



QUARTERLY ACTIVITIES REPORT

PERIOD ENDED

31 DECEMBER 2014

Snapshot of Medusa:

- ❑ Un-hedged, low cost, gold producer focused on organic growth in the Philippines
- ❑ Growth underpinned by improving cash flow from Co-O Mine (narrow vein underground)
- ❑ FY 2014-15 gold production guidance of 95,000 to 100,000 ozs
- ❑ Current Mineral Resources comprise
 - **Co-O Mine:**
Indicated 590k ozs at 11.8 g/t gold;
Inferred 820k ozs at 9.2 g/t gold
 - **Bananghilig Deposit:**
Indicated 770k ozs at 1.5 g/t gold;
Inferred 370k ozs at 1.4 g/t gold
- ❑ Current Probable Reserves :
Co-O Mine 450k ozs at 7.22 g/t gold
- ❑ Co-O Mine Resources and Reserves to be maintained at current levels
- ❑ Excellent exploration upside in 489 km² of tenements. Revised Exploration Budget for FY 2014/15 of US\$12M

Board of Directors:

Andrew Teo (Non-executive Chairman)
Raul Villanueva (Executive Director)
Ciceron Angeles (Non-executive Director)
Robert Weinberg (Non-executive Director)

Management

Geoff Davis (Chief Executive Officer)
Rob Gregory (Chief Operating Officer)
Gary Powell (Manager Geology & Resources)
Peter Alphonso (Company Secretary)

Capital Structure:

Ordinary shares: 207,794,301
Unlisted options: 3,200,000

Listing:

ASX (Code: MML)

Address and Contact Details:

PO Box 860
Canning Bridge WA 6153
Telephone : +618 9367 0601
Facsimile : +618 9367 0602
Email : admin@medusamining.com.au
Website : www.medusamining.com.au

OVERVIEW:

Co-O MINE PRODUCTION

- **Production:** 26,859 ounces at a head grade 5.56 g/t gold, cash costs of US\$380 per ounce and All In Sustaining Costs ("AISC") of US\$989 per ounce (September 2014 quarter of 21,018 ounces at a head grade of 5.02 g/t gold and cash costs of US\$382 per ounce. AISC was US\$1,238 per ounce).
- **Production guidance:** for the year to 30 June 2015, 95,000 to 100,000 ounces.
- **Mill performance:** gold recovery averaged 93% (September 2014 quarter 92%). Grind size steady at 75% passing 75 microns.
- **Development:** Development averaged 1,665 metres per month for the quarter.
- **Shaft haulage:** Completion of L8 Shaft upgrade to increase the combined mine haulage capacity to approximately 60,000 tonnes per month.
- **Life of mine haulage:** Studies nearing completion. Update available late February to mid-March 2015.

Co-O MINE EXPLORATION

- Underground drilling results include 1.95 metres @ 53.7 g/t Au, 3.8 metres @ 16.3 g/t Au, 1.8 metres @ 19.8 g/t Au, 2.4metres @ 11.6 g/t Au, and 2.4 metres @ 10.9 g/t Au.
- Surface exploration at North Tinago, South Agsao and West Road 17 veins.

TAMBIS REGION

- **Bananghilig Deposit:** Re-interpretations nearing completion. Metallurgical work on hold.
- **Guinhalinan Prospect:** Major corridor of strong anomalous gold soil geochemistry outlined over 5km of strike in calcareous sediments.

FUTURE POWER SECURITY

- Nine Coal Operating Contracts in two areas granted containing known coal measures adjacent to Co-O operations.
- HOA with Swan Energy Pty Ltd to build a 30MW power station as exclusive power supplier to the Company at a fixed price for 10 years.

CORPORATE & FINANCIALS (currently being reviewed)

- Total cash at the end of quarter of approximately US\$13.6 million.
- Mr Rob Gregory was appointed Chief Operating Officer on 19 November 2014.
- Mr Gary Powell resigned from the Board on 7 December 2014 and was appointed Manager Geology & Resources on 8 December 2014.

PROJECT OVERVIEW

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

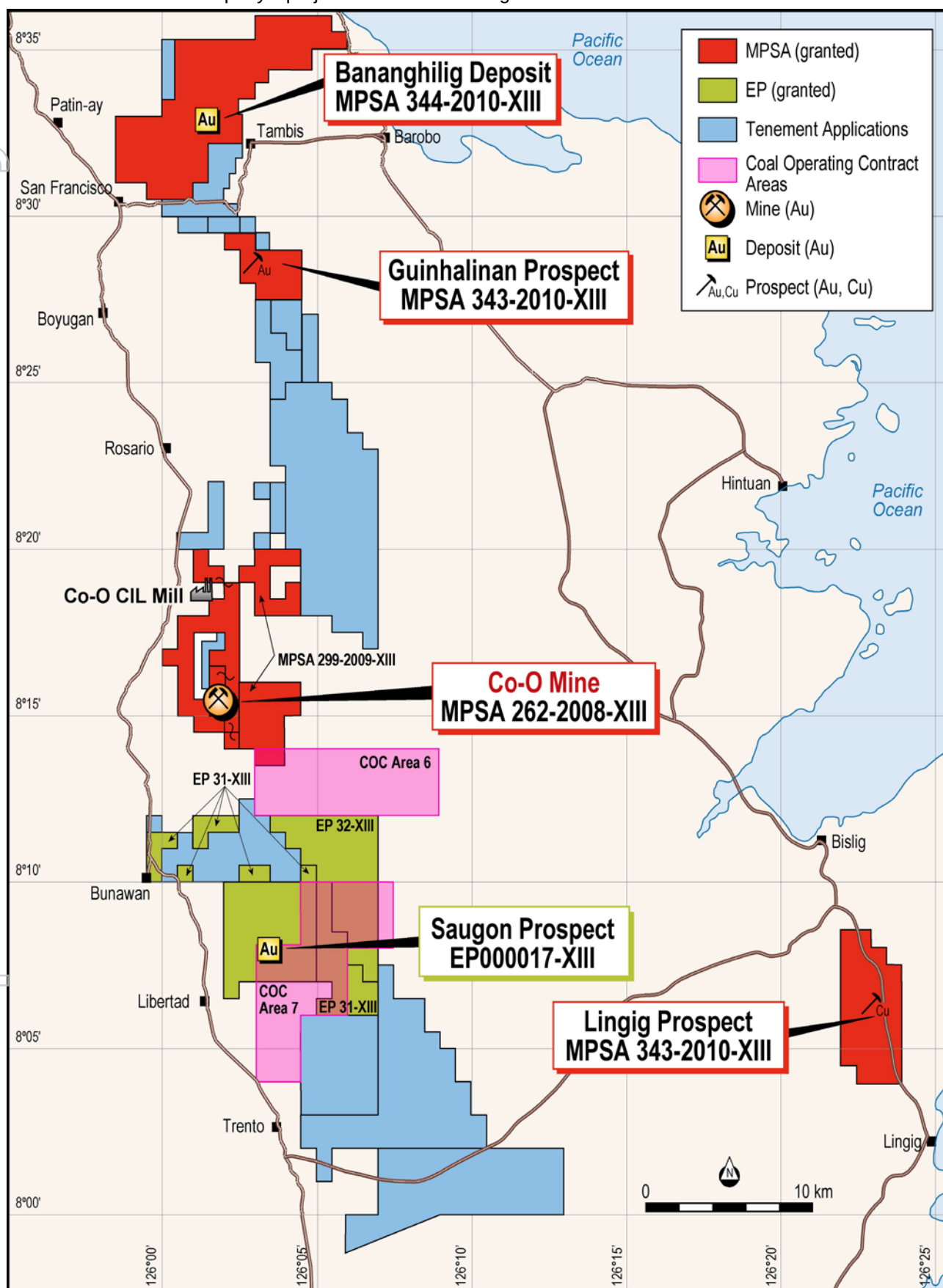


Figure 1. Location diagram showing the Company's Co-O mine and mill operations, tenement areas and main project areas.

Co-O MINE

Production

The production statistics for the December 2014 quarter and half year with comparatives for the previous three quarters are summarised in Table I below.

Table I. Gold production statistics

Description	Unit	Qtr ended 31 Dec 2014	Qtr ended 30 Sep 2014	Qtr ended 30 Jun 2014	Qtr ended 31 Mar 2014	Half Year ended 31 Dec 2014
Tonnes mined	WMT	174,658	160,851	153,238	146,017	335,509
Ore milled	DMT	160,251	140,234	129,074	140,879	300,485
Head grade	g/t	5.56	5.02	4.99	4.20	5.31
Recovery	%	93%	92%	85%	85%	93%
Gold produced	ozs	26,859	21,018	17,615	16,200	47,877
Cash costs ⁽¹⁾	US\$/oz	\$380	\$382	\$431	\$398	\$381
Gold sold	ozs	28,190	22,491	22,766	15,843	50,682
Average gold price received	US\$	\$1,204	\$1,272	\$1,292	\$1,299	\$1,234

Note:

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

The Company produced a record 26,859 ounces of gold for the quarter, at an average head grade of 5.56 g/t gold and cash costs of US\$380 per ounce, inclusive of royalties and local business taxes.

All In Sustaining Costs ("AISC") for the quarter was US\$989 per ounce of gold and includes discretionary exploration expenditure of US\$2.9 million. (September 2014 Quarter: AISC of US\$1,238 per ounce, including discretionary exploration expenditure of US\$2.7 million)

The increase in gold production is due to a combination of the following factors:

- increase in mill throughput;
- improved head grades; and
- improved mill recoveries.

Production Guidance

As advised on 9 September 2014, the production guidance for the half year to 31 December 2014, of between 40,000 to 45,000 ounces has been exceeded by 2,877 ounces.

On 20 November 2014 the Company advised a targeted full year's production to 30 June 2015 of between 95,000 to 100,000 ounces at a cash costs of US\$400 to US\$450 per ounce and AISC of US\$900 to US\$1,000 per ounce. Recoveries are expected to be >92% and head grade >5 g/t gold.

Co-O Operations

Shaft Haulage and Mine Review

The L8 Shaft upgrade which commenced on schedule on 21 December 2014 was completed on schedule on 13 January 2015. The upgrade is designed to improve the combined mine haulage to approximately 60,000 tonnes per month and reduce the time required for the employees to travel to and from underground work stations. The upgrade included a 4.8 tonne skip and a double decker man-cage configuration to replace the 3.6 tonne skip and single man-cage configuration. This exercise also required the installation of heavier duty winder ropes and the replacement of gearing on the winder.

The Mine Review has been completed and included a review of the previously proposed E15 Shaft. The review recommended replacing the proposed E15 men and materials only shaft with a new circular, concrete-lined L16 shaft dual purpose shaft with both ore-hauling and men and materials capacity and capable to hoist eventually from Level 16 or 750 metres below surface at the rate of approximately 2,700 tonnes per day. The L16 Shaft will be funded through cash flow. The design work on E15 was terminated.

Following the mine review, a life of mine haulage schedule is being prepared taking into account internal and external hoisting and production constraints and the planned L16 shaft.

Underground Mining

The mine operated as planned during the quarter. There has been no significant disruption to mining other than the scheduled shutdown for the L8 Shaft. Some development continued in the levels affected by the shutdown filling up ore passes and utilising recently completed stopes as temporary stockpiles. A winze has been completed to 10 level which will be equipped with an internal hoist next quarter to allow preparation development of 9 and 10 levels.

A 420Hp dewatering pump capable of pumping water from Level 8 to surface was installed last quarter and is currently being commissioned. The existing staged pumping system will remain as a backup.

Mill

Improvements to the milling circuit continued during the quarter including:

- (i) Leaching Circuit: the two new pre-leach tank shells were completed in late November and are anticipated to be commissioned in March 2015. These tanks will increase leaching time from 24 hours to approximately 30 hours.
- (ii) Grind size: grind size distributions were maintained at approximately 75% passing 75 microns. Equipment is on order to improve the grind size.

A partial SAG mill re-line was undertaken during the lull in mine production. The remaining re-lining is due in March-April.

Gold recoveries improved from 92% to 93% mainly due to grade improvement and on-going mill operational improvements.

Co-O Mine Geology

Re-interpretation of the vein systems, as previously reported in the September 2014 quarterly report, is a continuing process as the latest drilling information is included. The upgraded interpretations of the veins and mineralisation trends will be incorporated into the annual resource modelling and reserve estimations for reporting in the September 2015 quarter.

A drilling programme will commence shortly to test the deeps beneath the lowest Level 8 from underground and from surface. The programme is designed to delineate the down-plunge extent of the main ore shoots to the east, beneath the flare of the diatreme.

Co-O Mine Drilling

Underground diamond drilling continued using three large contract rigs for exploration from drill chambers at Level 3 - 17W, Level 5 - 40W and Level 8 - 19E (Fig. 2), and three smaller Company-owned portable rigs for pre-development drilling at Levels 2, 6 and 8. At total of 28 exploration drill holes were completed for an advance of 9,415 metres.

Significant results obtained during the quarter are reported in Table II and shown on the longitudinal projection and composite Level 8 plan of the Co-O Mine (Figs 2 and 3).

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

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

Hole Number	East ⁴	North ⁴	RL ⁴	Depth (metres)	Dip (°)	Azimuth (°)	From (metres)	Width ² (metres)	Gold Grade ^{1,3} (uncut) (g/t gold)
UNDERGROUND EXPLORATION DRILL HOLES - LEVEL 2									
L2-65W-004	613299	913087	107	96.26	191	3	61.65	1.00	6.33
L2-6E-001	614063	913100	103	26.30	331	3	23.90	2.40	11.64
UNDERGROUND EXPLORATION DRILL HOLES - LEVEL 3									
L3-17W-003	613888	913194	50	505.60	195	-30	365.85	0.60	20.85
							368.05	0.75	22.78
L3-17W-004	613887	913194	50	511.80	201	-29	183.60	1.00	3.74
							* 241.85	1.65	6.68 *
							* 471.80	1.05	3.43 *
L3-17W-005	613887	913194	50	541.50	200	-40	367.15	1.00	3.86
L3-17W-007	613887	913194	50	530.00	211	-28	525.15	1.00	5.30
L3-64W-016	613348	913026	62	439.30	138	-25	193.20	1.00	11.14
							262.00	1.00	5.61
							286.00	1.30	3.77
							305.30	0.20	50.47
							361.70	1.50	3.30
L3-64W-017	613347	913023	60	550.70	150	-25	428.30	0.90	15.34
							41.40	1.00	8.64
							311.50	1.00	10.30
							341.95	1.00	130.66
UNDERGROUND EXPLORATION DRILL HOLES - LEVEL 5									
L5-40W-001	613585	913047	-40	521.80	208	-18	178.00	2.00	3.15
UNDERGROUND EXPLORATION DRILL HOLES - LEVEL 6									
L6-23E-002	614235	912930	-93	12.92	156	3	9.05	1.00	7.07
L6-23E-004	614236	912935	-93	80.02	43	3	50.50	1.30	3.20
UNDERGROUND EXPLORATION DRILL HOLES - LEVEL 8									
L8-19E-003	614207	913104	-192	477.80	204	-3	175.45	0.30	20.29
							331.15	3.80	16.31
							375.45	1.95	53.69
L8-19E-004	614208	913104	-192	500.90	214	-3	286.40	0.45	35.30
							321.10	1.00	3.63
							395.45	0.40	15.39
L8-19E-005	614207	913104	-192	494.00	223	-3	237.80	1.10	10.93
							330.50	1.30	4.19
L8-19E-014	614209	913103	-193	430.40	193	-23	217.80	1.40	4.95
							220.75	1.00	8.40
L8-19E-016	614213	913105	-193	414.30	142	-20	36.05	0.60	13.78
							104.15	0.20	53.96
							196.95	1.00	9.37
L8-19E-020	614207	913104	-192	437.50	216	-15	345.00	1.70	6.42
							402.60	0.50	31.35
L8-19E-022	614209	913103	-193	432.70	172	-30	117.20	0.55	20.30
							426.30	0.40	17.30
L8-19E-024	614209	913104	-193	488.00	173	-35	263.60	1.00	6.17
							271.25	0.70	11.00
L8-19E-025	614211	913103	-193	452.20	144	-22	144.20	1.10	21.93
							160.60	0.30	84.43
							198.50	1.80	19.78
							345.30	2.40	10.95
L8-19E-026	614211	913103	-193	458.20	149	-30	432.85	0.50	14.30
							362.00	1.00	22.20
							364.90	1.00	4.92
L8-45E-004	614464	913008	-190	136.50	124	3	121.35	0.45	161.30
L8-45E-005	614464	913010	-190	146.30	85	3	98.45	1.05	4.88

Notes:

Previously reported in September 2014 quarterly report.

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

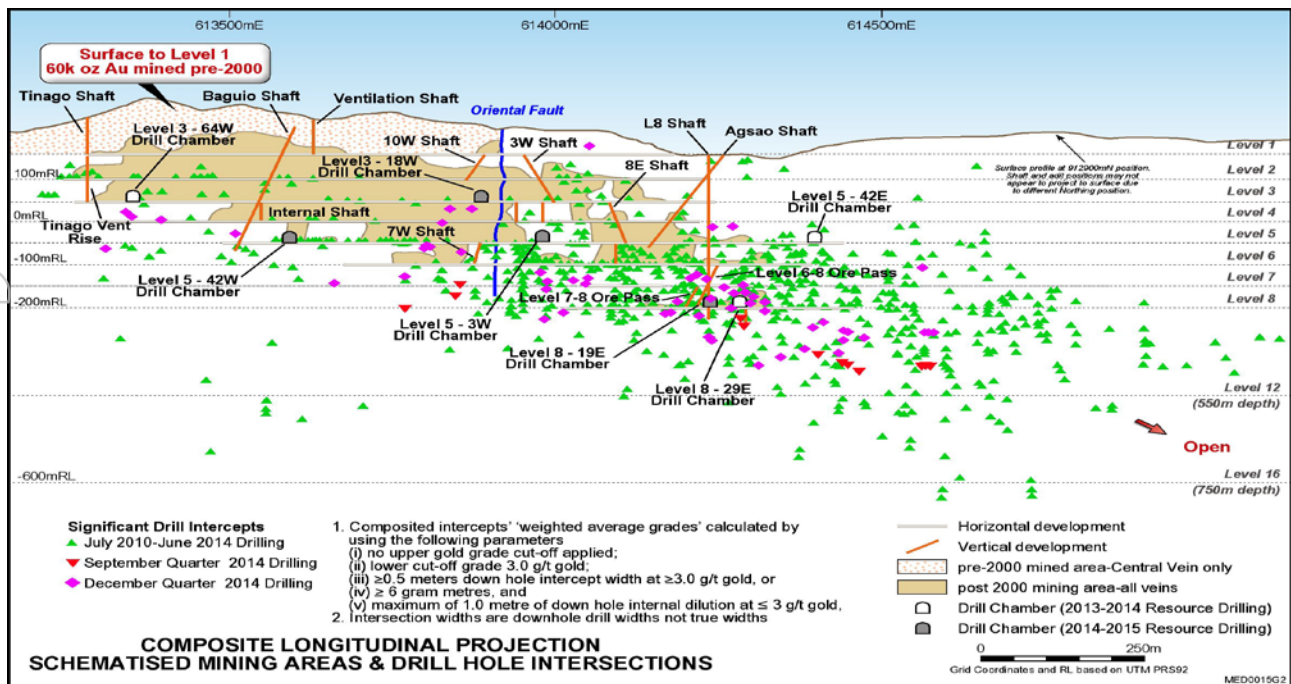


Figure 2. Co-O Mine composite longitudinal projection of schematised mining areas, drill chambers for resource drilling and significant drill intercepts.

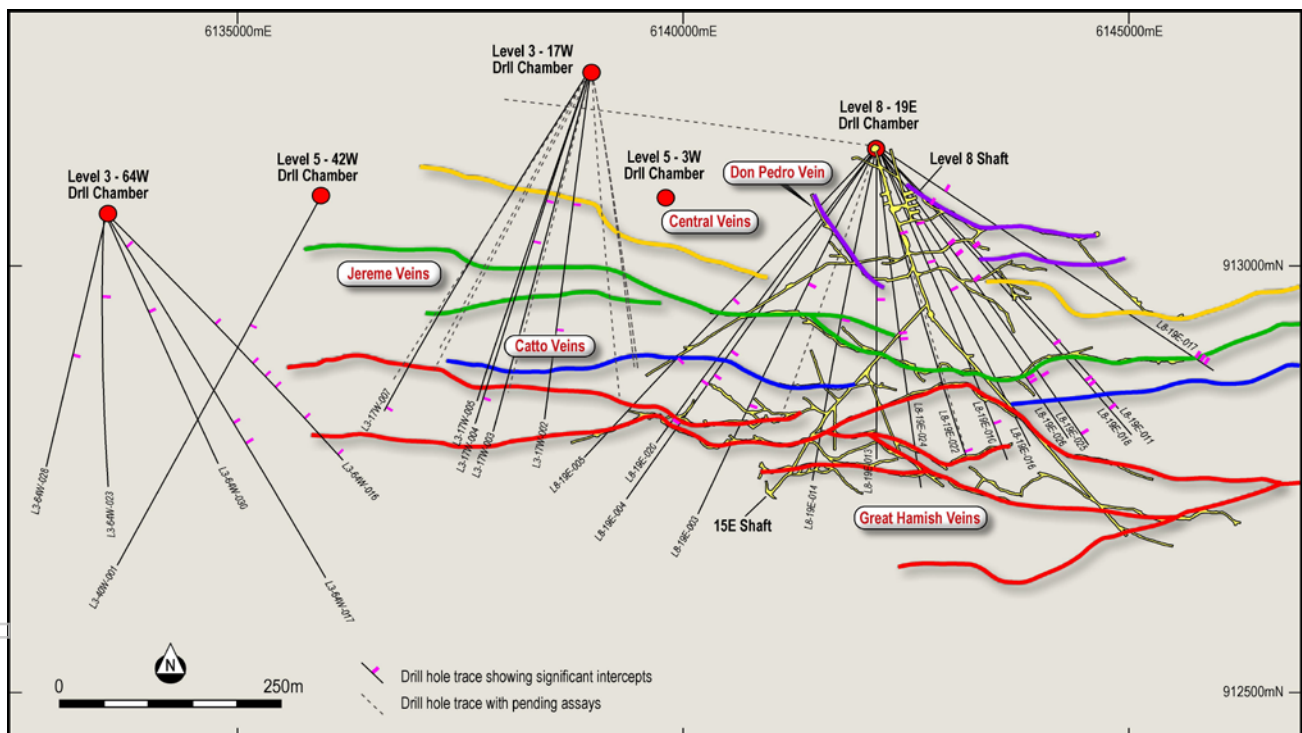


Figure 3. Co-O Mine composite drill hole projection plan at Level 8 showing drill chambers and significant drill intercepts received during the quarter.

HEALTH, SAFETY & ENVIRONMENT

The Lost Time Accident Frequency Rate is 0.17 for the December 2014 quarter and 0.25 for the 12 months to 31 December 2014.

As announced on 17 October, a fatal accident occurred in a stope on Level 8. Subsequently new stope protocols have been introduced to improve stope safety and stope ventilation.

There were no environmental breaches during the December 2014 quarter.

Co-O SURFACE EXPLORATION

Induced Polarisation Survey

Processing of the data obtained from last year's Induced Polarisation/Resistivity and Ground Magnetics survey is ongoing with a preliminary report due in the March 2015 quarter.

Reconnaissance Programmes

Detailed geological mapping, trenching and sampling programmes are ongoing close to the Co-O Mine at North Tinago, South Agsao and West Road 17.

TAMBIS REGION

The Tambis Project comprising the Bananghilig Gold Deposit and the B2 Discovery area (Figs 1 and 4) is operated under a Mining Agreement with Philex Gold Philippines Inc. over Mineral Production Sharing Agreement ("MPSA") 344-2010-XIII, which covers 6,262 hectares.

BANANGHILIG GOLD DEPOSIT

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

Geological re-interpretation

The Bananghilig Deposit is currently undergoing a geological review and re-interpretation. The re-interpretation has identified subtle discrete domains within the main resource area which are anticipated to provide better resource modelling and grade parameters which will be applied during the upcoming resource re-estimation.

Metallurgy

The additional preliminary metallurgical test work advised in the September 2014 quarterly report has been put on hold pending completion of the geological re-interpretation.

B2 Discovery Area

The 'down-hole' geophysics survey planned to commence during the December 2014 quarter has been delayed due to unavailability of the contract survey crew and equipment. The Company is now anticipating that the survey will commence towards the end of the March 2015 quarter.

REGIONAL EXPLORATION

GUINHALINAN GOLD PROSPECT

Background

The Guinhalinan Gold prospect location is shown on Figures 1 and 4 within granted MPSA 343-2010-XIII which is subject to a Mines Operating Agreement with Das-Agan Mining Corporation, who will receive a 3% gross royalty on all production from the MPSA.

In 2009-2010 the Company undertook a limited programme of trenching and diamond drilling on several siliceous outcrops containing gold mineralisation while seeking additional high grade material for the Co-O Mill. Four drill holes were completed in 2009, and encountered moderate grades and widths including 7.30 metres at 2.72 g/t Au from 22.6 metres (drill hole DGN002), 8.15 metres at 1.30 g/t Au from 27.55 metres (drill hole DGN003), and 6.70 metres at 2.08 g/t Au from 27.4 metres (DGN004). Results were reported in the Company's 2009 Annual Report, and the September 2009 quarterly report. The drilling confirmed that the mineralisation is sediment hosted, and that several shallow dipping, mineralised horizons may be present.

The mineralisation is generally associated with silicification, which varies from outcrops of massive fine-grained silica replacement with sphalerite and galena to friable, limonitic and siliceous material in sub-crop.

Assessment of the previous drill logs and detailed mapping shows that the sedimentary sequence consists of calcareous grits and siltstones, and limestones, with replacement mineralisation occurring in favourable permeable horizons. The sediments dip eastwards towards the projected position of the Barobo Fault.

The old calcareous sedimentary sequence hosting mineralisation at Guinhalinan is correlated with the calcareous sediments which have been extensively skarned at the Kamarangan prospect approximately 8.0 kilometres to the northwest of Guinhalinan on the western side of the regionally significant Barobo Fault. The old calcareous sequence belonging to the Late Oligocene to Early Miocene Bislig Formation has been traced for at least 12.5 kilometres of strike and is only partly explored.

The Usa porphyry copper and the Alikway base metal skarn prospects are located 2.0 kilometres and 1.5 kilometres respectively, to the south and southeast of Guinhalinan and close to the projected position of the Barobo Fault.

Soil sampling programme

As reported in the September 2014 quarterly report, an extensive soil geochemistry survey at Guinhalinan has been completed within MPSA 343-2010-XII. The survey was conducted on a sample spacing of 50 metres on 100 metre spaced grid lines. A total of 1,190 samples were collected from the B horizon, sieved to -80 mesh, and analysed for gold by Fire Assay/atomic absorption spectrometry (AAS) technique, and Ag, Cu, Pd, Zn, As and Mo by Aqua Regia/inductively coupled plasma-optical emission spectroscopy (ICP-OES) technique.

Soil sampling results

As shown on Figure 4, the contouring of the raw soil sampling results shows a regionally significant, consistent and extensive corridor of 'gold in soil' anomalies up to 4 kilometre long (open to the south) and up to 2 kilometres wide. Within this corridor there appears to be two distinct sub-parallel sub-corridors of gold in soil anomalism representing at least two separate zones of gold mineralisation.

The western sub-corridor coincides with a partially exposed carbonate replacement sediment-hosted sequence with a shallow east dip towards the nearby projected position of the Barobo Fault (Fig. 4). This zone in places is obscured by thin younger sediments.

The eastern sub-corridor is currently being investigated. In some locations, some of the soil anomalies appear to be associated with a shallow to a flat-lying conglomeratic sequence comprising clasts of silicified, carbonate replacement rocks.

Field programme

Follow-up of the soil anomalies includes detailed geological and regolith mapping, and sampling of the regolith and underlying stratigraphy, to identify scout drilling targets.

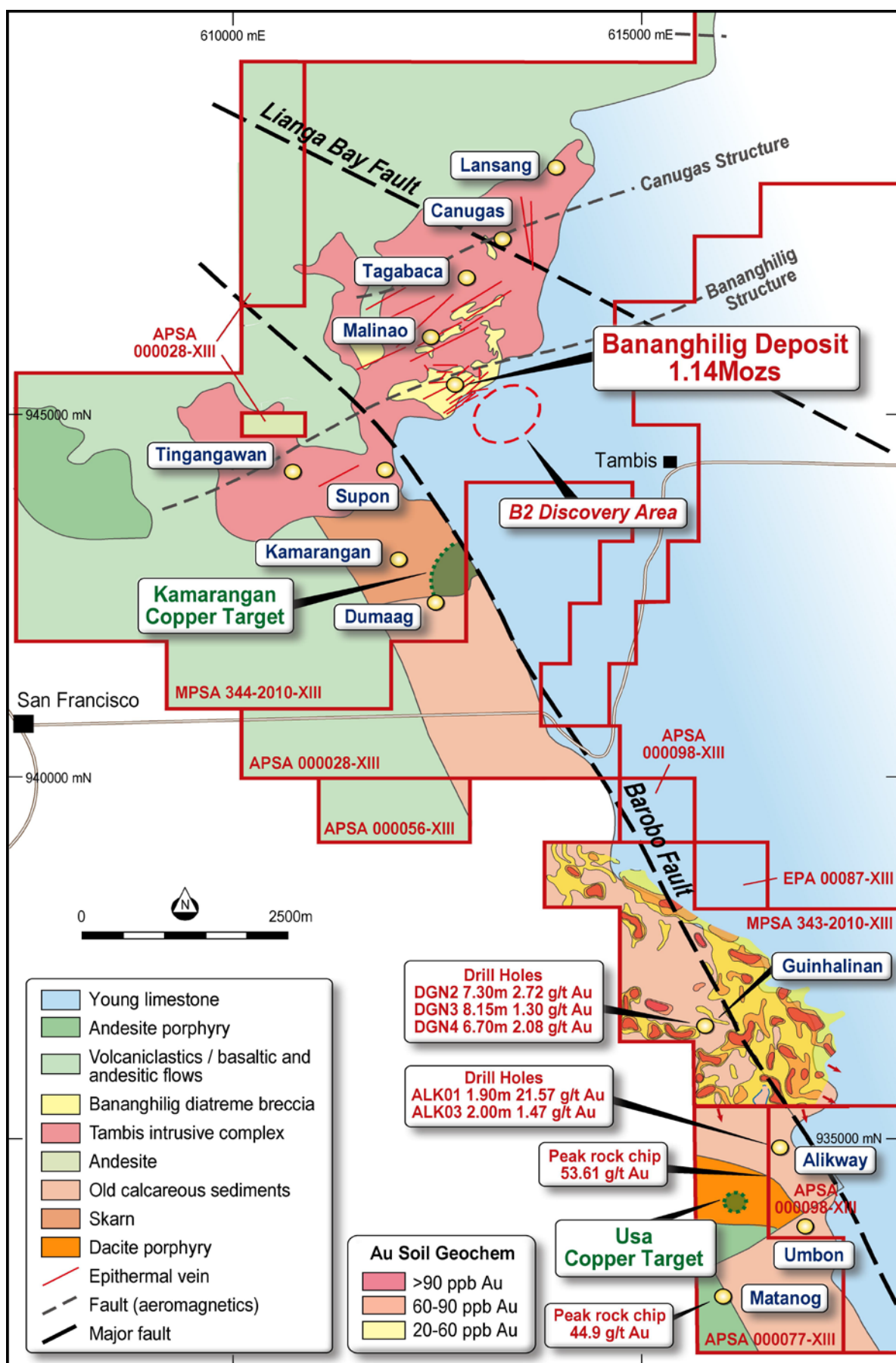


Figure 4. Tambis regional map showing the Bananghilig Deposit and the Guinalinan prospect with the contoured gold in soil geochemistry anomalies.

TENEMENTS REVIEW and EXPLORATION PIPELINE

Exploration Pipeline

As announced on 21 January 2015, an extensive review of the Company's prospects as at 31 December 2014 has been completed. Table IV summarises the pipeline and the status of each prospect.

The current exploration priorities are:

- Co-O Mine environs - North Tinago vein set, South Agsao and the West Road 17 prospects; and
- Guinhalinan - investigation and assessment of the regional gold in soil anomalies as announced on 28 January 2015.

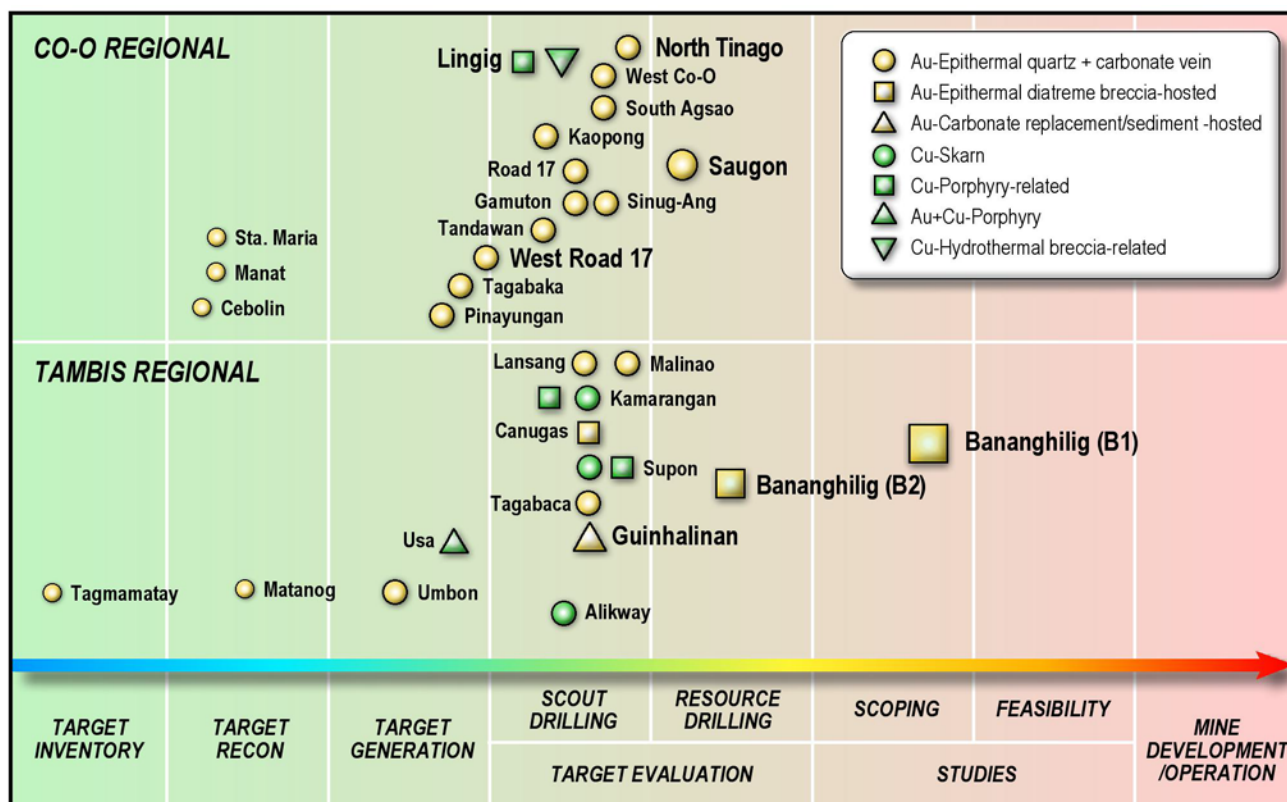


Table IV. Exploration pipeline summary

Tenements

As announced on 21 January 2015, the Company has completed a review of its tenement holdings, which has resulted in a reduction of 317 km², down from 806 km² to approximately 489 km². The reduction consists of a combination of tenement application relinquishments and reductions, and area reductions in granted tenements. The new tenement boundaries are reflected in Figure 1. Additional details are contained in the 21 January 2015 announcement.

The basis for the reductions is the downgrading or absence of geological prospectivity, as determined by a combination(s) of remote sensing interpretations, airborne geophysics, reconnaissance exploration, unfavourable terrain that does not permit viable exploration (e.g. extensive swamp areas), and/or conflicting land use areas, such as rice field areas, other areas of intensive agriculture and urban areas.

FUTURE POWER SECURITY

As announced on 18 December 2014, the Company has been granted 9 Coal Operating Contracts totalling 9,000 hectares within two areas immediately adjacent to the east side of the Co-O operations (Fig. 1). Multiple coal seams have been drilled, outcrop sampled and assessed by previous explorers.

The Company has signed a Heads of Agreement ("HOA") with Swan Energy Pty Ltd of Perth ("Swan"), Western Australia, to build, own and operate a 30 MW power station as the exclusive power supplier to the Company's operations.

The key terms of the HOA are:

- (i) The Company will undertake the exploration, feasibility studies and mining operations on the COCs. PMC has the option to transfer the COCs to a new qualified corporation to undertake these activities, subject to approval by the Department of Energy;
- (ii) The COCs will be required to produce the coal required to feed a 30MW power station which will be owned, financed, built and operated by Swan;
- (iii) The power station will be of the Circulating Fluidised Bed (CFB) boiler type which is a clean, efficient, reliable and fuel-flexible solution, and which will produce ash in a form suitable for use as fertiliser by local farming communities.
- (iv) Reliable power will be supplied to the Company's operations for initially 10 years at a fixed cost per Kwh;
- (v) Reliable power will be supplied to local communities at a reduced tariff;
- (vi) Excess power will be sold to the grid by Swan; and
- (vii) The Company will be paid a royalty for any coal exported from the COCs.

Additional geological and other information is contained in the 18 December announcement. Previous work classified the coal in both areas as sub-bituminous B to high volatile bituminous A coal rank using the American Society for Testing and Materials ("ASTM"). Average heating values are approximately 6,500 BTU/lb with some seams up to 8,200 BTU/lb. Economic seam thicknesses are 1 to 2metres.

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

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

FINANCIALS (currently being reviewed)

As at 31 December 2014, the Company had total cash and cash equivalent in gold on metal account of approximately US\$13.6 million (30 Sep 2014: US\$15.5 million). As advised in the September 2014 Quarterly, the Company reduced the amount owed to creditors and borrowings by approximately US\$5.8 million in the quarter.

The Company sold 28,190 ounces of gold at an average price of US\$1,204 per ounce in the December 2014 quarter (September 2014 quarter: 22,491 ounces sold at an average price of US\$1,272 per ounce).

During the December quarter, the Company incurred;

- Exploration expenditure, including underground diamond drilling, of US\$2.9 million (September 2014 quarter: US\$2.7 million);
- US\$2.1 million on capital works associated sustaining capital at the mine and mill and infrastructure (September 2014 quarter: US\$3.4 million); and
- US\$9.6 million on continued mine development (September 2014 quarter: US\$9.5 million); and
- Corporate overheads of US\$1.7 million (September 2014 quarter: US\$2.4 million)

CORPORATE

Management changes

- Mr Rob Gregory was appointed Chief Operating Officer on 19 November 2014.
- Mr Gary Powell resigned from the Board on 7 December 2014 and was appointed as Manager Geology and Resources on 8 December 2014.

General Meeting

At a general meeting of the Company held on 28 January 2015, shareholders approved the following resolutions:

- (i) Adoption of Medusa Mining Limited Share Option Plan;
- (ii) Adoption of Medusa Mining Limited Performance Rights Plan;
- (iii) Approval of the grant of Options to Mr Raul Villanueva;
- (iv) Approval of the grant of Options to Mr Gary Powell; and
- (v) Ratification of Options granted to Employees.

JORC CODE 2012 COMPLIANCE - CONSENT OF COMPETENT PERSONS

Medusa Mining Limited

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

Cube Consulting Pty Ltd

The information in this report that relates to **Mineral Resources** is based on, and fairly represents information and supporting documentation compiled by Mr Mark Zammit, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Zammit is employed by Cube Consulting Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Zammit consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Carras Mining Pty Ltd

The Information in this report relating to **Ore Reserves** is based on information compiled by Dr Spero Carras of Carras Mining Pty Ltd. Dr Carras is a Fellow of the Australasian Institute of Mining & Metallurgy and has 30 years of experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Carras consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DISCLAIMER

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

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

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

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

APPENDIX A

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

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (eg cut channels, random chips, or specific specialized industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</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 (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.</i>	- 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	<i>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).</i>	- 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, drill holes are collared using PQ3 drill bits (core diameter 83mm) until competent bedrock (typically <50 metres). The holes are then completed using either HQ3 or NQ3 drill bits depending on ground conditions. - A core orientation trial commenced during September 2013 with mixed success, using the Ezy-Mark™ front-end core orientation tool. Prior to September 2013, no core orientation was carried out. During the December 2014 quarter, the Company purchased core orientation tools and are now being used for the resource definition drill holes.
Drill sample recovery	<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>	- For each core run, total core length is measured with the recovery calculated against drilled length. Recovery averaged 95%, which is considered acceptable by industry standards. - Sample recovery is maximised by monitoring and adjusting drilling parameters (e.g. mud mix, drill bit series, rotation speed). Core sample integrity is maintained using triple tube coring system. - No known relationship has been observed to date between sample recovery and grade. Core recovery is high being >95%. No sampling bias has been observed.

Criteria	JORC Code explanation	Commentary
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 Jul 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. - For all sample submissions to Philsaga's site laboratory, a CRM (Certified Reference Material) sample, a Blank Material sample (<0.005ppm Au), and a sample duplicate are inserted into every batch of 20 pulp samples. - For PQ/PQ3, HQ/HQ3, NQ/NQ3 and LTK60 core, the remaining half core is retained for reference. The TT46 drill core is whole core sampled. - Core sample submission sizes vary between 2-5kg depending on core size, sampling interval, and recovery. The assay sample sizes are considered to be appropriate for the style of mineralisation.
Quality of assay data and laboratory tests	- The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. - For geophysical tolls, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. - Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	- All samples are submitted to the Philsaga's laboratory located at the processing plant site. Gold analysis is by fire assay technique using 30g charge and AAS finish. For samples with gold results of >5 g/t Au, FA-grav (gravimetric) method is applied. Since Oct 2010, drill sample duplicate pulps were resubmitted for Ag, Cu, Pb, Zn analysis by the aluminium black metal method. All sample preparation and analysis techniques are appropriate for this style of mineralisation. The quality of sample preparation and analysis is to international standard. - The company's laboratory employs industry standard QA/QC procedures during sample preparation and analysis by using internal CRMs, blanks and duplicates. The laboratory undergoes regular audits by independent consultants. As a laboratory procedure, occasional batches of crushed core sample rejects and/or duplicate pulps are selected for re-submission to an independent laboratory (Intertek Philippines, Manila) for gold analysis.
Verification of sampling and assaying	- 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.	- No independent sampling has been undertaken by independent personnel, however visual inspections to validate mineralisation with assay results has occurred on a regular basis by independent and alternative company personnel to verify significant mineralised intersections. - All drilling is diamond drilling and no twinning of holes has been undertaken. The majority of drilling is proximal to mine development and intersections are continually being validated by the advancing mine workings.

Criteria	JORC Code explanation	Commentary
		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 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). - Topographic 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 have been audited by independent licensed surveyors in August 2011 and accuracy is $\pm 5\text{mm}$.
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.	- Exploration drill holes are located initially on a 50m and 100m grid spacing. For resource definition drilling the sectional spacing is at least 50m with 25m sectional spacing for underground holes. - Sufficient drilling has been completed to support the Mineral Resource and Ore Reserve estimation procedures. - Sample compositing has not been applied.
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 assessed and reported if material.	- Mineralisation is hosted within narrow, typically <2m wide quartz veins. The orientation of the veins are typically E-W, with variations from NE-SW to NW-SE, with dips varying from flat-lying to steep dipping to the NW-NE quadrant. Surface drill holes 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 consulting advice for the onsite laboratory upgrades and QA/QC. These regular reviews form part of the continual improvement for the site laboratory. - Cube has undertaken an independent review of available QA/QC data and concluded that the sample data is of a high standard and appropriate for Mineral Resource estimation. - Sampling techniques and database management is to industry standard.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	- 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 Philsaga Mining Corporation ("PMC") in 2000. PMC recommissioned the Co-O mine and began small-scale mining operations. - Medusa Mining Ltd ("MML") listed on the ASX in December 2003, and in December 2006, completed the acquisition of all of PMC's interests in the Co-O mine and other assets including the mill and numerous tenements and joint ventures. MML has since been actively exploring the Co-O tenements.
Geology	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: - 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.	- Detailed information in relation to the drill holes re tabulated in Table II of this report, and include: Easting, northing and RL of the drill hole collars in both the local mine grid and PRS92 Zone 5 coordinates. - Dip is the inclination of the hole from the horizontal. For example a vertically down drilled hole from the surface is -90°. Azimuth is reported in magnetic degrees as the direction toward which the hole is drilled. - Down hole length is the distance from the surface to the end of the hole, as measured along the drill trace. Interception depth is the distance down the hole as measured along the drill trace. Intersection width is the downhole distance of a mineralised intersection as measured along the drill trace.
Data aggregation methods	- 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 (≥ 300 g/t Au) assays included within composited intercepts, are reported separately. - Metal equivalent values are not reported.
Relationship between mineralisation widths and intercept lengths	- 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 orientation of the veins is typically E-W, with variations from NE-SW to NW-SE with dips varying from flat-lying to steep to the NW-NE quadrant. Underground drill holes are orientated in various directions and dips, depending on location of the drilling chambers and rig access to intersect the various mineralised veins at different locations within the mining area. - All drill results are downhole intervals due to the variable orientation of the mineralisation.

Criteria	JORC Code explanation	Commentary
Diagrams	• <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>	• A longitudinal section is included in this announcement showing significant assay results locations. (Fig. 2) Tabulated intercepts are also included in this announcement. In addition, an underground level plan (Fig. 3) is included, which shows the locations of the drill chambers from where previous drilling has been conducted, and the drill chambers, drill trace projections of drilling completed during this reporting period and locations of significant intercepts for resource drill holes as tabulated in Table II.
Balanced reporting	• <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>	• All DD drill holes with significant results are reported in this announcement (Table II).
Other substantive exploration data	• <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>	• No other substantive exploration data has been acquired or considered meaningful and material to this announcement.
Further work	• <i>The nature and scale of planned further work (eg tests for lateral extensions of depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling area, provided this information is not commercially sensitive.</i>	• Mineralisation is still open to the east, and west and at depth. Underground exploration and development drilling will continue to test for extensions along strike and at depth to the Co-O vein system. • Figure 2, located within the main body of this announcement, is a long section of the Co-O mine showing significant drill intercepts in relation to the mine workings. Figure 3 also shows the recent drilling conducted in plan view (projected to Level 8) with significant intercepts locations in relation to interpreted veins and possible extensions.

APPENDIX B

Guinhalinan – 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	<i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</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 mineralisation that are Material to the Public Report.</i> <i>In cases where 'industry standard' work has been done this would be relatively simple (e.g 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g submarine nodules) may warrant disclosure of detailed information.</i>	- Soil samples obtained by clearing the sampling area of organic and surficial material and digging down to the B horizon. 1.5-2.5 kg samples were collected from the B horizon (0.3-1.0 metre below surface), placed in plastic sample bags, and submitted to an independent laboratory for drying and sieving to obtain -80 mesh (-177 micron) size fraction for analysis. - No other types of samples were obtained for the purposes of this report. - The B Horizon is easily recognised and is confirmed prior to sampling. - Soil sampling carried out to industry standard to obtain 1.5-2.5 kg representative samples of the B horizon, from which 250 gram subsamples are obtained after drying and sieving to -80 mesh, then pulverised prior to analysis.
Drilling techniques	<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>	No drilling was carried out during this reporting period
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> <i>Measures taken to maximise 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>	No drilling was carried out during this reporting period
Logging	<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>	No drilling was carried out during this reporting period

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> <i>Quality control procedures adopted for all sub-sampling stages to maximise 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>	- Soil samples were submitted whole to Intertek Philippines' laboratory for drying (105°C) and sieved to collect the -80 mesh (-177 micron) size fraction. The oversize reject is stored for a minimum 3 months at the laboratory. - Original sample sizes ranged from 1.5 to 2.5 kg. - Samples were not split prior to submitting to the laboratory. After drying and sieving, samples were split using a riffle splitter to obtain 250 gram subsamples for analysis. - The nature, quality and appropriateness of the sample preparation techniques are to industry standard practice. - For all soil sample submissions to Intertek Philippines laboratory: Certified Reference Material and Blank Material samples (<0.005ppm Au) and Field Duplicate samples are each inserted into every batch of soil sample submissions at ratio of 1 of each for every 22 consecutive soil samples. - Duplicate samples are collected in the field at every 22nd consecutive sample intervals. - Soil sample sizes typically vary between 1.5-2.5kg depending on visually estimated content of fine material (<177 micron). Samples sizes are considered to be appropriate with respect to the nature and tenor of mineralisation.
Quality of assay data and laboratory tests	<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>	- All samples are submitted to Intertek Philippines, an independent ISO17025 accredited laboratory. - Gold analysis is by classical fire assay technique using 30g charge and AAS finish with detection limit of 10ppb Au. - Ag, Cu, Pb, Zn, As and Mo analysis is by Aqua Regia digest and ICP-OES finish. - All sample preparation and analysis techniques are appropriate for this style of mineralisation. The quality of sample preparation and analysis is of international standard. - The Company used no geophysical or other analytical tools for the purposes of this report. - Intertek Philippines is an independent commercial laboratory, which employs industry standard QA/QC procedures during sample preparation and analysis using internal standards, blanks and duplicates. Data from their QA/QC is made available and reviewed.
Verification of sampling and assaying	<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>	- Independent and alternative company personnel on a regular basis verify significant intersections. - No drilling was carried out during this reporting period - Laboratory results are received as hardcopy and in digital form. Hardcopies are kept off-site. Digital data is imported into dedicated mining software programs and validated. - Digital database is backed up on regular basis, with copies kept off site. The database is secured by password with access limited to specified personnel. - There is no adjustment to assay data.
Location of data points	<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>	- Suitably experienced personnel obtain sample location coordinates using handheld GPS instruments. - UTM PRS92 (Philippine Reference System of 1992). - Topographic control is obtained using published government (NAMRIA) 1:50000 topographic plans in conjunction with minor detailed control (+/- 0.1m) using Total Station instruments.

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	• <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>	• Soil samples are collected at 50 metre spacings on grid lines spaced 100 metres apart. • Soil sampling density is considered appropriate to establish sufficient continuity for definition of areas warranting additional sampling and/or drilling. • Sample compositing has not been applied.
Orientation of data in relation to geological structure	• <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 mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	• Orientation of regional geology and structures were used to plan the soil sampling programme. • The orientation of the soil geochemistry anomalies obtained from the programme ratifies the orientation of the soil sampling grid.
Sample security	• <i>The measures taken to ensure sample security.</i>	• Soil samples are collected in tagged plastic bags, and stored in a lockable room at the end of each day, and prior to transportation to the laboratory. The samples are transported using Company vehicles and accompanied by company personnel to the laboratory.
Audits or reviews	• <i>The results of any audits or reviews of sampling techniques and data.</i>	• Audits have been conducted by independent consultants on sampling techniques, laboratory procedures, and database management on an intermittent basis. Alternative company personnel carry out regular reviews of sampling techniques. Results of the audits confirm that the laboratories and protocols are industry standard and results within acceptable tolerance limits. • Sampling techniques and database management is of industry standard.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	- 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 licence to operate in the area.	- The Guinhalinan project is situated within one of two parcels of Mineral Production Sharing Agreement ("MPSA") 343-2010-XIII, and is operated under a Mining Agreement with Das-Agan Mining Corporation ("Dasagan") covering a combined total 3,810 hectares. - Aside from the prescribed royalties payable to the Philippine government and the Indigenous People ("IP"), a royalty of 3% GSR is payable to Das-Agan on precious and base metal production from any mining activities within the MPSA. - The tenement is a granted mining and production sharing agreement with the Philippine government. - The Executive Order on Mining (EO-79) signed on 6 July 2012, by the President of the Philippines, will have no immediate impact on the Guinhalinan Project as the Company can continue to explore, conduct feasibility studies and planning. - New legislation on mining taxes and royalties is yet to be finalised for consideration by Congress.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	No exploration information is known or available from any previous exploration by other parties. The outcropping mineralisation encountered to date was discovered by locals
Geology	Deposit type, geological setting and style of mineralisation.	The mineralisation style is analogous to a sediment-hosted carbonate replacement gold deposit, and 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: - 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 detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	No drilling was carried out during this reporting period
Data aggregation methods	- 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 results, the procedure used for such 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.	- Data aggregation was not carried out for the purposes of this report. - Metal equivalent values are not reported.

Criteria	JORC Code explanation	Commentary
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 (e.g 'down hole length, true width not known').	No drilling was carried out during this reporting period
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 be limited to a plan view of drill hole collar locations and appropriate sectional views.	Refer to Figure 5 located in the main body of this report for the location and contours of the gold in soil geochemistry.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	Individual results are not report. Contours are derived using 3 population sets based on showing some degree of continuity between samples.
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.	- The soil geochemistry anomalies appear to be consistent with observations made during regional and detailed mapping and sampling. - No other substantive exploration data has been acquired or considered meaningful and material to this report.
Further work	- The nature and scale of planned further work (e.g tests for lateral extensions or depth extensions or large-scale step-out drilling). - Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	- The gold in soil geochemistry anomalies are still open to the NNW and SSE. The northeast margins of the eastern sub-corridor of anomalies are partially open to the northeast, although the tenor appears to lessen.\ - Additional soil sampling will be planned to extend the programme to investigate the areas of potential extensions to the soil anomalies. - Figure 5 highlights the areas open for possible extensions to the anomalies defined to date.

APPENDIX C: TENEMENT SCHEDULE (as at 19 January 2015)

Name	Tenement ID	Registered Holder	Company's Interest ¹ at		Royalty ²	Area (hectares) at	
			30 Sep 2014	19 Jan 2015		30 Sep 2014	19 Jan 2015
Co-O Mine	MPSA No. 262-2008-XIII	PMC	100%	100%	-	2,539	2,539
	MPSA No.299-2009-XIII	PMC	100%	100%	-	2,200	2,200
Co-O	APSA No. 00012-XIII	BMMRC	100%	100%	-	340	340
	APSA No. 00087-XIII	Afdal	100%	-	-	846	-
	APSA No. 00088-XIII	Phsamed	100%	100%	-	7,304	4,733
	APSA No. 00098-XIII	Philcord	100%	100%	1% NPI	1,184	507
	APSA No. 00099-XIII	Philcord	100%	100%	1% NPI	677	591
Saugon	EP 017-XIII	PMC	100%	100%	-	3,132	3,132
	EP 031-XIII	PMC	100%	100%	-	3,979	2,456
	EP 032-XIII	PMC	100%	100%	-	3,048	3,048
	EPA No. 00066-XIII	PMC	100%	100%	-	6,769	6,769
	EPA No. 00067-XIII	Afdal	100%	-	-	1,693	-
	EPA No. 00069-XIII	Phsamed	100%	100%	-	7,790	2,519
	EPA No. 00087-XIII	PMC	100%	100%	-	764	87
Tambis	MPSA No. 344-2010-XIII	Philex	100%	100%	7% NSR	6,208	6,208
Das-Agan	MPSA No. 343-2010-XIII	Das-agan	100%	100%	3% GSR	3,810	3,810
Apical	APSA No. 00028-XIII	Apmedoro	Earning 70% (JV)		-	2,084	1,236
Corplex	APSA No. 00054-XIII	Corplex	100%	100%	3% NSR	2,118	2,118
	APSA No. 00056-XIII	Corplex	100%	100%	-	162	162
	APSA No. 00077-XIII	Corplex	100%	100%	4% GSR	810	810
	EPA No. 00186-XIII	Corplex	100%	100%	3% NSR	7,111	5,419
Tagbina	EPA No. 00176-XIII	Sursur	100%	-	3% GSR	3,823	-
	EPA No. 00180-XIII	Sursur	100%	-	3% GSR	5,948	-
	EPA No. 00181-XIII	Sursur	100%	-	3% GSR	6,118	-
Sinug-ang	EPA No. 00114-XIII	Salcedo / PMC	100%	100%	-	190	190
Coal Project	COC Area 6	Philsaga	-	100%	-	-	4,000
	COC Area 7	Philsaga	-	100%	-	-	5,000

NOTES:

- There have been reductions to the Company's interest for one granted tenements and seven tenement applications, and the Company has relinquished all of its interest in five tenement applications since 31 December 2014. Two Coal Operating Contract Areas totalling 9,000 Ha were granted on 18 December 2014.
- Royalties payable to registered holders, aside from the prescribed royalties payable to the Philippine government and the Indigenous People.

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
Salcedo	Neptali P. Salcedo

Alcorn	Alcorn Gold Resources Corporation
Philex	Philex Gold Philippines Incorporated
Das-Agan	Das-Agan Mining Corporation
Apmedoro	APMEDORO Mining Corporation
Sursur	Sursur Mining Corporation
Afdal	Samuel Afdal

Royalty

NPI	Net Profit Interest
NSR	Net Smelter Royalty

GSR	Gross Smelter Royalty
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