MEDUSA MINING LIMITED
ABN: 60 099 377 849

Unit 7, 11 Preston Street
Como WA 6152

PO Box 860
Canning Bridge WA 6153

Telephone: +618-9367 0601
Facsimile: +618-9367 0602

Email: admin@medusamining.com.au
Internet: www.medusamining.com.au

ANNOUNCEMENT

4 September 2015

ANNUAL MINERAL RESOURCES UPDATE STATEMENT

(ASX: MML)

Medusa Mining Limited ("Medusa" or the "Company"), through its Philippines affiliate, Philsaga Mining Corporation ("Philsaga"), advises that it has completed the annual review and update to its Mineral Resource estimates for the year to 30 June 2015.

Mineral Resources

Co-O Mine

Total Inferred and Indicated Mineral Resources for the Co-O Mine are now estimated at 3.50 million tonnes at a grade of 10.2 g/t gold for a total 1.15 million ounces gold, compared to the estimate reported on 25 September 2014 of 4.34 million tonnes at a grade of 10.1 g/t gold for a total 1.41 million ounces gold (Table I).

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

- mining depletion of 105,000 oz (98,359 oz recovered), plus untreated, mined low grade material ;
- inclusion of further underground drilling results and development, resulting in an upgrade in the classification of Inferred to Indicated Resources;
- reduction of some interpreted vein thicknesses at depth, in the Inferred category based on vein development in the upper levels,
- the addition of a higher proportion of internal waste to reflect the discontinuous nature of some veins;
- application of a revised lower cut-off grade to use an accumulation of 3.2 gram*metres/tonne to incorporate a minimum mining width above cut-off grade;
- improved survey practice, resulting in better stope definition, and
- revision of availability of in-situ pillars due to mining access.

Despite the mining depletion of 105,000 ounces in FY2015, the amount of ounces in the Indicated Resource category remains largely unchanged, at a slightly higher grade. This is a result primarily of conversion from Inferred to Indicated Resources by infill drilling and development, rather than extensional resource drilling.

Bananghilig and Saugon Projects

Total Inferred and Indicated Mineral Resources for the Bananghilig Gold Deposit (24.52 million tonnes at a grade of 1.44 g/t gold) and Saugon Gold Deposit (81,500 tonnes at a grade of 5.97 g/t gold), remain unchanged from 2013, and were prepared and first disclosed under the JORC Code 2004. It has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The re-interpreted Bananghilig Deposit geology will be used for a revised resource estimate to be completed by the end of December 2015.

Table I. Mineral Resources at 30 June 2015

Deposit	Category	Tonnes [4]	Grade [4] (g/t gold)	Gold [4] (ounces)
MINERAL RESOURCES [1]				
Co-O Resources [2]	Indicated	1,546,000	12.2	604,000
(JORC Code 2012)	Inferred	1,958,000	8.6	545,000
Total Co-O Resources	**Indicated & Inferred**	**3,504,000**	**10.2**	**1,149,000**
Bananghilig Resources [3]	Indicated	16,060,000	1.5	766,000
(JORC Code 2004)	Inferred	8,460,000	1.4	370,000
Total Bananghilig Resources	**Indicated & Inferred**	**24,520,000**	**1.4**	**1,136,000**
Saugon Resources [3]	Indicated	47,500	7.0	10,700
(JORC Code 2004)	Inferred	34,000	4.6	5,000
Total Saugon Resources	**Indicated & Inferred**	**81,500**	**6.0**	**15,700**
Total Resources	Indicated	17,653,500	2.4	1,380,700
Total Resources	Inferred	10,452,000	2.7	920,000
TOTAL RESOURCES	**Indicated & Inferred**	**28,156,500**	**2.6**	**2,300,700**

Notes:

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

Mineral Resources:

Co-O:

- a minimum lower cut-off of 3.2 gram*metres/tonne accumulation, which incorporates a minimum mining width above cutoff grade;
- various upper cut-off gold grades up to 300 g/t gold have been applied to different veins, and
- a gold price of US$1,500 has been applied

Bananghilig:

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

Saugon:

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

Geoff Davis, Chief Executive Officer of Medusa, commented:

The new snapshot of resources as at 30 June 2015 shows we have maintained our Indicated Resources at a similar level as at June 2014 after mining depletion. This validates the infill drilling emphasis undertaken during the year.

Once the new reserve estimates are completed shortly, it is expected that the level of reserves should be maintained within the same range as the previous 6 years, a very consistent record. Whilst Inferred Resources have reduced primarily through less extensional drilling to replace converted resources, it is planned that the drilling due to commence from Level 8 in the December quarter will be a combination of extensional and infill drilling, and which should extend the resources to depth."

Mineral Resource Assumptions

Mineral Resources includes all exploration and resource definition drilling information up to 31 May 2015, and has been depleted for mining to 30 June 2015. A US$1,500 per ounce gold price has been used for reporting Mineral Resources:

JORC Code 2012 Requirements

This annual statement of Mineral Resources has been prepared in accordance with the JORC Code 2012 for the Co-O Mine only.

The Mineral Resources for the Bananghilig and Saugon Deposits were first disclosed under the JORC Code 2004 and have not been updated to JORC Code 2012 requirements. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Revised interpretations for the Bananghilig Deposit will be used for an update to the resource estimate to be completed by the end of December 2015 and reported in accordance with JORC Code 2012.

The Company's Mineral Resource summary is tabulated in Table I. Material Information for the individual projects, including a Material Information Summary pursuant to ASX Listing Rules 5.8 and 5.9 and the Assessment and Reporting Criteria in accordance with JORC Code 2012 requirements, is included below and in Appendix A to this announcement.

Co-O MINERAL RESOURCE DISCUSSION

Figure 1 is a perspective view of the Co-O Deposit resource model showing the major veins being GHV, Jereme and Central Veins in colour and associated sub-parallel and link veins in grey, and development as at 30 June 2015.

Underground Drilling

Indicated Category

In FY2015, the focus of underground drilling and development was to upgrade resources, which had previously been classified as Inferred, into the Indicated category. This programme was successful in that the current Indicated Resource is relatively unchanged compared to the FY2014 Indicated Resource, despite the fact that 105,000 ounces have been depleted by mining.

Inferred Category

There was limited drilling to the east and down plunge which focussed on extensions to the deposit. Drilling at the western part of the deposit, did not intercept any additional significant mineralisation. As a consequence of this, there has not been an overall increase in the total resource.

Current development (Figs 2 and 3) has focussed on establishing drill chambers on Level 8, to accommodate the newly acquired deeper capacity drilling rigs, for a programme of deep drilling for strike extensions to the east and down plunge extensions.

It is anticipated that this drilling will commence in the December quarter 2015, and complete 15,000 to 20,000 metres of diamond coring aimed at increasing the total mineral resource.

Mineral Resource Estimation Methodology

The FY2015 Resource estimate was carried out by Philsaga's geological staff under the direction of Mr Gary Powell, (Manager Geology and Resources). The estimates were checked in detail by Carras Mining Pty Ltd, who acted in the capacity as independent external auditor.

The method was identical to the procedure used by Mr Mark Zammit of Cube Consulting Pty Ltd ("Cube") of Perth, Western Australia, for the FY2014 Mineral Resource estimate update (refer announcement of 25 September 2014).

Mr Zammit also carried out a high level review of the methodology implemented by Philsaga personnel and concluded that "the same general approach used in the past has been adopted for the current updated resource estimate. Differences between the previous 2014 model and the updated model have been attributed to additional information from grade control, depletion and improved survey practices".

Resource Vein Modelling

A wireframe model of the vein system and the mine depletions were based on all available information as at 31 May 2015 (Figure 1). A Bulk Density value of 2.62 was used for mineral resource estimations.

Philsaga has applied a 2D longitudinal modelling approach (as used in all previous estimates by Cube) based on an accumulation variable incorporating mineralised vein horizontal width and intercept grade. Each sample within a mineralised vein was assigned a unique code. This coding was used to control compositing. Mineralised vein grades were composited across the entire coded interval resulting in a single intercept composite.

Block estimates were based on interpolation into 25mE x 25mRL cells. Block discretisation points, required for block kriging were set to 5 x 5 points in the longitudinal plane.

Variography was used to analyse the spatial continuity of the horizontal width and accumulation variables within the mineralised veins and to determine appropriate estimation inputs to the interpolation process. The accumulation variables were interpolated into blocks using Ordinary Kriging. Various high-grade gold limits were applied to individual veins prior to the calculation of the accumulation variable.

Mining depletions as of 30th June 2015 were stamped into the 3D block model using the 2D string outlines digitised from the Co-O Mine long sections, as provided by Philsaga's survey department.

Mineral Resource Estimation

The Co-O Mineral Resources have been estimated and reported in accordance with the guidelines of the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012).

The criteria used for resource classification include:

- Geological continuity and vein volume;
- Data quality;
- Data spacing and mining information;
- Modelling technique; and
- Estimation properties including search strategy, number of informing composites, average distance of composites from blocks and kriging quality parameters such as slope of regression (unchanged from FY2014 resource estimates).

In addition to the above, the following economic parameters were considered when assessing the requirement for reasonable prospects for economic extraction:

- Gold price of USD1,500 per ounce, and
- Minimum diluted grade x width (accumulation) of 3.2 gram•metres/tonne to incorporate a minimum mining width above cutoff grade.

The Indicated Resource boundary was drawn to encompass those blocks with higher estimation qualities, typically within areas defined by drill hole data closer than 50 metres x 50 metres and usually approaching 25 metres x 25 metres and/or with the inclusion of underground mine development where geological and volume continuity is well established.

Inferred Resource areas reflect identified veins where there is no mining information and with limited drill hole data.

There were no Measured Resources defined 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 final reporting of the Mineral Resource is undiluted above a 3.2 gram•metres/tonne cut-off, which incorporates a minimum mining width above cut-off grade.

Variography, search criteria and high grade cutting methodologies were as per those used for FY2014.

Comparison with Previous Resource Statement

A comparison between the FY2015 Mineral Resource and that stated for 30 June 2014 in Table II shows that the Indicated Resource ounces have remained almost unchanged, at a slightly higher grade, despite having mined 105,000 ounces in FY2015. This means that the depletion has been replaced, mainly by upgrading FY2014 Inferred Resources.

The slightly higher grade of the Indicated category is attributable to the application of an accumulation cut-off grade, and development of higher grade stoping areas, particularly in the lower levels of the mine (Levels 6 to 8), confirming the high grade nature of the ore.

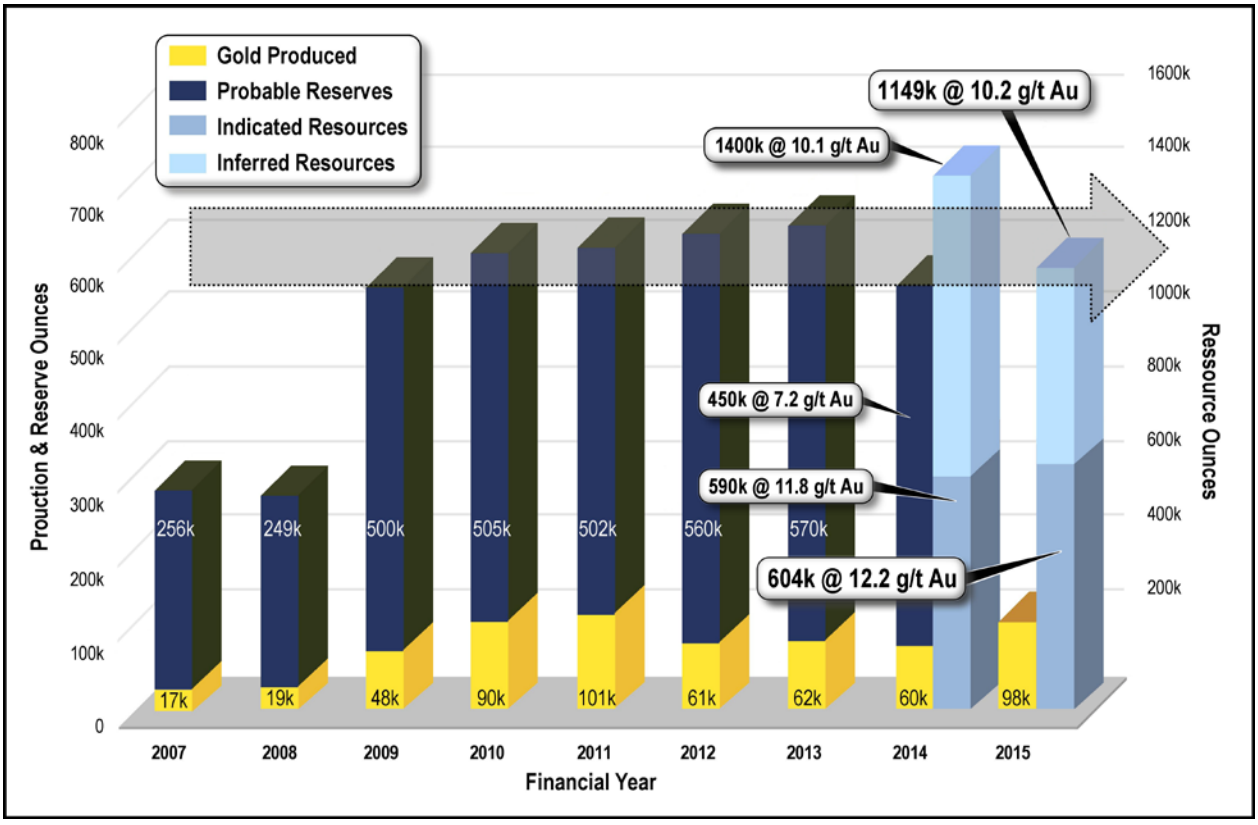
The Inferred Resource has been reduced as a consequence of the upgrading of Inferred to Indicated and other factors, including:

- a minimal amount of drilling being carried out along strike to the east and down plunge to add resources;
- drilling at the western part of the deposit did not intersect significant mineralisation;
- reduction of some interpreted vein widths to reflect the widths of veins as seen in the upper levels of the mine;
- the addition of a higher proportion of internal waste to reflect the discontinuous nature of some veins;
- some mining of previously stated inferred resources, and
- mining and depletion continuing since the previous resource statement.

Table II Comparison summary of the total undiluted Co-O Mineral Resources at a block cut-off grade above 3.2 gram*metres/tonne gold (accumulation) for 30 June 2015, and above 3.0 g/t gold for 30 June 2014.

Category	30 June 2014			30 June 2015			Variance		
	Tonnes	Au (g/t)	Au (oz)	Tonnes	Au (g/t)	Au (oz)	Tonnes	Au (g/t)	Au (oz)
Indicated	1,560,000	11.8	590,000	1,546,000	12.2	604,000	-1%	3%	2%
Inferred	2,780,000	9.2	820,000	1,958,000	8.6	545,000	-30%	-6%	-34%
Total	**4,340,000**	**10.1**	**1,410,000**	**3,504,000**	**10.2**	**1,149,000**	-19%	1%	-19%

Notes: Mineral Resources are reported inclusive of Ore Reserves.



Graph showing Production, Ore Reserves and Mineral Resources status since 2007, demonstrating the Co-O Mine's history of increasing resources and replacing mine depletion.

Notes: Financial years 2007 to 2013 (inclusive) – Ore Reserve ounces are classified under JORC Code 2004 guidelines.
Financial years 2014, 2015 – Mineral Resource and Ore Reserve ounces are classified under JORC Code 2012 guidelines.

BANANGHILIG GOLD DEPOSIT

Mineral Resources

On 8 August 2013, a total combined Indicated and Inferred Resources of 24,520,000 tonnes was reported containing 1,136,000 ounces at a grade of 1.44 g/t including an Indicated Resource of 766,000 ounces at 1.48 g/t gold, using a 0.8 g/t gold lower cut-off applied to the resource estimate. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

During FY2014, there has been an ongoing programme of detailed surface and underground mapping and sampling, in conjunction with re-interpretation of mineralisation domains. It is anticipated that resource modelling and grade estimation will be completed by December 2015 to upgrade the resource statement for Bananghilig to comply with the guidelines of the JORC 2012 Code.

SAUGON GOLD DEPOSIT

Mineral Resources

Cube Consulting Pty Ltd completed a resource estimate for the First Hit Vein (refer March 2013 Quarterly Report). A lower cut-off of 2 g/t gold was used for reporting, resulting in an Indicated Resource of 47,000 tonnes at 6.99 g/t gold containing 10,700 ounces and an Inferred Resource of 34,000 tonnes at 4.55 g/t gold containing 5,000 ounces. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

MINERAL RESOURCES AND ORE RESERVES GOVERNANCE STATEMENT

In accordance with ASX Listing Rule 5.21.5, governance of Medusa's Mineral Resources and Ore Reserves development and management activities is a key responsibility of the Executive Management of the Company.

Independent geological and mine engineering consultants to Medusa oversee reviews and technical evaluations of the estimates and evaluate these with reference to actual physical, cost and performance measures. The evaluation process also draws upon internal skill sets in operational and project management, ore processing and commercial/financial areas of the business.

Mr Gary Powell (in consultation with nominated industry consultants) is responsible for monitoring the planning, prioritisation and progress of exploratory and resource definition drilling programs across the Company and the estimation and reporting of resources and reserves. These definition activities are conducted within a framework of quality assurance and quality control protocols covering aspects including drill hole siting, sample collection, sample preparation and analysis as well as sample and data security.

A four-level compliance process guides the control and assurance activities, viz:

- Provision of internal policies, standards, procedures and guidelines.
- Mineral resources and ore reserves reporting based on well-founded geological and mining assumptions and compliance with external standards such as the Australasian Joint Ore Reserves Committee (JORC) Codes.
- External review of process conformance and compliance.
- Internal assessment of compliance and data veracity.

The Executive Management aims to promote the maximum conversion of identified mineralisation into JORC Code 2012 compliant Mineral Resources and Ore Reserves.

Medusa reports its mineral resources and ore reserves on an annual basis, in accordance with ASX Listing Rule 5.21 and clause 14 of Appendix 5A (the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, or the "JORC code", 2004 Edition and the 2012 Edition). Mineral resources are quoted inclusive of ore reserves.

Competent Persons named by Medusa are members of the Australasian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists, and qualify as Competent Persons as defined in the JORC Code 2012.

For further information please contact:

Geoff Davis, Chief Executive Officer +61 8 9367 0601

JORC COMPLIANCE - CONSENT OF COMPETENT PERSONS

Medusa Mining Limited

Information in this report relating to **Exploration Results** and **Mineral Resources** has been directed and reviewed by Mr Gary Powell, and is based on information compiled by Philsaga Mining Corporation's Co-O mine-site technical personnel. Mr Powell is a member of The Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy. Mr Powell is Manager – Geology and Resources, and is a full time employee of Medusa Mining Ltd, 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 Powell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Carras Mining Pty Ltd

Dr Spero Carras of Carras Mining Pty Ltd has acted as Independent Auditor of the Mineral Resources, and in this capacity Carras Mining Pty Ltd carried out parallel studies to validate the Mineral Resources estimated by Philsaga Mining Corporation's Co-O mine-site technical personnel. Dr Carras is a Fellow of the Australasian Institute of Mining & Metallurgy and has more than 30 years of experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Carras consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Cube Consulting Pty Ltd

Mr Mark Zammit of Cube Consulting Pty Ltd has conducted a high level review of the mineral resource estimation methodology. Mr Zammit is a member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Zammit consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DISCLAIMER

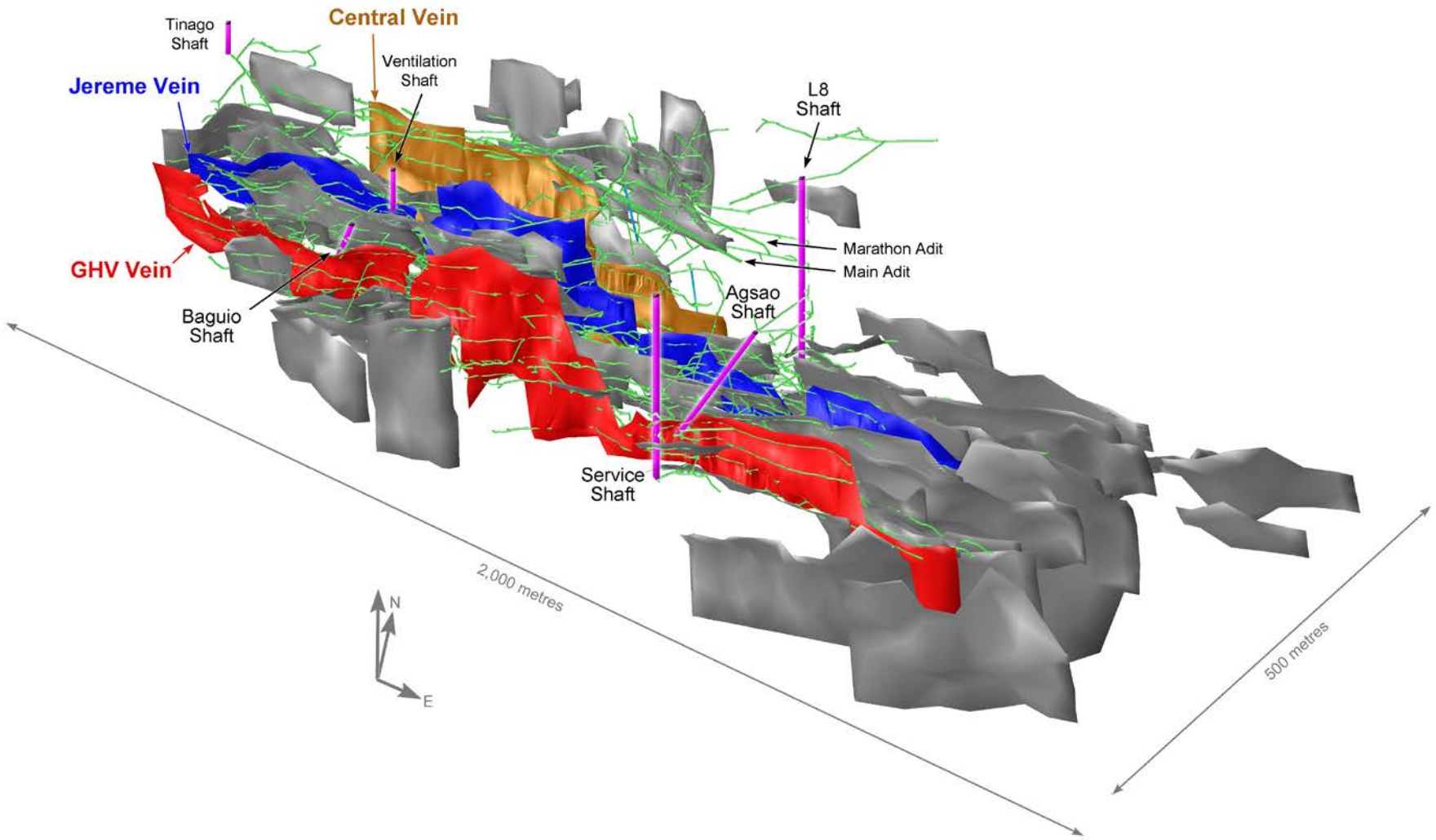


Figure 1: Perspective view of the Co-O Mine's 2015 resource model, major veins and underground development

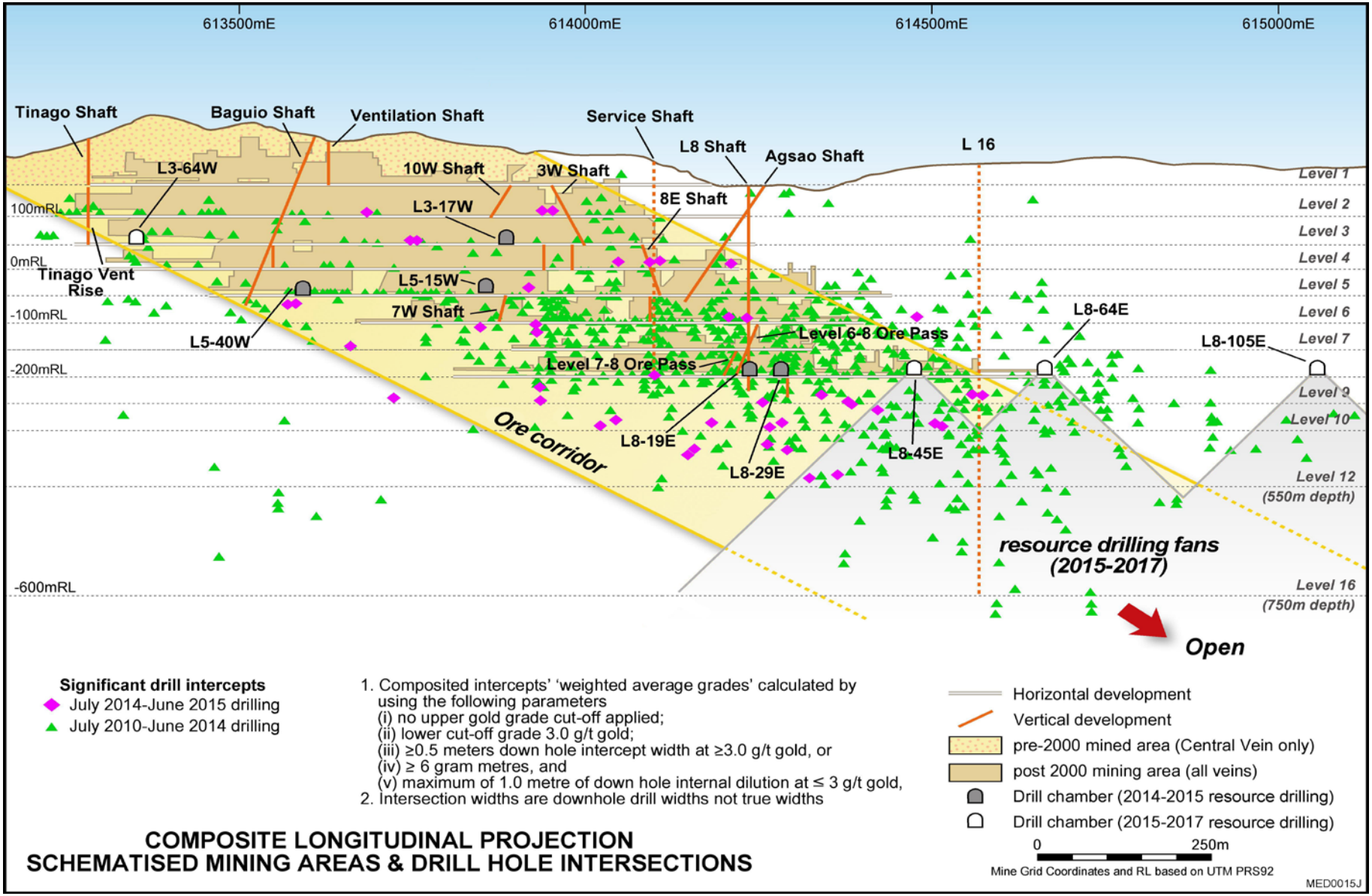


Figure 2: Co-O Mine Longitudinal Projection showing composited mining depletion, vertical development and significant drill intercept locations (as previously reported)

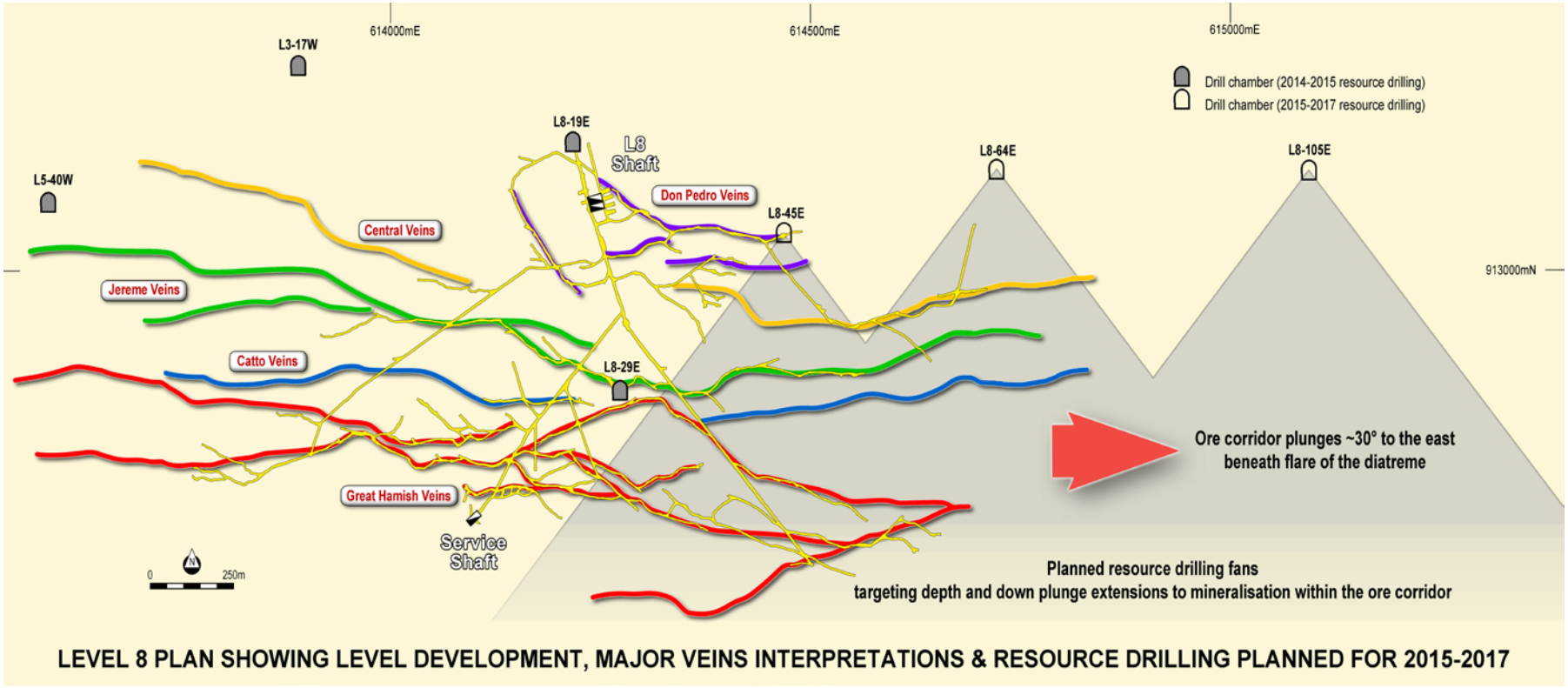


Figure 3: Co-O Mine Level 8 plan showing level development, main veins and resource drilling planned for 2015-2017

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: 1.5 to 3m stope face channel samples are submitted for analytical analysis. • DD drilling is carried out to industry standard to obtain drill core samples, which are split longitudinally in half along the core axis using a diamond saw, except for TT46 core. Half core or whole core samples are then taken at 1m intervals or at lithological boundary contacts (if >20cm), whichever is least. The sample is crushed with a 1kg split taken for pulverization to obtain four (4) 250g pulp samples. A 30g charge is taken from one of the 250g pulp packets for fire assay gold analysis. The remaining pulp samples are retained in a secure storage for future reference.
Drilling techniques	• *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 including LM-55 and Diamec U6, collar holes using HQ/HQ3 drill bits (core diameter 61mm/63mm) until ground conditions require casing off, then reduce to NQ/NQ3 drill bits (core diameter 45mm/47mm). For the smaller portable rigs, drill holes are collared using TT46 drill bits (core diameter 35mm) or LTK60 drill bits (core diameter 44mm). • For surface holes, drillholes are collared using PQ3 drill bits (core diameter 83mm) until competent bedrock (typically <50 metres). The holes are then completed using either HQ3 or NQ3 drill bits depending on ground conditions. • 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*	• 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

Criteria	JORC Code explanation	Commentary
	preferential loss/gain of fine/coarse material.	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 are recorded by geologists, then entered into a digital database and validated. • Qualitative logging is carried out on all drill core. More detailed quantitative logging is carried out for all zones of interest, such as in mineralised zones. Since July 2010, all drill core has been photographed. The drill core obtained prior to July 2010 has a limited photographic record.
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.* • *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.*	• Except for TT46 drill core, all drill core is sawn longitudinally in half along the core axis using a diamond saw to predetermined intervals for sampling. Cutting is carried out using a diamond saw with the core resting in a specifically designed cradle to ensure straight and accurate cutting. • No non-core drill hole sampling has been carried out for the purposes of this report. • Development and stope samples are taken as rock chips by channel sampling of the mining face according to geological boundaries. • The sample preparation techniques are to industry standard. • 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,*	• All raw 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

Criteria	JORC Code explanation	Commentary
	duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	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 great number of the mine samples assayed had accuracy within the acceptable tolerance of 2 z-score, and 10% Absolute Relative Difference (ARD). Precisions from duplicate assays generally showed ± 10 -20% MPRD for 2013 onwards. For replicate assays, the precision at 95% confidence level, is within < 10 % which is within acceptable limits for gold. 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). • Topographic and underground survey control is maintained using located SCS, which are

Criteria	JORC Code explanation	Commentary
		located relative to the national network of geodetic control points within 10km of the project area. The Company's SCS have been recently audited by independent licensed surveyors (Land Surveys of Perth, Western Australia) in April 2015 and they found no gross errors with the survey data. 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.*	• Surface exploration drillholes were located initially on a 50m and 100m grid spacing. For resource definition drilling the sectional spacing is at least 50m with 25m sectional spacing for underground holes. • Sufficient drilling has been completed to support the Mineral Resource and Ore Reserve estimation procedures. • Sample compositing has not been applied to exploration data.
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 NW-NE quadrant. Surface drillholes are generally drilled towards the S and vary in dip (-45° to -60°). Underground drill holes are orientated in various directions and dips, depending on rig access to intersect the various mineralised veins at different locations within the mining area. • Due to the nature of this style of mineralisation and the limited underground access for drilling, drilling may not always intersect the mineralisation or structures at an optimum angle, however this is not considered to be material. A good understanding of the deposit geometry has been developed through mining such that it is considered that any sampling bias is recognised and accounted for in the interpretation.
Sample security	• *The measures taken to ensure sample security.*	• Drilling is supervised by company geologists and exploration personnel. All samples are retrieved from the drill site at the first opportunity and taken to a secure compound where the core is geologically logged, photographed and sampled. Samples are collected in tagged plastic bags, and stored in a lockable room prior to transportation to the laboratory. The samples are transported using company vehicles and accompanied by company personnel to the laboratory.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Dr Rudy Obial from R.C. Obial & Associates routinely undertakes site visit reviews and provides independent consulting advice for the onsite laboratory upgrades and QA/QC. These regular reviews form part of the continual improvement for the site laboratory. • In August 2015, Dr Obial reported on an independent review of available QA/QC data and concluded that the accuracy of the gold determinations were predominantly within the

Criteria	JORC Code explanation	Commentary
		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 tenement is operated under a Mineral Production Sharing Agreement ("MPSA") MPSA No. 262-2008-XIII, which covers 2,538.8 hectares. • Aside from the prescribed gross royalties payable to the Philippine government (2%) and the Indigenous People (1%), no other royalties are payable on production from any mining activities within the MPSA.
Exploration done by other parties	• *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 affiliate 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*	• 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 publically 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.

Criteria	JORC Code explanation	Commentary
	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.*	• 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. • 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 was done for the reporting of exploration results. • Short lengths of high-grade (≥ 20 g/t Au) 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 NW-NE quadrant. 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. • 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 in this announcement showing significant assay results locations (Figure 2). Tabulated intercepts are not included in this announcement as they have been released in previous announcements. An underground level plan (Level 8) is included in this announcement which shows the locations of the drill chambers from where previous drilling has been conducted, and the drill chambers and drill trace projections proposed future resource drilling (Figure 3).
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*	• All significant DD drill hole results that form the basis of the Mineral Resource estimate have been reported previously.

Criteria	JORC Code explanation	Commentary
	practiced to avoid misleading reporting of Exploration Results.	
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.*	• 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. • 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. Cube Consulting Pty Ltd completed independent validation checks 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*	• Mr Powell, as the Company's Manager – Geology and Resources, has been actively involved with the Co-O Mine technical operations during the FY2015, usually for periods of up to 2-

Criteria	JORC Code explanation	Commentary
	this is the case.	3 weeks at a time, • Dr Carras has undertaken site visits consistently since 2010 with the last site visit completed in May 2015. 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 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 the western and central areas where drilling, mining and development are currently active. The geological confidence is moderate to low in the eastern and deeper areas 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 completed by Mr Powell 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 (Figure 1). Mineralisation extends from surface to approximately 850m below surface.
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.* • *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 modelling 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*	• A 2D modelling approach using Ordinary Kriging was used to estimate accumulation and horizontal width. This was back calculated to derive the final gold grades. • Intercept composites were used. Gold grades had top-cuts applied based on the natural assay population breaks typically between the 95th - 99th percentile. • 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 underground mining method has a high degree of selectivity based on vein geometry. • 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

Criteria	JORC Code explanation	Commentary
	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.*	presence of clustered 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. • 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 face sample data. • The 2D block model data was then imported into a 3D block model, using cell sizes of 3.125m x 3.125m x 1.25m. 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 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 1.2m. • 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 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
	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.	
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, data quality and spacing, mining information 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 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 was no mining information with limited drillhole data. • The Mineral Resource estimate appropriately reflects the Competent Person's 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 and block grades. Drillholes and block grades were compared using basic statistical analysis by domain and Swath Plots by Easting.

Criteria	JORC Code explanation	Commentary
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 FY2014/15 (where appropriate data are available), suggests a reasonable reconciliation exists between the resource and mine claimed grade. In particular, the GHV vein and its link veins, continue to consistently provide very high grade (>10 g/t Au), as shown in the reconciliation process.