/oz | \$1,025 | \$1,073 | \$1,278 | \$1,126 | \$1,156 | \$1,141 |
| Average gold price received | US\$/oz | \$1,281 | \$1,335 | \$1,293 | \$1,206 | \$1,231 | \$1,219 |
| Cash & cash equivalent | US\$M | \$16.7M | \$18.1M | \$15.1M | \$11.8M | \$14.6M | \$14.6M |

Note:

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

The Company produced 23,120 ounces of gold for the quarter - down on the previous quarter but in line with plan following a scheduled shut down over the Christmas - New Year Period.

Production came from 124,623 tonnes of ore processed, at an average head grade of 6.11 g/t gold. Tonnes processed were restricted by mine ore hoisting.

Total ore mined for the quarter was down on the previous quarter due to the planned shut down and major maintenance work was carried out in the L8 and Agsao Shafts during this period.

The mine completed a total of 6,920 metres of horizontal and vertical development. While the development completed is less than recent quarters, it is 11% higher than the budget.

Horizontal development of 570 metres was achieved on the L10 and importantly the link development between the E43 and E48 Winzes was completed in December. This will improve ventilation on level 10 and allow more development heads to be opened up.

All-In Sustaining Costs ("AISC") for the quarter were US\$1,156 per ounce of gold - up 2.7% on the previous quarter.

Production Shafts

Overall material hoisted was 137,995 dry tonnes ("DMT") for ore and waste combined, less than the previous quarter but in line with plan. The reduced tonnes hoisted is a result of the shut down in late December while the major shaft maintenance was completed.

• Level 8 Shaft:

Continued effective utilisation of the shaft for hoisting, helped to maintain a substantial number of hoisted tonnes through the L8 Shaft, offsetting the reduced haulage through the other shafts. With the completion of the E15 Service Shaft, daily utilisation of the L8 Shaft improved during December.

The ore bin and loading pocket at level 8 were refurbished in late December 2018. Further development and refurbishment of the L8 Shaft structures between levels 2 and 4 is planned during 2019. This work is planned to be done over the weekends and should have minimal impact on future production.

- **Agsao Inclined Shaft:**

Planned shaft maintenance was undertaken during the latter half of December 2018 and continue in January 2019.

Over time the utilisation of the Agsao shaft is expected to decrease as the number production areas available on the upper levels reduces.

- **Baguio Inclined Shaft:**

Material hoisted was less than the previous quarter. Utilisation of the Baguio shaft will reduce over time as the number of production areas available on the upper levels falls.

- **Portals:**

Material hoisted was less than the previous quarter. Over time hoisting from the Portals is expected to reduce as the number production areas available on level 2 reduces.

- **L8 Winzes:**

The 29E and 12E Winzes continued to hoist ore and waste from levels 9 and 10 to level 8.

43E Winze is now operational allowing hoisting of development material from level 10 and production ore from level 9 to level 8.

The 48E Winze is now fully operational for hoisting operations from levels 9 and 10. Development connecting the 48E Winze to the 43E Winze on level 10 was completed near the end of December 2018. This connection will improve the ventilation, allow increased development on level 10 and improve utilisation of these winzes for hoisting from level 10.

The 35E Winze has reached 140 metres, platform on level 10 has been developed and this winze continues to provide access to levels 11 and 12.

For the December 2018 quarter, horizontal development on level 10 achieved was 570 metres. The connection development between E43 and E48 winzes was completed in late December 2018. This will improve the ventilation in these areas and allow an increase in development areas. Priority development on level 10 is now the connection of 43E and 48E winzes with the E15 service shaft.

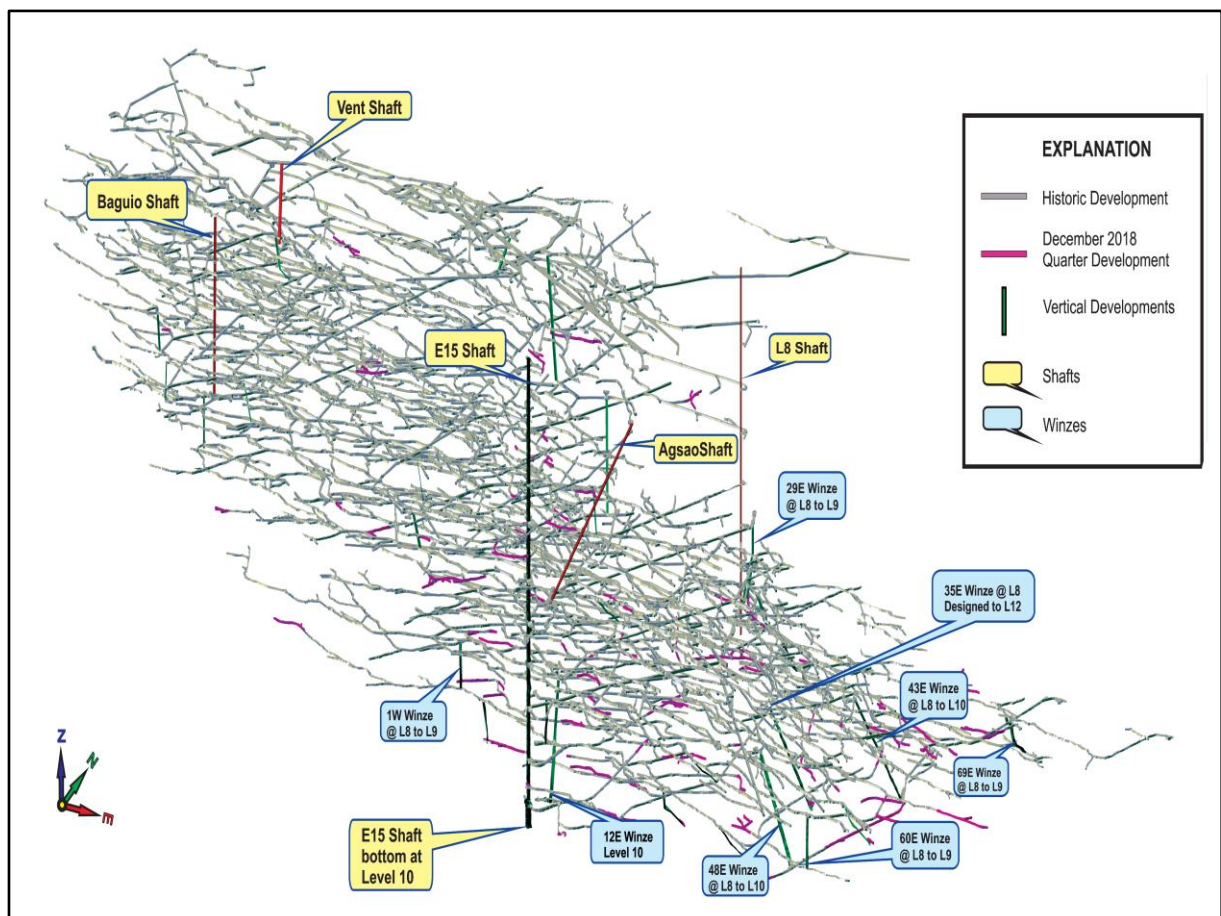


Figure 2: 3D Isometric view of Co-O mine showing all historic mine development, plus the December 2018 Quarters horizontal development in Pink, also showing the primary vertical developments.

E15 Service Shaft

Practical completion was achieved in October 2018 and commissioning completed in November. The shaft was handed over to the operations team on November 27, 2018. People and supplies for levels 5 to 10 are now being transported via the E15 Service Shaft. This has allowed the L8 Shaft more time for hoisting rock to the surface.

Processing Plant

The process plant throughput for the December 2018 quarter was 124,623 tonnes at a grade of 6.11 g/t gold processed, tonnes were down compared to previous quarter (133,209 tonnes at a grade of 5.97 g/t gold) however are in line with the plan. The processing plant throughput remains limited by the mine hoisting production. The process plant continued with consistent good recoveries of 94.5% for the quarter (September 2018 quarter: 94.5%).

HEALTH, SAFETY & ENVIRONMENT

The Company was deeply saddened to report one fatality which occurred on site in October 2018 when an underground worker fell from a height in October. The incident has been investigated and actions have been taken to prevent a similar incident from occurring in the future. Support was provided to the employee's family and the Co-O workforce.

The LTIFR for the 12 months ending December 2018 was 1.4 (incidents per million-man hours).

There were no environmental issues reported for the quarter.

Philippine Industry Awards 2018

The Company, through its Philippines processing company Mindanao Mineral Processing & Refining Company ("MMPRC") is pleased to announce that during the 65th Annual National Mining Safety and Environment Conference ("ANMSEC") held last 20 to 23 November in Baguio City, the Company was presented with the following awards:

- **Presidential Mineral Industry Environmental Award (Platinum Awardee Mineral Processing Category)** - *for the third consecutive year;*
- **2nd Runner-up for Best Mining Forest Program;** and
- **Safest Mineral Processing Award (Extraction Category)**

The ANMSEC event is organised by the Philippine Mine Safety and Environment Association ("PMSEA"), the country's forerunner in the promotion of occupational safety and health, sound environmental management and social responsibility in the minerals industry in coordination with government agencies, private and professional organisations.



Photo 1: Presidential Mineral Industry Environmental Award - Platinum Awardee Mineral Processing Category.



Photo 2: 2nd Runner-up for Best Mining Forest Program.



Photo 3: Safest Mineral Processing - Extraction Category Award.

Co-O MINE GEOLOGY

Co-O Mine Drilling

The total drilling for the quarter was 12,503 metres, a 19% increase from the previous quarter. Drilling focussed on levels 5 and 7 (for definition), 8 and 10 (for resource). Resource drilling on levels 8 and 10 totalled 9,552 metres from 20 holes, while reserve definition drilling from levels 5 and 7 totalled 2,951 metres also from 20 holes.

High-grade results from the resource drilling completed include 9.75 metres @ 11.76 g/t gold, 2.20 metres @ 7.47 g/t gold, 0.50 metres @ 256.13 g/t gold and 0.70 metres @ 198.26 g/t gold.

The underground drilling campaign from Levels 8 and 10 targeting resource definition to levels 11 to 15 (Figure 4) continued to return good results. This program is aiming to increase and upgrade (net of depletion) to the current mineral resource through depth and strike extensions of the mineralised vein system between levels 10 to 15 (-300m to -550m RL).

Significant results obtained during the quarter are reported in Table II and relative positions shown in longitudinal section in Figures 3, 4 and 5.

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 5 | | | | | | | | | | | |
| L5-11E-001 | 614094 | 912900 | -46 | 201.1 | 0 | 0 | 40.10 | 41.10 | 1.00 | 5.92 | 5.92 |
| L5-37E-002 | 614357 | 912922 | -45 | 250.3 | 10 | -1 | 166.35 | 166.80 | 0.45 | 46.53 | 20.94 |
| L5-37E-003 | 614359 | 912920 | -45 | 234.5 | 55 | 1 | 183.00 | 184.10 | 1.10 | 14.70 | 16.17 |
| | | | | | | | 184.95 | 186.80 | 1.85 | 4.14 | 7.66 |
| | | | | | | | Including | | 1.00 | 5.47 | 5.47 |
| | | | | | | | | | 0.85 | 4.38 | 3.72 |
| L5-37E-004 | 614360 | 912922 | -45 | 227.7 | 35 | 4 | 119.95 | 120.50 | 0.55 | 12.61 | 6.94 |
| L5-37E-006 | 614357 | 912921 | -44 | 250.0 | 356 | 0 | 68.80 | 69.15 | 0.35 | 11.33 | 3.97 |
| | | | | | | | 183.10 | 183.70 | 0.60 | 63.39 | 38.03 |
| UNDERGROUND RESOURCE DRILLING - LEVEL 7 | | | | | | | | | | | |
| L7-30W-001 | 613658 | 912849 | -135 | 150.5 | 173 | 4 | 78.40 | 79.70 | 1.30 | 63.85 | 83.01 |
| | | | | | | | Including | | 0.30 | 42.95 | 12.89 |
| | | | | | | | | | 0.35 | 50.60 | 17.71 |
| | | | | | | | | | 0.25 | 124.70 | 31.18 |
| | | | | | | | | | 0.40 | 53.10 | 21.24 |
| L7-61E-001 | 614631 | 912936 | -138 | 150.4 | 20 | 1 | 67.95 | 68.40 | 0.45 | 9.50 | 4.28 |
| L7-61E-002 | 614631 | 912936 | -138 | 151.4 | 38 | 0 | 42.15 | 42.45 | 0.30 | 12.73 | 3.82 |
| | | | | | | | 46.00 | 46.80 | 0.80 | 8.13 | 6.50 |
| | | | | | | | 150.00 | 150.35 | 0.35 | 21.83 | 7.64 |
| L7-61E-003 | 614630 | 912933 | -138 | 100.9 | 155 | 2 | 43.50 | 44.50 | 1.00 | 16.93 | 16.93 |
| | | | | | | | 97.00 | 98.55 | 1.55 | 6.23 | 9.66 |
| | | | | | | | Including | | 1.00 | 5.57 | 5.57 |
| | | | | | | | | | 0.55 | 7.44 | 4.09 |
| L7-63E-002 | 614664 | 912931 | -138 | 150.3 | 53 | 1 | 31.20 | 31.65 | 0.45 | 20.00 | 9.00 |
| L7-71E-002 | 614679 | 912762 | -135 | 150.4 | 48 | 0 | 79.95 | 80.15 | 0.20 | 142.90 | 28.58 |
| | | | | | | | 96.50 | 97.10 | 0.60 | 29.20 | 17.52 |
| UNDERGROUND RESOURCE DRILLING - LEVEL 8 | | | | | | | | | | | |
| L8-2W-037 | 613993 | 913099 | -189 | 550.6 | 186 | -53 | 177.35 | 177.70 | 0.35 | 37.47 | 13.11 |
| | | | | | | | 442.10 | 442.50 | 0.40 | 47.83 | 19.13 |
| L8-72E-005 | 614700 | 912850 | -188 | 551.1 | 348 | -20 | 469.90 | 470.40 | 0.50 | 11.03 | 5.52 |
| L8-72E-006 | 614700 | 912850 | -188 | 550.1 | 353 | -14 | 43.95 | 44.15 | 0.20 | 165.20 | 33.04 |
| | | | | | | | 63.30 | 64.10 | 0.80 | 10.43 | 8.34 |
| L8-72E-007 | 614700 | 912850 | -188 | 550.1 | 359 | -21 | 46.10 | 46.80 | 0.70 | 198.26 | 138.79 |
| | | | | | | | Including | | 0.20 | 53.60 | 10.72 |
| | | | | | | | | | 0.50 | 256.13 | 128.07 |
| | | | | | | | 144.90 | 145.90 | 1.00 | 13.35 | 13.35 |
| | | | | | | | 161.10 | 162.10 | 1.00 | 18.94 | 18.94 |
| L8-72E-008 | 614701 | 912850 | -188 | 550.0 | 4 | -27 | 49.20 | 49.50 | 0.30 | 12.87 | 3.86 |
| L8-72E-009 | 614700 | 912850 | -188 | 550.1 | 3 | -18 | 41.85 | 42.10 | 0.25 | 16.83 | 4.21 |
| | | | | | | | 173.45 | 175.05 | 1.60 | 12.56 | 20.09 |
| | | | | | | | Including | | 1.00 | 4.43 | 4.43 |
| | | | | | | | | | 0.60 | 26.10 | 15.66 |
| | | | | | | | 271.15 | 271.50 | 0.35 | 14.82 | 5.19 |

| Hole Number | East | North | RL | Depth (metres) | Azim (°) | Dip (°) | From (metres) | To (metres) | Width (metres) | Gold (g/t) | Accumulations (gm*m) |
|---|--------|--------|------|----------------|----------|---------|---------------|-------------|----------------|------------|----------------------|
| L8-72E-010 | 614701 | 912850 | -188 | 550.0 | 14 | -24 | 45.50 | 47.70 | 2.20 | 7.47 | 16.42 |
| | | | | | | | Including | | 1.00 | 5.19 | 5.19 |
| | | | | | | | | | 0.20 | 16.17 | 3.23 |
| | | | | | | | | | 1.00 | 8.00 | 8.00 |
| | | | | | | | 92.70 | 93.30 | 0.60 | 64.00 | 38.40 |
| L8-72E-011 | 614701 | 912850 | -188 | 551.1 | 19 | -20 | 44.80 | 45.00 | 0.20 | 47.30 | 9.46 |
| | | | | | | | 45.55 | 46.75 | 1.20 | 36.64 | 43.97 |
| | | | | | | | Including | | 0.20 | 38.33 | 7.67 |
| | | | | | | | | | 1.00 | 5.64 | 5.64 |
| | | | | | | | | | 0.90 | 9.03 | 8.13 |
| L8-72E-012 | 614702 | 912850 | -188 | 550.1 | 24 | -25 | 113.00 | 113.90 | 0.90 | 9.03 | 8.13 |
| L8-72E-013 | 614700 | 912850 | -189 | 551.1 | 30 | -19 | 145.05 | 145.50 | 0.45 | 18.27 | 8.22 |
| UNDERGROUND RESOURCE DRILLING - LEVEL 10 | | | | | | | | | | | |
| L10-25E-001 | 614177 | 912696 | -292 | 551.1 | 6 | -10 | 42.25 | 42.80 | 0.55 | 23.52 | 12.94 |
| | | | | | | | 277.90 | 278.65 | 0.75 | 5.40 | 4.05 |
| | | | | | | | 318.65 | 319.90 | 1.25 | 7.27 | 9.09 |
| | | | | | | | Including | | 0.50 | 4.33 | 2.17 |
| | | | | | | | | | 0.75 | 9.23 | 6.92 |
| L10-25E-002 | 614178 | 912695 | -292 | 550.1 | 354 | -9 | 484.70 | 485.70 | 1.00 | 8.46 | 8.46 |
| | | | | | | | 267.00 | 267.80 | 0.80 | 22.27 | 17.82 |
| | | | | | | | 456.50 | 456.80 | 0.30 | 15.83 | 4.75 |
| L10-50E-001 | 614525 | 913101 | -288 | 551.1 | 160 | -12 | 97.10 | 99.10 | 2.00 | 10.52 | 21.04 |
| | | | | | | | Including | | 1.00 | 10.67 | 10.67 |
| | | | | | | | | | 1.00 | 10.37 | 10.37 |
| | | | | | | | 99.40 | 100.40 | 1.00 | 5.85 | 5.85 |
| | | | | | | | 126.15 | 135.90 | 9.75 | 11.76 | 114.63 |
| | | | | | | | Including | | 1.00 | 19.47 | 19.47 |
| | | | | | | | | | 1.00 | 23.97 | 23.97 |
| | | | | | | | | | 1.00 | 7.50 | 7.50 |
| | | | | | | | | | 1.00 | 4.77 | 4.77 |
| | | | | | | | | | 1.00 | 32.23 | 32.23 |
| | | | | | | | | | 1.00 | 3.84 | 3.84 |
| | | | | | | | | | 1.00 | 13.60 | 13.60 |
| | | | | | | | | | 1.00 | 3.36 | 3.36 |
| | | | | | | | | | 1.00 | 3.17 | 3.17 |
| | | | | | | | | | 0.75 | 3.63 | 2.72 |
| L10-50E-002 | 614524 | 913104 | -288 | 551.1 | 167 | -29 | 78.95 | 80.10 | 1.15 | 6.57 | 7.56 |
| | | | | | | | Including | | 0.40 | 9.50 | 3.80 |
| | | | | | | | | | 0.75 | 5.01 | 3.76 |
| | | | | | | | 254.10 | 254.80 | 0.70 | 19.83 | 13.88 |
| | | | | | | | 434.60 | 435.60 | 1.00 | 83.00 | 83.00 |
| L10-50E-003 | 614524 | 913104 | -288 | 550.1 | 184.052 | -29 | 73.40 | 74.55 | 1.15 | 29.92 | 34.41 |
| | | | | | | | Including | | 0.40 | 3.41 | 1.36 |
| | | | | | | | | | 0.75 | 44.06 | 33.05 |
| | | | | | | | 243.60 | 244.60 | 1.00 | 6.22 | 6.22 |
| | | | | | | | 311.80 | 312.30 | 0.50 | 25.87 | 12.94 |
| | | | | | | | 397.35 | 398.10 | 0.75 | 5.01 | 3.76 |
| | | | | | | | 425.15 | 425.65 | 0.50 | 25.57 | 12.79 |

Notes:

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

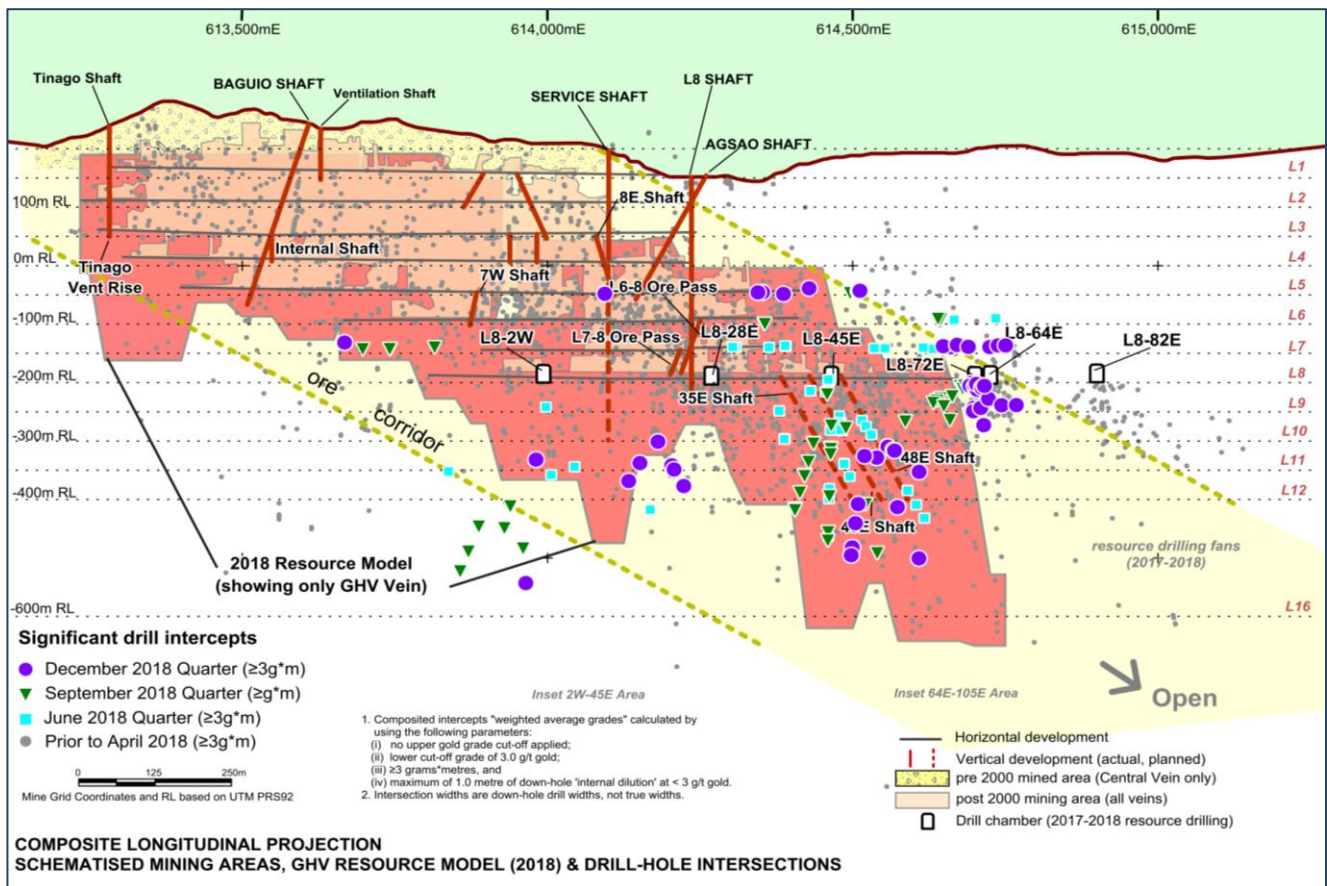


Figure 3: Co-O Mine Longitudinal Projection showing composited mining depletion, vertical development, Ore Reserves limits, and significant drill intercept locations (including previously reported). Note that the ore reserve limits are updated with the 2018 Resource Model.

Figure 4 below shows a more detailed location of the significant results. The numbers represent grade*metres (far right column on Table II). Drilling in the December 2018 quarter continued to return high-grade assay results. It is also worth noting that new significant intercepts were drilled below level 12 past the projected ore corridor (i.e. at position 28E).

Note, the close spacing of results reflects there are multiple veins and that the drill station is close to the structures (Figure 4).

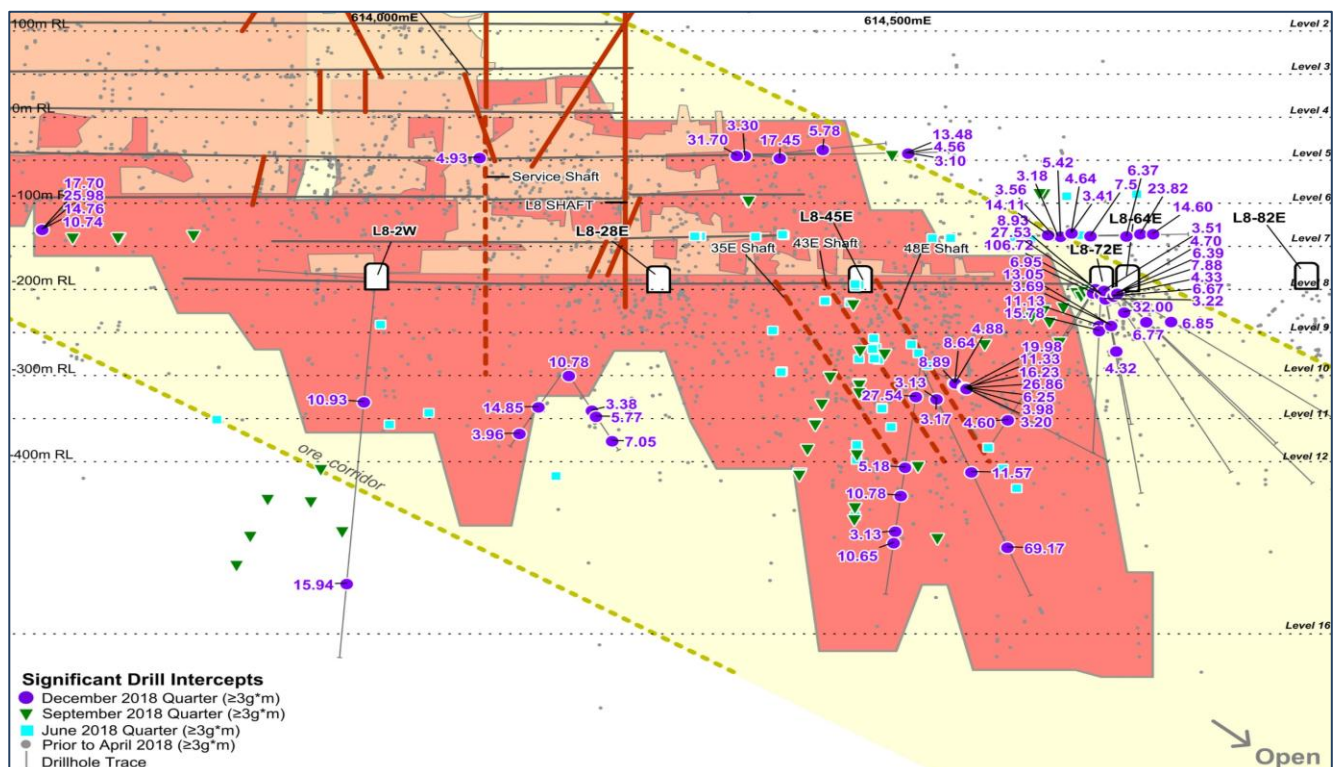


Figure 4: Significant drill intercepts for the December 2018 Quarter.

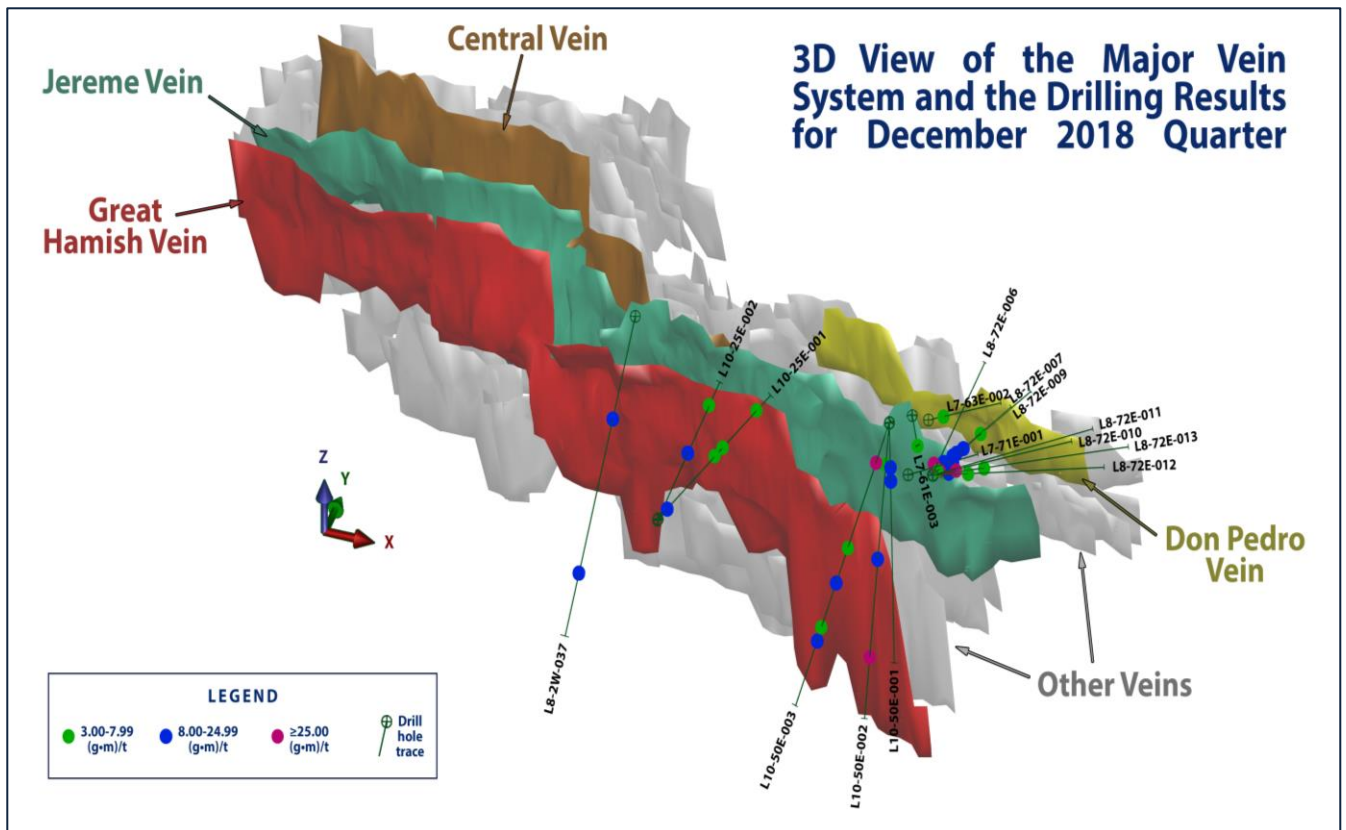


Figure 5: 3D View of the Co-O Vein System and significant drill intercepts for the December 2018 Quarter.

Following the commissioning of the E15 Shaft and unconstrained access to levels 9 and 10, it is expected further drilling from underground positions has high potential to increase the existing resources on the Great Hamish, Jereme and Don Pedro Veins.

Co-O SURFACE EXPLORATION

Near Mine Surface Exploration (MinEx)

Previous data mining and review identified two potential drillable prospects located within 3 km of the Co-O Mine. These prospects are located within the approved tenement designated as MPSA 262 Parcel 2 and are referred to as the Royal Crowne Vein and Durian prospects (Figure 7).

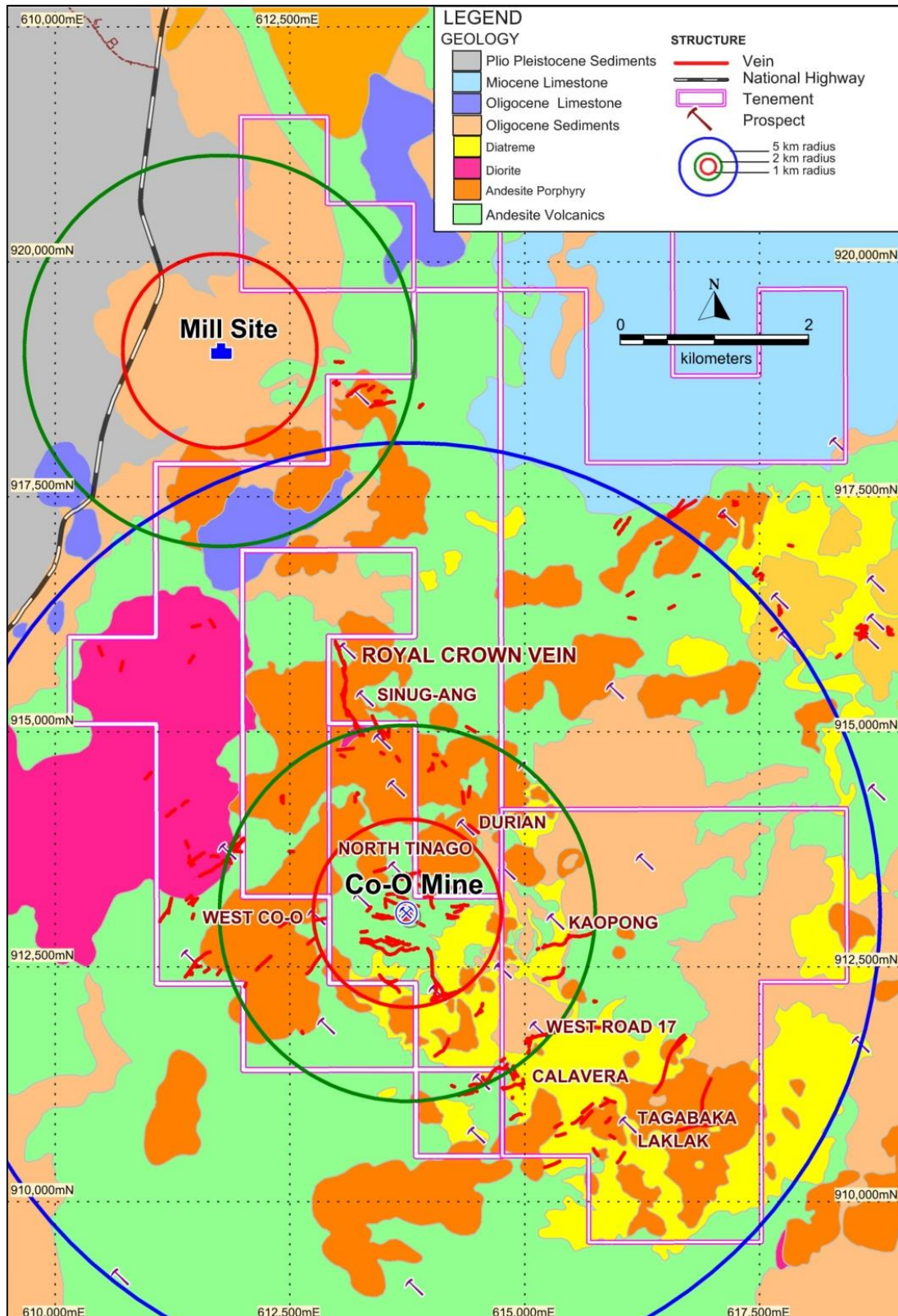


Figure 7: Updated geologic map of the Co-O Mine District showing the location of Durian Prospect in relation to Co-O Mine and other prospects within.

Royal Crowne Vein Prospect

The Royal Crowne Vein Prospect corresponds to a 200+ metre projected vein segment along the northern portion of the 1,500 metres long Sinug-ang vein system.

Drill validation of the 500 metres long NNW-trending Royal Crowne Vein in the historic Old Sinug-ang small-scale mining area was completed on 27 November 2018, comprising of 20 holes with total drill metreage of 5,087 metres. For the December 2018 quarter, 14 holes were completed with cumulative meterage of 3,496 metres. A total of 1,278 core samples were sent to Intertek, and all outstanding assay results received by 17 December 2018.

From the 1,401 assay results received during the December 2018 Quarter, 87 samples returned significant grades above 1.0 g/t gold, out of which 19 samples returned grades above 3.0 g/t gold and 10 samples returned grades above 5.0 g/t gold. The peak assay was 1.0 metre @ 30.63 g/t gold from SNG035 starting at 119.55 metres and is associated with quartz-sulphide stockworks. Significant intercepts with grades above 3.0 g/t gold are shown in Figure 8.

Geological interpretation and modelling are ongoing, as input and basis to the subsequent resource estimation.

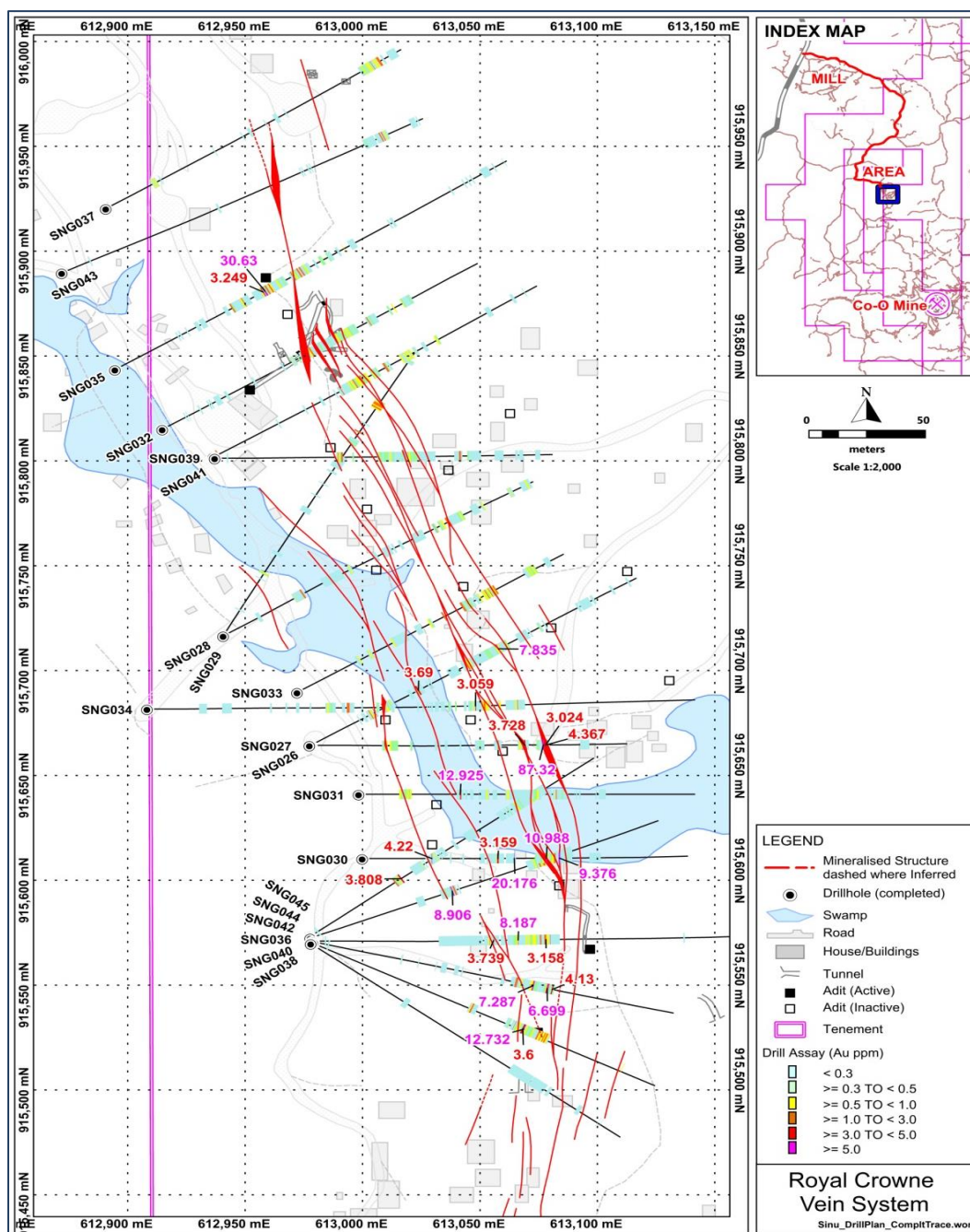


Figure 8: Summary of significant intercepts above 3.0 g/t gold for drill holes completed in the 2nd Quarter of FY 2018/19

Durian Prospect

The Durian Prospect is located about 1 km north of the Co-O Mine (Figures 8 & 9) and is defined by an oblong-shaped moderate to high IP chargeability anomalous zone with coincident low resistivity anomalous zones. The geometry of the IP anomaly suggests the potential presence of a structurally-controlled vein-style mineralisation associated with a diatreme structure and/or shallow intrusion.

A revised 7-hole 2,500 metres drilling program is scheduled commencement in the March 2019 quarter to test the IP chargeability anomaly in the Durian Prospect (Figure 8).

In the Western portion of the Durian prospect four drill holes are proposed to validate the observed IP chargeability anomalies associated with outcropping moderate grade (i.e. 1 to 3 g/t gold) veins and stockworks, and moderate to high grade (i.e. > 5.0 g/t gold) historical drill intercepts. These are in addition to the initial three proposed drill holes established targeting the Eastern portion of the IP chargeability anomaly.

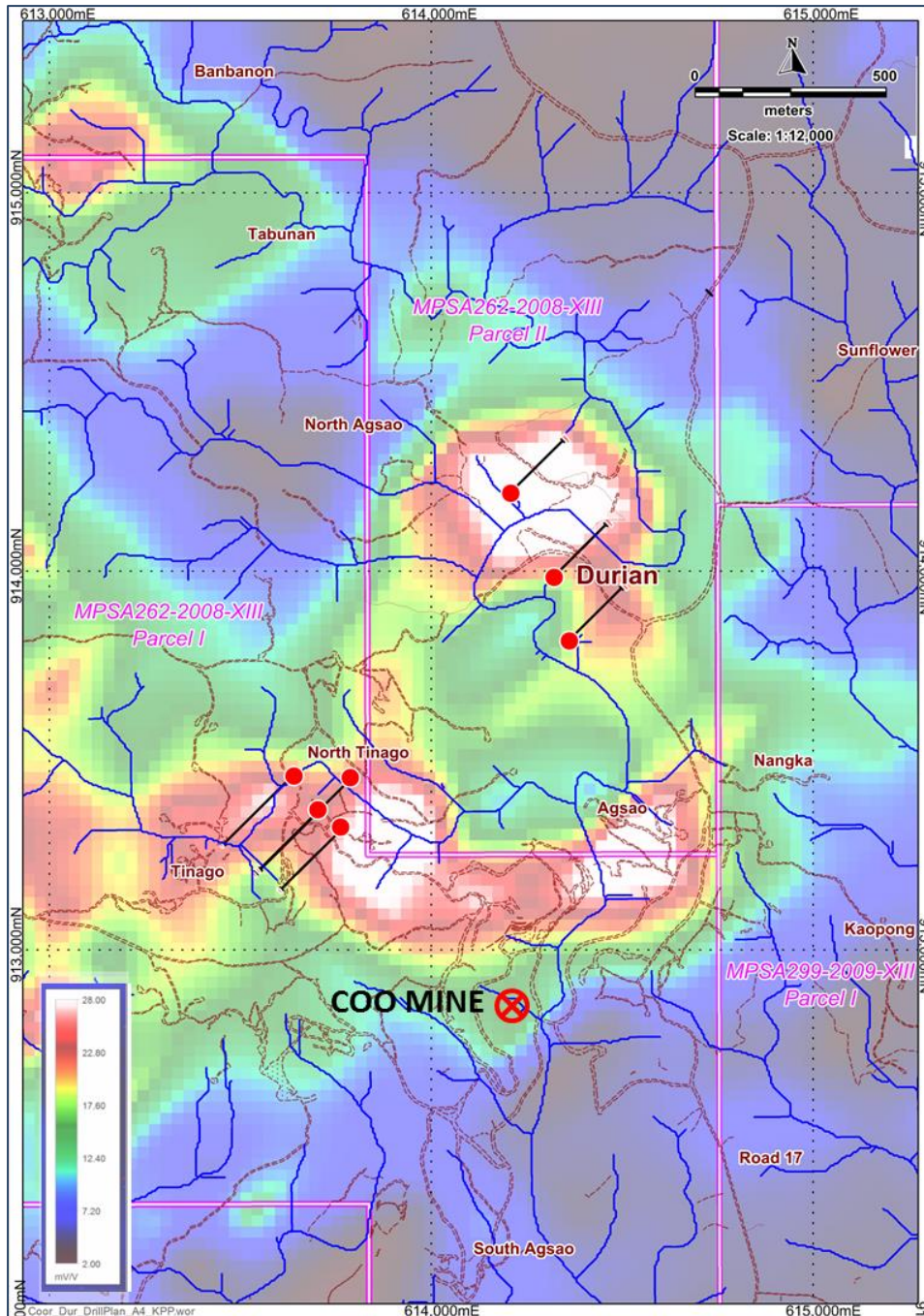


Figure 9: Map showing the IP chargeability anomaly at a depth slice of -45m, and proposed drill holes.

REGIONAL EXPLORATION (NEW PROJECT GENERATION)

The compilation, screening and selection of potential new gold projects in the Asia Pacific region remains an ongoing activity.

Epithermal Gold and Porphyry Cu-Au projects (Queensland, Australia):

The Company and its JV partner, Ellenkey Gold Pty Ltd, are continuing to focus on working closely with landowners to progress the required agreements to secure drill access to both projects. In addition, engagement with Native Title holders to prepare for clearance of the initial drill programs at both Mt Clark West (porphyry copper-gold project) and Hill 212 (epithermal gold project) is also continuing.

During the quarter, advancements have also been made to secure highly-reputable drilling contractors and quality service providers for support logistics. Thus, once land access agreements and Cultural Heritage surveys are completed, it is anticipated drilling on both projects can start quickly and be completed to a high standard.

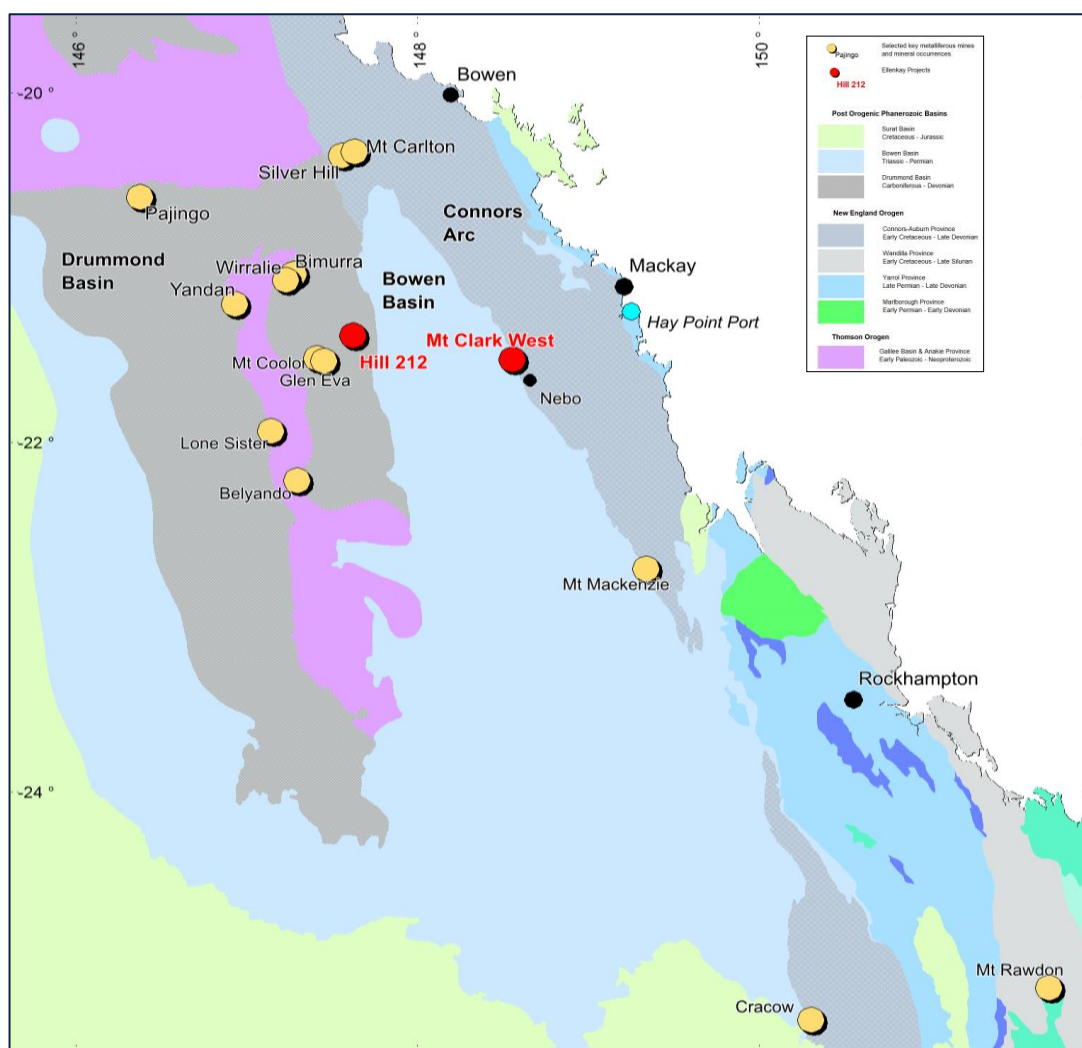


Figure 10: Location map showing the two projects (red dots)

CORPORATE:

The Company expects to provide an update in relation to the appointment of a CEO during the March Quarter.

FINANCIALS (un-audited)

As at 31 December 2018, the Company had total cash and cash equivalent in gold on metal account of approximately US\$14.6 million (30 September 2018: US\$11.8 million).

The Company sold 24,160 ounces of gold at an average price of US\$1,231 per ounce in the December 2018 quarter (September 2018 quarter: 23,818 ounces sold at an average price of US\$1,206 per ounce).

During the December 2018 quarter, the Company incurred;

- Exploration expenditure (inclusive of underground exploration) of US\$2.5 million (September 2018 quarter: US\$1.8 million);
- US\$2.3 million on capital works (inclusive of new Service Shaft) and associated sustaining capital at the mine and mill (September 2018 quarter: US\$3.7 million);
- US\$6.7 million on continued mine development (September 2018 quarter: US\$6.9 million); and
- Corporate overheads of US\$1.6 million (September 2018 quarter: US\$1.2 million).

In addition to the expenses highlighted above, which form part of AISC of US\$1,156 per ounce for the December 2018 quarter (September 2018 quarter: AISC of US\$1,126 per ounce), the Company also expended cash in the following areas during the quarter:

- Net increase in creditors/borrowings of approximately US\$4.7 million;
- Net decrease in warehouse inventory and receivables of approximately US\$0.1 million;
- Net decrease of indirect value added tax (refundable in tax credits) of approximately US\$1.2 million due to the conversion of the credits into cash of US\$3.3 million; and
- Income Tax and interest payments totalling approximately US\$6.3 million.

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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 General Manager, 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 (JORC)." 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 | <ul style="list-style-type: none"> <i>Nature and quality of sampling (e.g. 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.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> <i>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 (e.g. '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 (e.g. submarine nodules) may warrant disclosure of detailed information.</i> | <ul style="list-style-type: none"> Diamond Drill (DD) core and stope face channel samples are the two main sample types. 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 | <ul style="list-style-type: none"> <i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i> | <ul style="list-style-type: none"> 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 surface holes, drill holes 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 | <ul style="list-style-type: none"> <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> <i>Measure taken to maximize sample recovery and ensure representative nature of the samples.</i> <i>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.</i> | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> <i>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.</i> <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> <i>The total length and percentage of the relevant intersections logged.</i> | <ul style="list-style-type: none"> Core samples have been logged geologically and geotechnically to a level of sufficient detail to support appropriate mineral resource estimation, mining and metallurgical studies. Lithology, mineralisation, alteration, oxidation, sulphide mineralogy, RQD, fracture density, core recovery 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 | <ul style="list-style-type: none"> <i>If core, whether cut or sawn and whether quarter, half or call core taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> | <ul style="list-style-type: none"> All current 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 |
|---|---|--|
| | <ul style="list-style-type: none"> <i>Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples.</i> <i>Measures taken to ensure that the sampling is representative of the in situ material collected including for instance results for field duplicate/second-half sampling.</i> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> | <ul style="list-style-type: none"> 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. Core sample submission sizes vary between 2-5kg depending on core size, sampling interval, and recovery. The assay sample sizes are considered to be appropriate for the style of mineralisation. |
| Quality of assay data and laboratory tests | <ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> <i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i> | <ul style="list-style-type: none"> 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 $\pm 20\%$ 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 | <ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i> | <ul style="list-style-type: none"> Suitably qualified surveyors and/or experienced personnel, using total station survey equipment locate all drill hole 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 |
|--|--|--|
| | | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> <i>Data spacing for reporting of Exploration Results.</i> <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied</i> <i>Whether sample compositing has been applied.</i> | <ul style="list-style-type: none"> Prior to 2015, surface exploration drill holes 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 have 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 | <ul style="list-style-type: none"> <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> <i>If the relationship between the drilling orientation and the orientation of key mineralized structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> | <ul style="list-style-type: none"> Mineralisation is hosted within narrow, typically <2m wide quartz veins. 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 drill holes 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 | <ul style="list-style-type: none"> <i>The measures taken to ensure sample security.</i> | <ul style="list-style-type: none"> Drilling is supervised by 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 | <ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> | <ul style="list-style-type: none"> In September 2018, 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 accredited to ISO 14001: 2015. A yearly independent audit by a third party is scheduled in May 2019. Since October 2016, the Philsaga laboratory was visited several times by Mr JP Llorca. Since 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 | <ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area. | <ul style="list-style-type: none"> The Co-O mine 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 | <ul style="list-style-type: none"> Acknowledgement and appraisal of exploration by other parties. | <ul style="list-style-type: none"> The Co-O mine was originally developed in 1989 by Banahaw Mining and Development Corporation ("BMDC"), a wholly owned subsidiary of Musselbrook Energy and Mines Pty Ltd. The operation closed in 1991 and was placed on 'care and maintenance' until its purchase by 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 | <ul style="list-style-type: none"> Deposit type, geological setting and style mineralisation. | <ul style="list-style-type: none"> The Co-O deposit is an intermediate sulphidation, epithermal gold (+Ag ±Cu±Pb±Zn) vein system. The deposit is located in the Eastern Mindanao volcano-plutonic belt of the Philippines. |
| Drill hole Information | <ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> Easting and northing of the drill hole collar Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar Dip and azimuth of the hole Down hole length and interception depth Hole length If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not distract from the understanding of the report, the Competent Person should clearly explain why this is the case. | <ul style="list-style-type: none"> Detailed information in relation to the drill holes 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 drill hole 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 | <ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade result, the procedure used for aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. | <ul style="list-style-type: none"> No top cutting of assays 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 | <ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. | <ul style="list-style-type: none"> 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. |

| Criteria | JORC Code explanation | Commentary |
|---|--|--|
| | <ul style="list-style-type: none"> <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i> | <ul style="list-style-type: none"> The orientation of the veins is typically E-W, with variations from NE-SW to NW-SE with dips varying from flat-lying to steep to the north. Surface drill holes 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. All drill results are downhole intervals due to the variable orientation of the mineralisation. |
| Diagrams | <ul style="list-style-type: none"> <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported these should include but not limited to a plan view of drill hole collar locations and appropriate sectional views.</i> | <ul style="list-style-type: none"> A longitudinal section is included showing significant assay results locations (Figures 4 & 5). Tabulated intercepts are included as Table II. |
| Balanced reporting | <ul style="list-style-type: none"> <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> | <ul style="list-style-type: none"> Significant intercepts have previously been reported for all DD drill holes 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 | <ul style="list-style-type: none"> <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater; geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> | <ul style="list-style-type: none"> No other substantive exploration data has been acquired or considered meaningful and material to this announcement. |
| Further work | <ul style="list-style-type: none"> <i>The nature and scale of planned further work (e.g. tests for lateral extensions of depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling area, provided this information is not commercially sensitive.</i> | <ul style="list-style-type: none"> Recent drilling focused on the eastern geological limits of GHV from Levels 9 to 15 with less than favourable results due to the disruptive diatreme. However, the GHV shows mineralisation at L16. Also, from L-9 to 15, the northern veins indicate the favourable mineralisation. Mineralisation is still open to the east down plunge, 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. |

APPENDIX B:

Tenement Schedule (as at 31 December 2018)

| Name | Tenement ID | Registered Holder | Company's Interest ^{at} | | Royalty ¹ | Area (hectares) at | |
|-----------|-------------------------------|-------------------|----------------------------------|-------------|----------------------|--------------------|-------------|
| | | | 30 September 2018 | 31 Dec 2018 | | 30 September 2018 | 31 Dec 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% GSR | 7,111 | 7,111 |
| Sinugang | EPS 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
EP Granted Exploration Permit

APSA Application for Mineral Production Sharing Agreement
EPA Application for Exploration Permit

Registered Holders

PMC Philsaga Mining Corporation

BMMRC Base Metals Mineral & Resources Corporation

Phsamed Phsamed Mining Corporation

Philcord Mindanao Philcord Mining Corporation

Corplex Corplex Resources Incorporated

Philex Philex Gold Philippines Incorporated

Das-Agan Das-Agan Mining Corporation

Apmedoro APMEDORO Mining Corporation

Salcedo Neptali P. Salcedo

Royalty

NPI Net Profit Interest

NSR Net Smelter Royalty

GSR Gross Smelter Royalty