



MEDUSA

MEDUSA MINING LIMITED

ABN 60 099 377 849

and Controlled Entities

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2014

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This report should be read in conjunction with Medusa's Annual Report for the year ended 30 June 2014 and any announcements made by the Company during the interim reporting period, as it does not include all the notes of the type normally included in an annual financial report.

Appendix 4D

Half year report For the 6 months ended 31 December 2014

Name of entity

MEDUSA MINING LIMITED

ABN or equivalent company
reference

60 099 377 849

Half yearly
(tick)

✓

Preliminary final
(tick)

Half year/ financial ended ("current period")

31 December 2014

Results for announcement to the market

<u>Revenues and profits:</u>		<u>US\$'000</u>		<u>US\$'000</u>
Revenues from ordinary activities	Up 83%	33,998	to	62,238
Profit from ordinary activities after tax attributable to members	Up 90%	13,020	to	24,754
Net profit for the period attributable to members	Up 90%	13,020	to	24,754

(All comparisons to the previous period ended 31 December 2013)

Dividends:

<u>Interim dividend</u>	<u>Amount per security</u>	<u>Franked amount per security</u>
- current period (half year ended 31 Dec 2014)	Nil	Nil
- previous period (half year ended 31 Dec 2013)	Nil	Nil

No dividend will be paid in the current period.

Net tangible assets per share:

The net tangible assets per share as at 31 Dec 2014 was US\$2.253 (31 Dec 2013: US\$2.006)

Change in control of entities:

There has been no change in control, either gained or loss during the current period.

Associates and Joint Venture entities:

The Consolidated Group did not have a holding in any associates or joint venture entities during the current period.

CHIEF EXECUTIVE OFFICER'S ADDRESS

For the half year ended 31 December 2014, I am pleased to report that we have exceeded guidance for the period, and are on our way towards meeting guidance for the full year of between 95,000 to 100,000 ounces of gold. The December 2014 quarter's production of 26,859 ounces of gold was a record for the Company.

In early September, the Company engaged the services of two experienced mining consultants to conduct a comprehensive review of the Co-O mining operations. As a consequence of that review, a number of management initiatives have been implemented throughout the mine. We are already seeing improvements and are confident that further improvements will flow as these changes work through the new management systems over the next 6 months or so.

Subsequent to the review, in late November the Company appointed one of the consultants, Mr Rob Gregory, as Chief Operating Officer and whose main focus is on the mine operations.

The major upgrade of the L8 shaft was completed on schedule over the Christmas period with operations re-commencing on 13 January 2015. This upgrade increases the total combined haulage capacity from the mine to approximately 60,000 tonnes per month (previously approximately 45,000 tonnes per month).

The mine review, which also encompassed the issue of "life of mine haulage requirements", has proposed that a service shaft and a 750 metre deep shaft to Level 16 be considered. This proposal is currently being evaluated, and the final decision for the deep shaft to proceed will be subject to the drilling of holes in the deeper parts of the vein system to verify that the projected depth extensions of the mineralisation are still present at and beyond Level 12 at 550 metres below surface.

The mill has performed well during the period, and improvements are underway with the addition of two leach tanks and other operational refinements.

Discretionary exploration was reduced significantly for the year and drilling at the Bananghilig B2 Discovery area ceased in September 2014. Subsequent work has involved the re-interpretation of the Bananghilig Deposit to better define the mineralised domains and improve the parameters ready for re-estimation of the resources.

Elsewhere we have located an extensive gold in soil anomaly at the Guinhalinan prospect with a strike length of 5 kilometres, and which will receive more attention once the Bananghilig re-interpretations are completed.

As a consequence of a tenement review instituted in September, our large landholding is being reduced based on prospectivity factors which will improve management and reduce administrative costs.

Health and safety are always foremost in our operations, and whilst underground mining is an inherently dangerous business, our overall record by industry standards is good. The Lost Time Accident Frequency Rate for the 12 months to 31 December was 0.25.

Education is a very big focus of our community programmes with over 9,800 children currently receiving benefits. Our workforce has stabilised at approximately 3,800 persons, all of which are able to avail of medical assistance and first aid training.

I am of the opinion that the Company is well positioned to meet its full year guidance of between 95,000 to 100,000 ounces, further reduce costs and make definitive long term plans for the future at its Co-O operations, as well as plan to re-commence the advancement of other projects towards production.

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2014 and the review report thereon:

DIRECTORS:

The Directors of the Company at any time during or since the end of the half-year are:

<u>Name</u>	<u>Period of Directorship</u>
Non-Executives:	
Mr Andrew Boon San Teo (Non-Executive Chairman)	since 15 February 2010
Dr Robert M Weinberg	since 1 July 2006
Mr Ciceron A Angeles	since 28 June 2011
Mr Gary Powell ⁽¹⁾	resigned 7 December 2014
Executives:	
Mr Raul C Villanueva	since 24 January 2013

Notes:

(1) Mr Powell was appointed to the Board as a Non-Executive Director on 24 Jan 2013.

HIGHLIGHTS FOR THE SIX MONTHS:

Financials

Description	Unit	Dec 2014	Dec 2013	Variance	(%)
Revenues	US\$	\$62.2 M	\$34.0 M	\$28.2 M	83%
EBITDA	US\$	\$39.9 M	\$19.4 M	\$20.5 M	106%
NPAT	US\$	\$24.8 M	\$13.0 M	\$11.8 M	91%
EPS (basic)	US\$	\$0.128	\$0.067	\$0.061	91%

Revenues of US\$62.2 million compared to US\$34.0 million for the corresponding period in the previous year, an increase of 83% primarily due to a significant increase in gold production and marginally offset by a lower average price received on sale of gold. Medusa is an un-hedged gold producer and received an average gold price of US\$1,234 per ounce from the sale of 50,682 ounces of gold for the half-year to December 2014 (corresponding period to December 2013: 27,334 ounces at US\$1,304 per ounce).

Earnings before interest, tax, depreciation and amortisation ("EBITDA") of US\$39.9 million, (US\$19.4 million in the prior corresponding period), an increase of 106%.

Earnings per share ("EPS") of US\$0.128 on a weighted average basis is based on NPAT of US\$24.8 million (six months to December 2014: EPS of US\$0.067 based on NPAT of US\$13.0 million), an increase of 91%.

The Company had total cash, cash equivalent in gold on metal account and bullion on hand of US\$13.6 million at 31 December 2014 (corresponding period to 31 December 2013: US\$20.8 million).

Dividends

No dividend will be payable for the half year to 31 December 2014 (No dividend was payable for the previous half year to 31 December 2013).

Operations

Description	Unit	Dec 2014	Dec 2013	Variance	(%)
Production	ounces	47,877	26,089	21,788	83%
Cash costs	US\$/oz	\$381	\$422	(\$41)	(10%)
Gold sold	ounces	50,682	27,334	23,348	85%
Gold price received	US\$/oz	\$1,234	\$1,304	(\$70)	(5%)

The Company produced 47,877 ounces of gold for the half-year, compared to 26,089 ounces from the previous corresponding period, at an average recovered grade of 5.31 g/t gold (six months to December 2013: 5.07 g/t gold).

The increase in gold production is attributable to a combination of several factors:

- Increase in mill throughput;
- Improved head grades; and
- Improved mill recoveries

The average cash costs of US\$381 per ounce, inclusive of royalties and local business taxes were lower than the previous period's average cash costs of US\$422 per ounce.

Production Guidance

The revised forecast gold production for the fiscal year to 30 June 2015 after taking into account current year to date production of 47,877 is between 95,000 to 100,000 ounces.

Cash costs are expected to be between US\$400 to US\$450 per ounce and All in Sustaining Costs between US\$900 to US\$1,000 per ounce.

The Company expects recoveries to be maintained above 92% and head grade to be >5 g/t gold.

OPERATIONS OVERVIEW

The locations of the Company's main projects and prospects, in relation to the Co-O Mine, are shown on Figure 1.

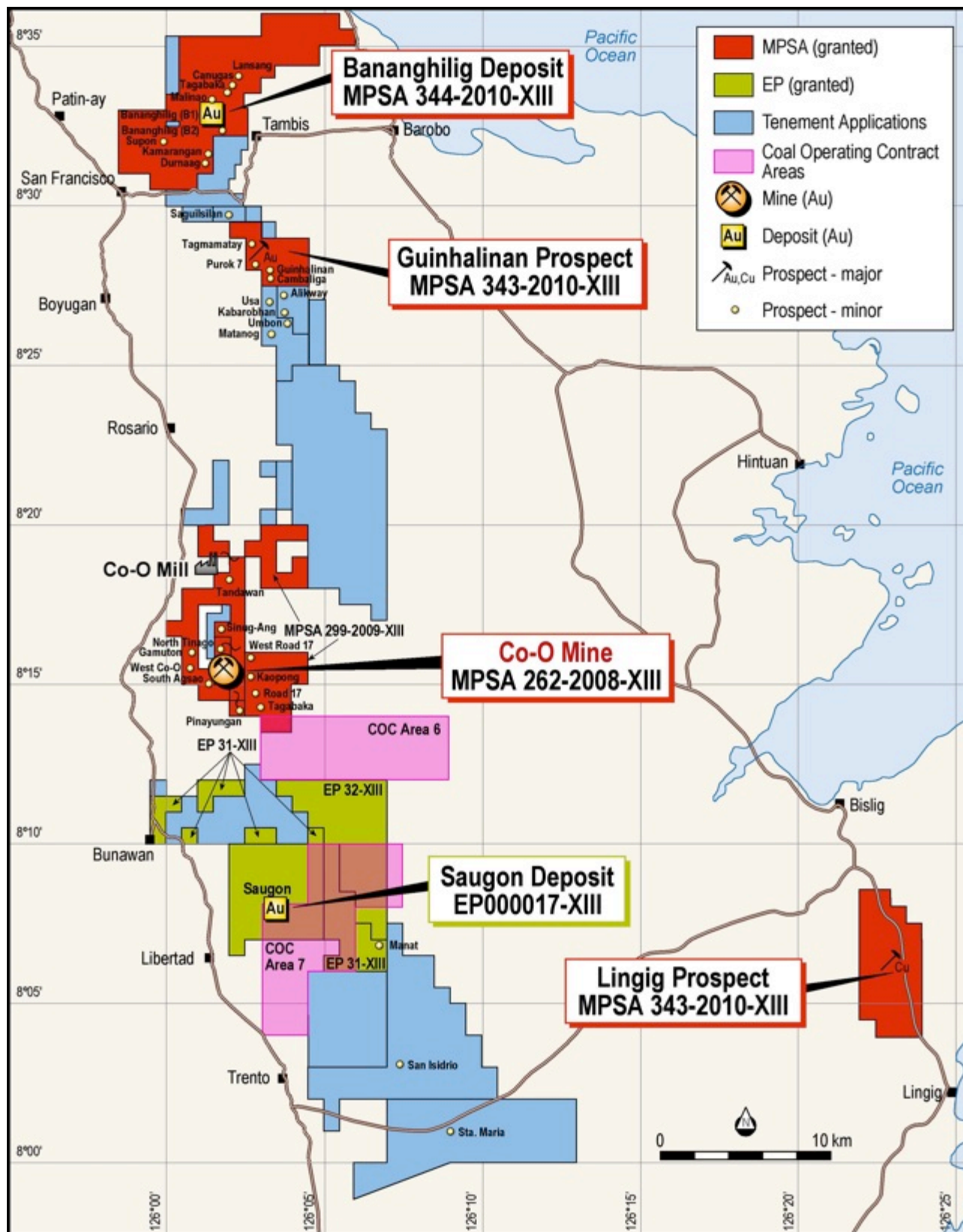


Figure 1. Location diagram

GROUP MINERAL RESOURCES AND ORE RESERVES

The Company's current mineral resources and ore reserves were previously announced in accordance with the guidelines of the JORC Code 2012 (Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves) for the Co-O Mine, and in accordance with the guidelines of the JORC Code 2004 for the Bananghilig and Saugon deposits. For details on the Mineral Resources and Ore Reserve assumptions, modelling and estimation parameters, and comparison with 2013FY mineral resources and ore reserves statement, refer to announcements of 08 August 2013, 25 September 2014 and 06 January 2015, the September 2014 Quarterly Report, and the 2014 Annual Report.

Mineral Resource and Ore Reserve Assumptions

Mineral Resources are reported inclusive of Ore Reserves and includes all exploration and resource definition drilling information up to 31 May 2014, and has been depleted for mining to 30 June 2014. Gold price assumptions used to estimate Mineral Resources and Ore Reserves are:

- Mineral Resources: US\$1,500/oz gold
- Ore Reserves: US\$1,250/oz gold

Co-O Mine Mineral Resources and Ore Reserves

Carras Mining Pty Ltd ("Carras") of Perth, Western Australia was contracted to undertake the ore reserve estimation based on the 2014 mineral resource wireframe model provided by Cube Consulting Pty Ltd. This model was slightly updated in parts to reflect more current observations made in the mine, where they are relevant to the Ore Reserve study. A Bulk Density value of 2.62 was used for mineral resource estimations and 2.4 was used for the waste material.

The 2014FY Ore Reserves estimate for the Co-O Mine comprises a Probable Ore Reserve of 1,920,000 tonnes at an average grade of 7.22 g/t gold for a total of 446,000 ounces gold.

A comparison between the 2014FY ore reserves and that stated for 2013FY shows a decrease in Probable Reserve ounces of 22% or 124,000 ounces gold.

The changes in the Co-O Mine reserves are primarily due to: mining depletion; modified vein interpretations through increased geological knowledge of the different vein sets obtained by continuing underground mapping, inclusion of additional underground drilling results, more conservative mining dilution parameters and resource modelling techniques.

Bananghilig Mineral Resources

On 8 August 2013, a mineral resource update for the Bananghilig deposit was announced using all drilling data up to 30 June 2013. A 0.8 g/t gold cut-off was applied to the resource estimate resulting in a total combined Indicated and Inferred Mineral Resources of 24,520,000 tonnes, containing 1,136,000 ounces at a grade of 1.44 g/t gold.

Since there have been no material changes to the database for the Bananghilig Deposit since the 2013FY mineral resource estimate update statement, the Bananghilig Mineral Resources is reported in accordance with JORC Code, 2004.

Saugon Mineral Resource

Cube Consulting Pty Ltd completed a preliminary resource estimate for the First Hit Vein in 2013 as announced in the March 2013 quarterly report. A cut-off of 2 g/t gold was used 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.

Since there have been no material changes to the database for the Saugon Deposit since the 2013FY mineral resource estimate update statement, the Saugon Mineral Resources is reported in accordance with JORC Code, 2004.

2015 Group Mineral Resources and Ore Reserves

The Co-O Mine and Bananghilig deposit are currently undergoing review, revised interpretations and mineral resource and ore reserve estimations. The revised group mineral resources and ore reserves will be reported during the September 2015 quarter, in accordance with JORC Code 2012.

GOLD PRODUCTION

The production statistics for the six months to 31 December 2014 with comparatives for the December 2013 half year are summarised in Table I.

Table I. Gold production statistics

Description	Unit	HY ended 31 Dec 2014	HY ended 31 Dec 2013	Variance	(%)
Tonnes mined	WMT	335,509	222,644	112,865	51%
Ore milled	DMT	300,485	190,051	110,434	58%
Recovered grade	gpt	5.31	5.07	0.24	5%
Recovery	%	93%	86%	7%	8%
Gold produced	ounces	47,877	26,089	21,788	84%
Cash costs (1)	US\$	\$381	\$422	(\$41)	(10%)
Gold sold	ounces	50,682	27,334	23,348	85%
Average gold price received	US\$	\$1,234	\$1,304	(\$70)	(5%)

Note:

(1) Net of development costs and includes royalties and local business taxes but no by-product credits.

Gold production for the six months to 31 December 2014 was 47,877 ounces of gold at an average grade of 5.31 g/t gold which was higher than last year's production of 26,089 ounces of gold at recovered grades averaging 5.07 g/t gold.

The increase in gold production is attributable to a combination of several factors:

- Increase in mill throughput;
- Improved head grades; and
- Improved mill recoveries

The average cash costs of US\$381 per ounce, inclusive of royalties and local business taxes were lower than the previous period's average cash costs of US\$422 per ounce.

Medusa, an un-hedged gold producer, sold 56,682 ounces of gold at an average price of US\$1,234 per ounce during the period (corresponding period last year 27,334 at average price received of US\$1,304 per ounce).

Gold produced for the half year exceeded production guidance by 2,877 ounces and the targeted full year's production to 30 June 2015 is between 95,000 to 100,000 ounces. Cash costs are expected to be between US\$400 to US\$450 per ounce and All in Sustaining Costs between US\$900 to US\$1,000 per ounce.

The Company expects recoveries to be maintained above 92% and head grade to be >5 g/t gold.

Co-O MILL

The new SAG Mill has operated successfully during the period processing 300,485 dry metric tonnes.

Activities during the period included:

- Commencement of operation of the replacement primary crusher belt feeder in July 2014;
- Complete construction of 2 new leach tank shells. Installation of pipe work, pumps and agitators in progress with completion expected in March;
- Additional equipment on order to improve the grind size;
- Contracts for consumables are being re-negotiated to reduce costs; and
- Partial re-line of the SAG mill was completed in early January.



Photo 2. Mill site showing new leach tanks located behind the SAG mill.

Tailings Storage

Work will commence shortly on tailings storage facility number 5.

Co-O MINE

Co-O Mine

The achievements include:

- The mine ore production exceeded production guidance of between 40,000 to 45,000 ounces of gold for the half-year, producing 47,877 ounces of gold;
- The mined grade improved from 5.02 g/t gold in the September quarter to 5.56 g/t gold in the December quarter;
- The L8 Shaft was upgraded over the Christmas period to provide increased haulage capacity for the mine of approximately 60,000 tonnes per month (up from approximately 45,000 tonnes per month);
- New stope protocols introduced to reduce dilution and improve safety and ventilation;
- Development has achieved the target of >1,500 metres per month;
- A life of mine haulage plan is under consideration for a Service Shaft and multi-purpose shaft to Level 16 (750 metres below surface); and
- A winze has been sunk from Level 9 to Level 10 which will be equipped as an internal shaft allowing development to commence on Levels 9 and 10.

Health and Safety

Lost time incident frequency rate (LTIFR) for the 12 months to 31 December 2014 is 0.25 and for the 6 months to 31 December 2014 is 0.17 across all of the Company's operations. There were no breaches of any of the project's operating regulations during the period.

Co-O RESOURCE DRILLING

Underground diamond drilling has continued since the last resource model update was announced on 25 September 2014 and continues to focus on extending the Co-O Vein system laterally and vertically from the lower levels, particularly to the eastern portion of the resource model and beyond. Drilling was carried out using three large contract rigs for exploration, from drill chambers Level 3 - 64W, 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. A total of 39 diamond drill holes were completed for an advance of 16,111 metres.

Significant results obtained during the half year ending 31 December 2014, have previously been reported in more detail in the September 2014 and December 2014 reports and are summarised below in Table II and the intersection positions shown on the longitudinal projection of the Co-O Mine (Fig. 2).

Co-O Mine Geology

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

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

In addition, the discovery of other sub-vertical veins with a more northerly azimuth, through development on Level 8 in 2013, has also resulted in the recognition of this as a third vein orientation set. Veins with this northerly orientation are now being recognised elsewhere in the mine, but are not included in the current resource model due to sparseness of drilling data.

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

In summary, the Co-O vein system is complex and interpretation is an on-going exercise using existing data together with new data as it becomes available from underground mapping and drilling.

In addition to the ongoing underground resource drilling programme, additional drilling will commence shortly on Level 8 to investigate and delineate the down-plunge extent of the main ore shoots to the east of current underground development, beneath the flare of the diatrema.

Table II. Co-O surface and underground drill hole results of ≥ 1.0 metres at ≥ 6.0 g/t gold

(Refer Appendix A prepared in accordance with JORC Code 2012)

Hole Number	East ⁴	North ⁴	RL ⁴	Depth (metres)	Azimuth (°)	Dip (°)	From (metres)	Width ² (metres)	Gold Grade ^{1,3} (uncut) (g/t gold)
UNDERGROUND EXPLORATION DRILL HOLES - LEVEL 2									
L2-65W-004	613305	913119	107	96	191	3	61.65	1.00	6.33
L2-6E-001	614069	913132	103	26	331	3	23.90	2.40	11.64
UNDERGROUND EXPLORATION DRILL HOLES - LEVEL 3									
L3-17W-002	613894	913226	50	486	188	-31	359.10	1.15	15.2
L3-17W-004	613893	913226	50	512	201	-29	241.85	1.65	6.68
L3-64W-016	613353	913058	62	439	138	-25	193.20	1.00	11.14
L3-64W-017	613353	913055	60	551	150	-25	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	613590	913079	-40	522	208	-18	178.00	2.00	3.15
UNDERGROUND EXPLORATION DRILL HOLES - LEVEL 6									
L6-23E-002	614241	912963	-93	13	156	3	9.05	1.00	7.07
UNDERGROUND EXPLORATION DRILL HOLES - LEVEL 8									
L8-19E-003	614213	913136	-192	478	204	-3	331.15	3.80	16.31
							375.45	1.95	53.69
L8-19E-005	614213	913137	-192	494	223	-3	237.80	1.10	10.93
L8-19E-013	614214	913136	-193	415	179	-29	200.15	1.40	24.38
L8-19E-014	614214	913136	-193	430	193	-23	217.80	1.40	4.95
							220.75	1.00	8.40
L8-19E-016	614219	913137	-193	414	142	-20	196.95	1.00	9.37
L8-19E-017	614219	913137	-193	481	125	-19	92.00	3.95	4.59
							460.80	1.40	22.42
							465.85	1.20	14.69
L8-19E-018	614219	913137	-193	476	139	-19	322.85	1.05	24.07
							381.10	2.60	14.44
							428.10	1.30	8.56
L8-19E-020	614212	913137	-192	438	216	-15	345.00	1.70	6.42
L8-19E-024	614214	913136	-193	488	173	-35	263.60	1.00	6.17
L8-19E-025	614217	913136	-193	452	144	-22	144.20	1.10	21.93
							198.50	1.80	19.78
							345.30	2.40	10.95
L8-19E-026	614217	913136	-193	458	149	-30	362.00	1.00	22.20

Notes:

- 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
 - ≥ 1.0 metres down hole intercept width at ≥ 6.0 g/t gold, or
 - ≥ 6 gram.metres;
 - 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
- Easting, Northing and RL elevation in metres relative to Co-O Mine Datum.

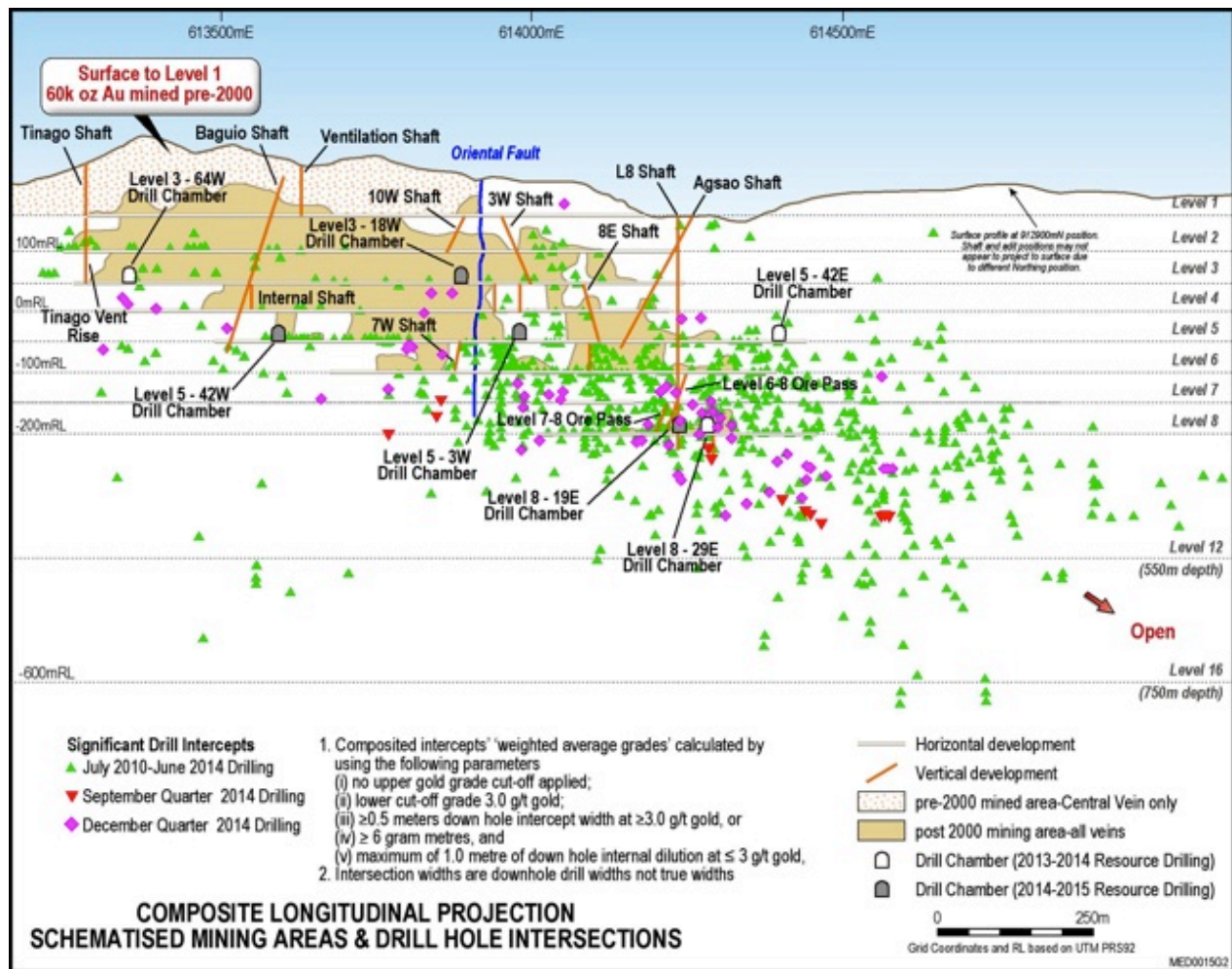


Figure 2. Co-O Mine composite longitudinal projection of schematised mining areas, drill chambers for resource drilling and significant drill intercepts.

Co-O EXPLORATION

Induced Polarisation and Ground Magnetics Surveys

The Induced Polarisation Resistivity and Ground Magnetics surveys to the east of the Co-O Mine were terminated due to a lack of prospectivity in the unsurveyed areas as determined by mapping and aeromagnetics interpretation.

Processing of the data obtained from last year's Induced Polarisation/Resistivity and Ground Magnetics survey has been completed, and a review is currently underway of the recently received report.

Reconnaissance Programmes

Reconnaissance mapping and sampling programmes were re-focused to concentrate on the North Tinago vein set, South Agsao and the West Road 17 prospect.

Co-O Local Geology and Mineralisation

The 2014 Annual Report includes summary information on local geology and mineralisation.

Research

Detailed studies of the Co-O Mine and surrounds continued through the second half of 2014 with the Centre for Exploration Targeting at the University of Western Australia. This research is nearing completion, and is focussed primarily on fluid inclusions, alteration and detailed vein texture studies on a large suite of samples collected from the various veins throughout the Co-O mine. The aim of this research is to assist in better understanding and determining the extent and nature of the Co-O

hydrothermal system. New data from the research is being incorporated into the current re-interpretations.

TAMBIS PROJECT

BACKGROUND

The Tambis Project, which includes the Bananghilig Gold Deposit, 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 (Fig. 1 and Appendix D).

REGIONAL GEOLOGICAL SETTING

The announcement of 12 September 2011 summarises the Tambis regional geological setting, local geological setting, deposit description and mineralisation. Figure 3 shows the regional geology and location of Bananghilig gold deposit, B2 discovery area and other prospect areas.

BANANGHILIG GOLD DEPOSIT

Additional information with respect to the Bananghilig gold deposit is contained in the previous announcements and regulatory reports since September 2011, and the last resource estimation update on 08 August 2013.

Geological Re-interpretation and Assessment

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

Metallurgical Test Work

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 and resource work.

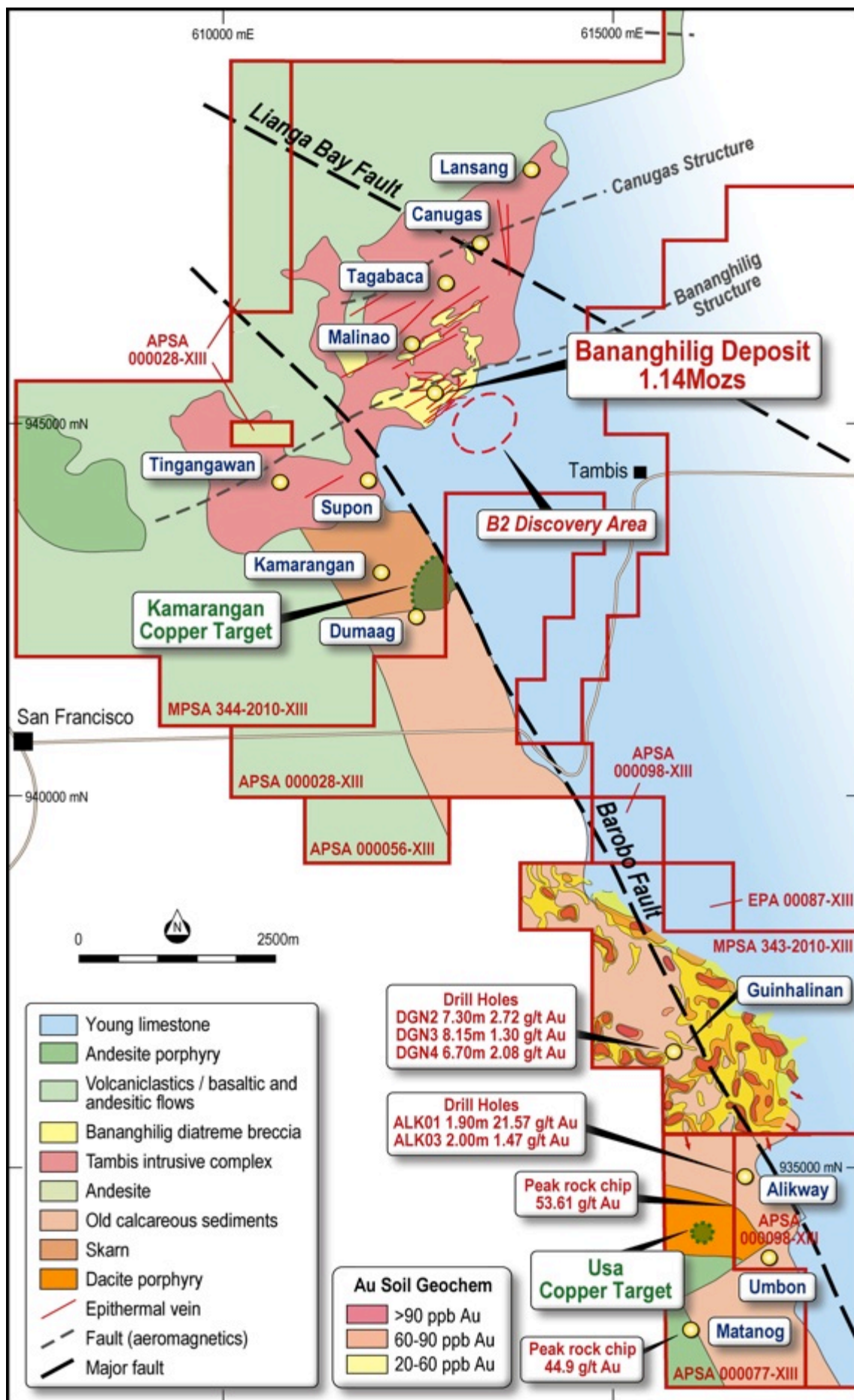


Figure 3. Tambis Project regional geology showing location of Bananghilig resource relative to the B2 mineralisation discovery area and the Guinhalinan prospect gold in soil geochemistry.

BANANGHILIG EXPLORATION

B2 Discovery Area

During the September 2014 quarter, final results were received for the three remaining holes completed at B2 prior to 30 June 2014. The September 2014 quarterly report and 2014 annual report includes more detail on the drilling results for the half year ending December 2014.

B2 Drilling Results

Results of the last programme of diamond drilling at B2 were announced in the September 2014 quarterly report, and the 2014 annual report. Significant drill assays received since June 2014 are shown in Table III below.

Table III. Bananghilig B2 Discovery Area - significant drill hole results $\geq 5\text{m}$ @ ≥ 0.5 g/t gold or ≥ 5 gram*metres
(Refer Appendix B prepared in accordance with JORC Code 2012)

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

Notes:

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

Downhole Geophysics Programme

A downhole geophysics survey is planned for the B2 area. The survey will trial Down-Hole Electromagnetic (DHEM) and Down-Hole Magnetometric Resistivity (DHMMR) type surveys to investigate the potential to delineate additional higher gold grade hydrothermal breccia zones within the general B2 Discovery area. The survey has been delayed, due to contractor availability, and is now anticipated to commence after the rainy season abates, possibly in April.

Future Drilling

Further drilling will be considered when the geophysics programme is completed and interpreted in combination with the integration of all the drilling data.

TAMBIS REGIONAL

There is an ongoing program of geological mapping, trenching and sampling throughout the granted tenements of the Tambis Regional Project area, including the areas surrounding the Bananghilig Deposit and B2 Discovery areas and the Barobo Fault Corridor, focusing the Guinhalinan Prospect (Fig. 3).

For more detailed descriptions of the geology, exploration potential and previous drilling and rock sample geochemistry results, refer to announcements dated 16 July 2007, and 12 August 2009, June 2007 and September 2009 Quarterly Reports and 2009 Annual Report.

GUINHALINAN GOLD PROSPECT

Background

The Guinhalinan Gold prospect is located within one of two parcels of granted MPSA 343-2010-XIII and 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. The other parcel comprises the Lingig Prospect.

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 (drill hole DGN004).

Summary information of the geology and mineralisation, and historical drilling results were reported in the Company's 2009 annual report and September 2009 quarterly report.

The Usa porphyry copper and the Alikway base metal skarn prospects are located some 2.0 kilometres and 1.5 kilometres respectively, to the south and southeast of Guinhalinan, within close proximity 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 was 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 (Refer Appendix C for JORC Code 2012 Table 1 report).

Soil sampling results

As shown on Figure 3, the contouring of the raw soil sampling results shows a regionally significant, consistent and extensive corridor of 'gold in soil' anomalies up to 5 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. This zone is in places obscured by an overlying veneer of 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 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.

A summary of regional geology, mineralisation styles and results of the IP survey conducted in 2013 is described in the 2014 annual report. Summary information on the project, including results from drilling in 2010, is contained within the announcement of 7 May 2010, and in the June 2010 quarterly report

A drilling programme comprising three diamond holes is planned to commence in the June 2015 quarter, to test the two IP anomalies (Zones 2 and 3) defined in 2013, and located within the south-western Cu-Mo soil geochemistry anomaly as shown in Figure 4.

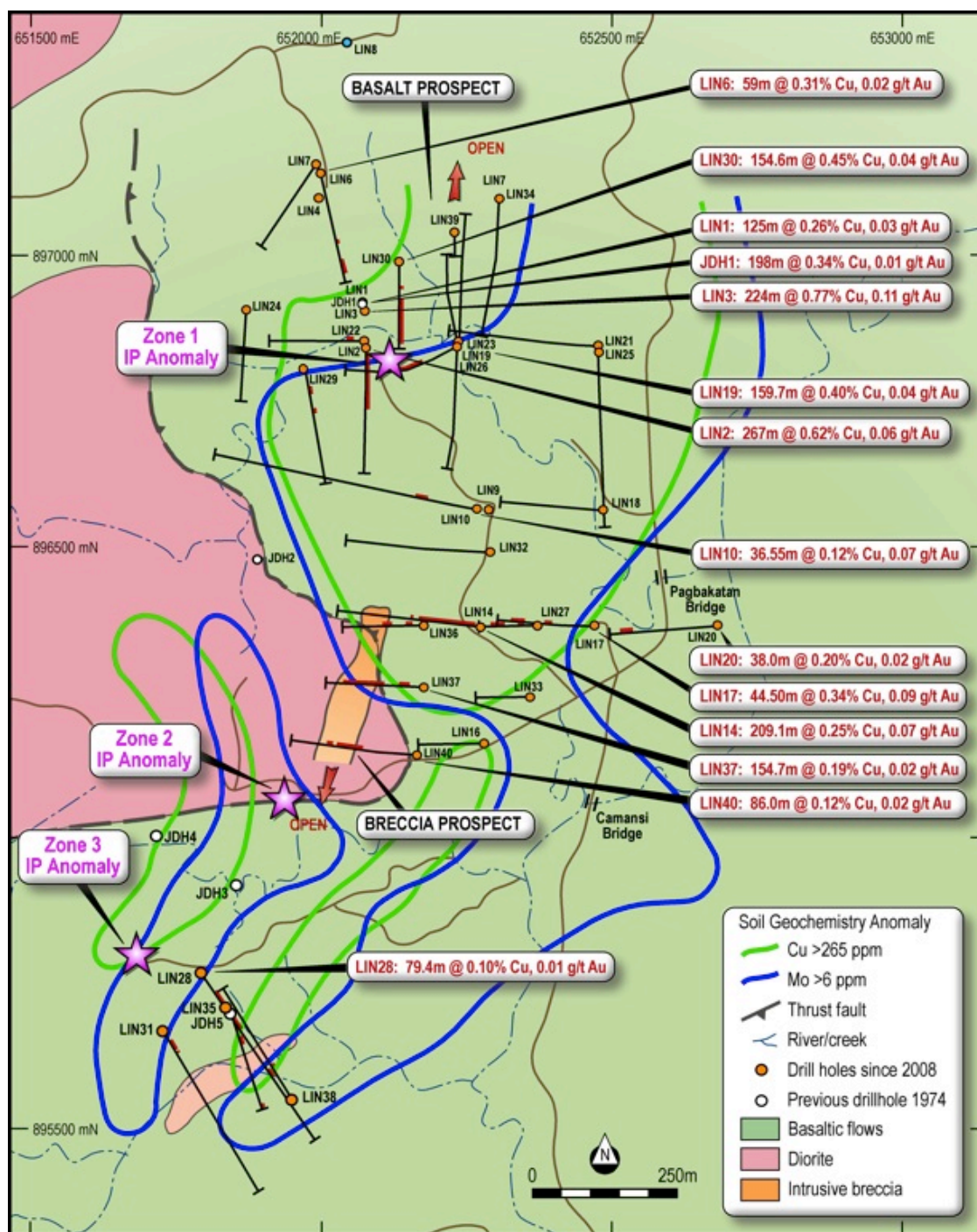


Figure 4. Lingqi Project - geology and historical drill results, copper & molybdenum soil geochemistry anomalies, and IP anomalies.

SAUGON PROJECT

The Saugon Project encompasses three granted Exploration Permits and two Exploration Permit Applications covering a total combined area of 180 km² (Fig. 1 & Appendix D). The Saugon Deposit is situated within granted Exploration Permit 017-XIII.

Detailed and reconnaissance geological mapping, trenching and sampling programmes have been completed and are being assessed for future work.

OTHER PROJECTS

Several Projects comprise tenement applications, which are currently being progressed towards granting.

These projects include the Apical, Corplex and Usa Projects.

Summary tenement information is contained in the 2014 Annual Report and in the attached tenement schedule (Appendix D).

EXPLORATION AND DEVELOPMENT PIPELINE

Over the last eleven years the Company acquired a portfolio of tenements with numerous prospects that range in stages of advancement, from 'greenfields' through to 'resource definition'. Additional information is contained in the announcement dated 21 January 2015.

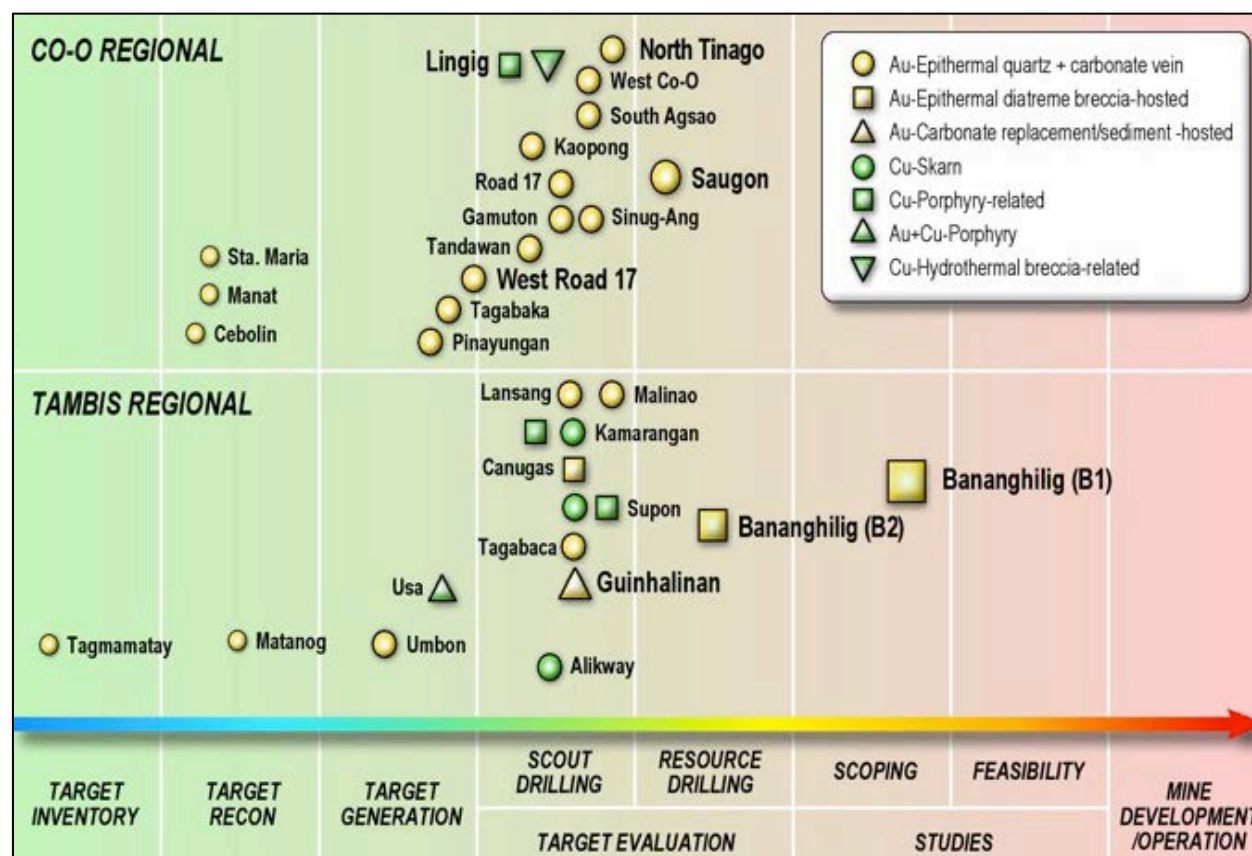


Figure 5. Exploration pipeline of projects

Currently only the Bananghilig Deposit has significant resources besides the operating Co-O Mine. Bananghilig is undergoing further geological work prior to advancing the scoping studies.

The principal aim is to advance each prospect towards resource definition, to build a resource base and contribute mill feed to the current Co-O Mill operations, and/or develop stand-alone mining/milling operations.

Whilst there are many tenement applications still in the process of approval, the majority of the prospects are located within the granted tenements, and are able to be advanced systematically.

The exploration status classifications for each prospect, up to Scoping Study, are defined as follows:

- (i) **Target Inventory:** known prospects without any surface work;
- (ii) **Target Reconnaissance:** known prospects subjected to first pass field assessment, usually involving visual inspection, reconnaissance mapping and surface sampling
- (iii) **Target Generation:** involves detailed mapping, trenching, possibly ground geophysics and data compilation to generate targets for drilling
- (iv) **Scout Drilling:** drilling to determine if mineralisation exists has been undertaken
- (v) **Resource Drilling:** current drill hole spacing is deemed sufficiently close to define a resource

Figure 5 shows the current exploration status for each known prospect. In the Co-O Mine environs, the Tinago Vein set, East Agsao and West Road 17 are high priority.

In the Tambis region, Bananghilig (B1) is undergoing additional geological work prior to re-visiting scoping studies. Since B2 is an extension of B1, further work is dependent on the outcome of B1 studies.

Guinhalinan is the current high priority greenfields prospect in the Tambis region.

TENEMENT RATIONALISATION

Following a comprehensive evaluation of exploration data acquired and compiled over the last eleven years, the Company has recently completed a review of the prospectivity of its tenement holdings to relinquish areas, which are now considered to not warrant further work.

The reduction in each selected tenement area is based on a combination of downgrading of geological prospectivity, as determined by remote sensing interpretations, reconnaissance exploration, unfavourable surface features, such as extensive swamp areas which do not permit viable exploration, and conflicting land use areas, such as rice fields and urban areas.

The review has resulted in an overall reduction of 39.4% (317.7 km²) in area, from 806.5 km² to approximately 488.7 km². The reduction consists of a combination of area reductions for granted tenements, tenement application relinquishments and partial area reductions in some tenement applications.

The revised tenement map and schedule is shown in Figure 1 and Appendix D, respectively. Additional information is contained in the announcement of 21 January 2015.

FUTURE POWER SECURITY

As announced on 18 December 2014, the Company has been granted 9 Coal Operating Contracts (COC's) totalling 9,000 hectares within two areas immediately adjacent to the east side of the Co-O operations (Fig. 1). Multiple coal seams have previously 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 30MW 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 by Philippine National Oil Company (PNOC) in the 1980s, classified the coal in both areas as 'sub-bituminous B' to 'high-volatile bituminous A' coal using the American Society for Testing and Materials ("ASTM") classification scheme. Average heating values for samples obtained by PNOC from within COC Area 7 were previously reported ranging from 2,900 BTU/lb up to 10,600 BTU/lb, and averaging 6,500 BTU/lb.

EXECUTIVE ORDER ON MINING SECTOR REFORMS IN THE PHILIPPINES (EO79) and EXECUTIVE ORDER ON EXTRACTIVE INDUSTRIES TRANSPARENCY IN THE PHILIPPINES (EO147)

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

FINANCIALS

Medusa recorded a net profit after tax ("NPAT") of US\$24.8 million and earnings before interest, tax depreciation and amortisation ("EBITDA") of US\$39.9 million for the half year to 31 December 2014, compared to US\$13.0 million and US\$19.4 million respectively in the previous corresponding period.

The Company recorded Revenues of US\$62.2 million compared to US\$34.0 million in the previous corresponding period. Medusa is an un-hedged gold producer and received an average price of US\$1,234 per ounce from the sale of 50,682 ounces of gold for the half-year to December 2014 (previous corresponding period: 27,334 ounces at US\$1,304 per ounce).

The increase in NPAT, EBITDA and Revenues is directly linked to a substantial increase in gold production (47,877 ounces compared to 26,089 ounces), marginally offset by a lower average price received on sale of gold (US\$1,234 per ounce compared to US\$1,304 per ounce).

As at 31 December 2014, the Company had total cash, cash equivalent in gold on metal account and bullion on hand of approximately US\$13.6 million (Dec 2013: US\$20.8 million).

During the half-year:

- The Company recorded Revenue of US\$62.2 million from gold and silver sales (Dec 2013 half-year: gold and silver sales of US\$33.9 million);
- Depreciation and amortisation was significantly higher at US\$14.2 million, compared with US\$6.3 million in the December half of 2013;
- US\$5.6 million outlay on exploration expenditure (Dec 2013 half-year: US\$8.5 million);
- US\$5.5 million was spent on sustaining capital at the mine, the mill and general infrastructure (Dec 2013 half-year: US\$11.6 million); and
- Incurred US\$19.1 million on mine development costs, inclusive of shaft maintenance costs (Dec 2013 half-year: US\$17.5 million).

CORPORATE

Dividend

No dividend will be payable for the half year to 31 December 2014 (No dividend was payable for the previous half year to 31 December 2013).

Board changes

Mr Gary Powell resigned from the Board on 7 December 2014.

Management changes

Mr Rob Gregory was appointed as Chief Operating Officer on 19 November 2014.

Mr Gary Powell was appointed as Manager Geology and Resources on 8 December 2014.

General Meeting

Subsequent to the half-year end, at a General Meeting 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.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 22 for the half-year ended 31 December 2014.

ROUNDING OF AMOUNTS

The Company has applied the relief available to it under Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded to the nearest \$1,000.

This report is signed in accordance with a resolution of the Board of Directors.



ANDREW TEO

Chairman

Dated this 24th day of February 2015

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**Auditor's Independence Declaration
To The Directors of Medusa Mining Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Medusa Mining Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J W Vibert
Partner - Audit & Assurance

Perth, 24 February 2015

Grant Thornton Audit Pty Ltd ACN 130 913 594
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FINANCIALS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2014

		Consolidated Group	
		31 Dec 2014	31 Dec 2013
	Note	US\$ 000	US\$ 000
Revenue		62,238	33,998
Cost of sales		(32,420)	(15,775)
Administration expenses		(3,913)	(3,905)
Other expenses		(268)	(1,298)
Profit before income tax expense		25,637	13,020
Income tax expense		(883)	-
Profit for the period after income tax expense		24,754	13,020
<u>Other comprehensive income:</u>			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Exchange differences on translation of foreign operations (net of tax)		2,438	(11,073)
Total comprehensive income		27,192	1,947
<u>Overall operations:</u>			
Basic earnings per share		0.128	0.067
Diluted earnings per share		0.127	0.067

The accompanying condensed notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the half-year ended 31 December 2014

	Consolidated Group	
	31 Dec 2014	30 June 2014
	US\$ 000	US\$ 000
Note		
CURRENT ASSETS		
Cash & cash equivalents	13,643	13,063
Trade & other receivables	20,440	12,030
Inventories	20,016	18,084
Other current assets	927	512
Total Current Assets	55,026	43,689
NON-CURRENT ASSETS		
Trade & other receivables	13,283	21,489
Property, plant & equipment	115,129	115,470
Intangible assets	138	96
Exploration, evaluation and development expenditure	276,939	261,743
Deferred tax assets	6,229	2,983
Total Non-Current Assets	411,718	401,781
TOTAL ASSETS	466,744	445,470
CURRENT LIABILITIES		
Trade & other payables	15,630	19,954
Borrowings	5,029	7,132
Provisions	438	740
Total Current Liabilities	21,097	27,826
NON-CURRENT LIABILITIES		
Borrowings	3,016	2,202
Provisions	1,788	1,782
Deferred tax liability	1,345	1,354
Total Non-Current Liabilities	6,149	5,338
TOTAL LIABILITIES	27,246	33,164
NET ASSETS	439,498	412,306
EQUITY		
Issued capital	102,902	102,902
Reserves	12,519	13,440
Retained profits	324,077	295,964
TOTAL SHAREHOLDERS' EQUITY	439,498	412,306

The accompanying condensed notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2014

	Share Capital Ordinary	Retained Profits	Other Reserves (refer note 6)	Foreign Currency Translation Reserve	Total
	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000
Balance at 01.07.2013	73,070	265,093	4,448	13,639	356,250
Net profit after tax	-	13,020	-	-	13,020
Other comprehensive income	-	-	-	(11,073)	(11,073)
Total comprehensive income for the period	-	13,020	-	(11,073)	1,947
Shares issued during the period	29,832	-	-	-	29,832
Transfer from Option Reserve					
Share options and performance rights recognised during the period in accordance with AASB 2 - share based payments	-	-	191	-	191
Sub-total	102,902	278,113	4,639	2,566	388,220
Dividends paid or provided for (refer note 3)	-	-	-	-	-
Balance at 31.12.2013	102,902	278,113	4,639	2,566	388,220
Balance at 01.07.2014	102,902	295,964	4,638	8,802	412,306
Net profit after tax	-	24,754	-	-	24,754
Other comprehensive income	-	-	-	2,438	2,438
Total comprehensive income for the period	-	24,754	-	2,438	27,192
Shares issued during the period	-	-	-	-	-
Transfer from Option Reserve	-	3,359	(3,359)	-	-
Sub-total	102,902	324,077	1,279	11,240	439,498
Dividends paid or provided for (refer note 3)	-	-	-	-	-
Balance at 31.12.2014	102,902	324,077	1,279	11,240	439,498

The accompanying condensed notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2014

	Consolidated Group	
	31 Dec 2014	31 Dec 2013
	US\$ 000	US\$ 000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	61,562	35,929
Payments to suppliers and employees	(25,689)	(11,398)
Interest received	37	43
Net cash provided by operating activities	35,910	24,574
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments of non-current assets	(8,859)	(13,600)
Payments of intangibles	(96)	-
Payments for exploration expenditure and tenements	(3,471)	(3,853)
Payments for development activities	(23,245)	(22,689)
Net cash (used in) investing activities	(35,671)	(40,142)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	31,684
Transaction costs from issue of shares	-	(1,851)
Payments for dividends	-	-
Repayment of bank loan	(1,289)	-
Receipt from bank loan	-	4,808
Net cash (used in) / provided by financing activities	(1,289)	34,641
Net (decrease) / increase in cash held	(1,050)	19,073
Cash at beginning of period	13,063	4,698
Exchange rate adjustments	1,630	(3,862)
Cash at end of period	13,643	19,909

The accompanying condensed notes form part of these financial statements

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2014

Note 1: Basis of preparation

Medusa Mining Limited (the "Company") is a company domiciled in Australia.

The consolidated interim financial report of the Company as at and for the six months ended 31 December 2014 comprises the Company and its subsidiaries (together referred to as the "Group") and the consolidated group's interests in associates and jointly controlled entities.

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. Though the Group's functional currency is Australian dollars and Philippines Peso, the presentation currency for the Group is US dollars. The reason for using US dollars as the presentation currency is US dollars is the primary currency used in the global gold market.

The consolidated annual financial report of the consolidated group as at and for the year ended 30 June 2014 is available on the company's website.

(a) Statement of compliance

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Consolidated Group as at and for the year ended 30 June 2014.

This consolidated interim financial report was approved by the Board of Directors on 23 February 2015.

(b) Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2014, except for the application of the following standards:

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.

Effective date: 1 January 2018

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- (a) financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows
- (b) allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
- (c) introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments
- (d) financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases
- (e) where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
 - the change attributable to changes in credit risk is presented in other comprehensive income (OCI)
 - the remaining change is presented in profit or loss

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- de-recognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.

AASB 15 Revenue from Contracts with Customers

Effective date: 1 January 2017

AASB 15:

replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations:

- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

In the Australian context, AASB 15 will apply to contracts of not-for-profit (NFP) entities that are exchange transactions. AASB 1004 Contributions will continue to apply to non-exchange transactions until the Income from Transactions of NFP Entities Project is completed (with an Exposure Draft inviting public comment on those proposals targeted for issue in Quarter 1, 2015).

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2017.

AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)

Effective date: 1 July 2014

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

- (a) clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity); and
- (b) amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2011-2013 Cycle clarify that an entity should assess whether an acquired property is an investment property under AASB 140 Investment Property and perform a separate assessment under AASB 3 Business Combinations to determine whether the acquisition of the investment property constitutes a business combination.

Part B of AASB 2014-1 makes amendments to AASB 119 Employee Benefits to incorporate the IASB's practical expedient amendments finalised in International Financial Reporting Standard Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) in relation to the requirements for contributions from employees or third parties that are linked to service.

The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. In contrast, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by paragraph 70 of AASB 119 for the gross benefit.

When these amendments are first adopted for the year ending 31 December 2015, there will be no material impact on the entity.

AASB 2014-1 Amendments to Australian Accounting Standards (Part C: Materiality)

Effective date: 1 July 2014

When these amendments are first adopted for the year ending 31 December 2015, there will be no material impact on the entity.

AASB 2014-1 Amendments to Australian Accounting Standards (Part D: Consequential Amendments arising from AASB 14)

Effective date: 1 January 2016

Part D of AASB 2014-1 makes consequential amendments arising from the issuance of AASB 14.

When these amendments become effective for the first time for the year ending 31 December 2016, they will not have any impact on the entity.

AASB 2014-1 Amendments to Australian Accounting Standards (Part E: Financial Instruments)

Effective date: 1 January 2015

Part E of AASB 2014-1 makes amendments to Australian Accounting Standards to reflect the AASB's decision to defer the mandatory application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018. Part E also makes amendments to numerous Australian Accounting Standards as a consequence of the introduction of Chapter 6 Hedge Accounting into AASB 9 and to amend reduced disclosure requirements for AASB 7 Financial Instruments: Disclosures and AASB 101 Presentation of Financial Statements.

The entity has not yet assessed the full impact of these amendments.

AASB 2014-2 Amendments to AASB 1053 - Transition to and between Tiers, and related Tier 2 Disclosure Requirements

Effective date: 1 July 2014

AASB 2014-2 makes amendments to AASB 1053 Application of Tiers of Australian Accounting Standards to:

- clarify that AASB 1053 relates only to general purpose financial statements
- make AASB 1053 consistent with the availability of the AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors option in AASB 1 First-time Adoption of Australian Accounting Standards
 - clarify certain circumstances in which an entity applying Tier 2 reporting requirements can apply the AASB 108 option in AASB 1
 - permit an entity applying Tier 2 reporting requirements for the first time to do so directly using the requirements in AASB 108 (rather than applying AASB 1) when, and only when, the entity had not applied, or only selectively applied, applicable recognition and measurement requirements in its most recent previous annual special purpose financial statements; and
 - specify certain disclosure requirements when an entity resumes the application of Tier 2 reporting requirements.

When these amendments are first adopted for the year ending 31 December 2015, they are unlikely to have any significant impact on the entity.

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation

Effective date: 1 January 2016

The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e., a revenue-based amortisation method might be appropriate) only in two (2) limited circumstances:

- i. the intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or
- ii. when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the transactions and balances recognised in the financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle

Effective date: 1 January 2016

Annual Improvements to IFRSs 2012-2014 Cycle is a series of amendments to IFRSs in response to issues raised during the 2012-2014 cycle for annual improvements.

Among other improvements, the amendments clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice-versa), the accounting guidance in paragraphs 27-29 of IFRS 5

Non-current Assets Held for Sale and Discontinued Operations does not apply. The amendments also state that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27-29 of IFRS 5.

The AASB is expected to publish the equivalent Australian amendments in quarter 1 of 2015.

When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the financial statements.

Disclosure Initiative – Amendments to IAS 1 Presentation of Financial Statements

Effective date: 1 January 2016

The amendments:

- clarify the materiality requirements in IAS 1, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information
- clarify that IAS 1's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated
- add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position
- clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order
- remove potentially unhelpful guidance in IAS 1 for identifying a significant accounting policy.

When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the financial statements.

(c) Significant events and transactions

The Group's objectives and policies for managing capital, credit risk and liquidity risk are described in its recent annual financial statements.

(d) Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(e) Rounding of amounts

The Company has applied the relief available to it under Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded to the nearest \$1,000.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2014

Consolidated Group	
31 Dec 2014	31 Dec 2013
US\$ 000	US\$ 000

Note 2: Profit for the period

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

Revenue items:

Interest revenue	44	65
Gold and silver sales	62,180	33,926
Other	14	7

Expense items:

Depreciation	5,554	3,263
Amortisation	8,666	3,041
Employee benefits expense	4,211	3,958
Recognition of share based payments	-	191

Note 3: Dividends

No dividend was declared (2013: No dividend was declared)	-	-
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CONDENSED NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2014

Note 4: Segment Information

The Consolidated Group has identified its reportable operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer (the chief operating decision maker) and his management team in assessing performance and in determining the allocation of resources.

The Group segments are structured as Mine, Exploration and Other. Currently the only operational mine is the Co-O mine.

	Mining US\$ 000	Exploration US\$ 000	Other US\$ 000	Total US\$ 000
Segment Revenue and Result				
<u>6 months to December 2014:</u>				
Segment revenue	62,180	-	-	62,180
Segment result	27,275	(10)	(3,452)	23,813
<u>6 months to December 2013:</u>				
Segment revenue	33,926	-	72	33,998
Segment result	15,937	(10)	(2,907)	13,020
Segment Assets and Liabilities				
<u>31 December 2014:</u>				
Segment assets	454,134	3,867	2,514	460,515
Reconciliation of segment assets to group assets				
add -				
Deferred tax assets				6,229
Total group assets				466,744
Segment liabilities	23,928	4	1,532	25,464
Reconciliation of segment liabilities to group liabilities				
add -				
Deferred tax liabilities				1,782
Total group liabilities				27,246
<u>30 June 2014:</u>				
Segment assets	434,822	3,836	3,829	442,487
Reconciliation of segment assets to group assets				
add -				
Deferred tax assets				2,983
Total group assets				445,470
Segment liabilities	29,373	5	2,004	31,382
Reconciliation of segment liabilities to group liabilities				
add -				
Deferred tax liabilities				1,782
Total group liabilities				33,164

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2014

Note 5: Issued Capital

Ordinary shares on issue

Opening balance

add -

Shares issued during the period

Transfer from option Reserve

Movement in ordinary shares during the half-year:

- Balance at beginning of the period

- Ordinary shares issued 7 November 2014

- Ordinary shares issued 25 November 2014

Consolidated Group			
31 Dec 2014	30 Jun 2014	31 Dec 2014	30 Jun 2014
(shares)	(shares)	US\$ 000	US\$ 000
207,794,301	207,794,301	102,902	102,902
207,794,301	188,903,911	102,902	73,070
-	18,890,390	-	29,832
207,794,301	207,794,301	102,902	102,902
207,794,301	188,903,911	102,902	73,070
-	9,445,195	-	14,916
-	9,445,195	-	14,916
207,794,301	207,794,301	102,902	102,902

The A\$ issue price per share has been converted using the exchange rate applicable on the date the funds were received and rounded to four decimal places.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2013

	Consolidated Group			
	31 Dec 2014	30 Jun 2014	31 Dec 2014	30 Jun 2014
	(options)	(options)	US\$ 000	US\$ 000
Note 6: Option and Performance Rights Reserve				
Option and Performance Rights Reserve	1,000,000	1,575,000	1,279	4,638
Opening balance	1,575,000	1,715,000	4,638	4,448
less -				
Options forfeited	-	(140,000)	-	-
Options expired	(575,000)	-	(3,359)	-
Share options and performance rights recognised during the period in accordance with AASB 2 - share based payments	-	-	-	190
	1,000,000	1,575,000	1,279	4,638

Note 7: Contingent Liabilities

There have been no developments in the period since the annual report.

Note 8: Commitments

There has been no change to the commitments as disclosed in the Group's 30 June 2014 annual report.

Note 9: Related Parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the Company's annual report for the year ended 30 June 2014.

Note 10: Events subsequent to reporting date

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.

There has not arisen in the interval between the half-year ended 31 December 2014 and the date of this report any other item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Consolidated Group, the results of those operations, or the state of affairs of the Consolidated Group, in subsequent financial periods.

DIRECTORS' DECLARATION

The Directors' of the Company declare that:

1. The financial statements and notes, as set out on pages 27 to 35
 - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the Consolidated Group's financial position as at 31 December 2014 and of its performance for the half year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Andrew Boon San Teo
Chairman

Dated this 24th day of February 2015



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Independent Auditor's Review Report To the Members of Medusa Mining Limited

We have reviewed the accompanying half-year financial report of Medusa Mining Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Medusa Mining Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Medusa Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Medusa Mining Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J W Vibert
Partner - Audit & Assurance

Perth, 24 February 2015

APPENDIX A

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

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

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

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> Qualitative logging is carried out on all drill core. More detailed quantitative logging is carried out for all zones of interest, such as 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Except for TT46 drill core, all drill core is sawn longitudinally in half along the core axis using a diamond saw to predetermined intervals for sampling. Cutting is carried out using a diamond saw with the core resting in a specifically designed cradle to ensure straight and accurate cutting. No non-core drill hole sampling has been carried out for the purposes of this report. Development and stope samples are taken as rock chips by channel sampling of the mining face according to geological boundaries. The sample preparation techniques are to industry standard. For all sample submissions to Philsaga's site laboratory, a CRM (Certified Reference Material) sample, a Blank Material sample (<0.005ppm Au), and a sample duplicate are inserted into every batch of 20 pulp samples. For PQ/PQ3, HQ/HQ3, NQ/NQ3 and LTK60 core, the remaining half core is retained for reference. The TT46 drill core is whole core sampled. Core sample submission sizes vary between 2-5kg depending on core size, sampling interval, and recovery. The assay sample sizes are considered to be appropriate for the style of mineralisation.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> All samples are submitted to the Philsaga's laboratory located at the processing plant site. Gold analysis is by fire assay technique using 30g charge and AAS finish. For samples with gold results of >5 g/t Au, FA-grav (gravimetric) method is applied. Since Oct 2010, drill sample duplicate pulps were resubmitted for Ag, Cu, Pb, Zn analysis by the aluminium black metal method. All sample preparation and analysis techniques are appropriate for this style of mineralisation. The quality of sample preparation and analysis is to international standard. The company's laboratory employs industry standard QA/QC procedures during sample preparation and analysis by using internal CRMs, blanks and duplicates. The laboratory undergoes regular audits by independent consultants. As a laboratory procedure, occasional batches of crushed core sample rejects and/or duplicate pulps are selected for re-submission to an independent laboratory (Intertek Philippines, Manila) for gold analysis.
Verification of sampling and assaying	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> No independent sampling has been undertaken by independent personnel, however visual inspections to validate mineralisation with assay results has occurred on a regular basis by independent and alternative company personnel to verify significant mineralised intersections. All drilling is diamond drilling and no twinning of holes has been undertaken. The majority of drilling is proximal to mine development and intersections are continually being validated by the advancing mine workings. Geological logging of drill core and drilling statistics are hand written and transferred to a digital database. Original logs are filed and stored in a secure office. Laboratory results are received as hardcopy and in digital form. Hardcopies are kept onsite. Digital data is imported into dedicated mining software programs and validated. The digital database is backed up on a regular basis with copies kept onsite.

Criteria	JORC Code explanation	Commentary
Location of data points	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Suitably qualified surveyors and/or experienced personnel, using total station survey equipment locate all drill hole collars. Coordinates are located with respect to Survey Control Stations (SCS) established within the project area and underground. A local mine grid system is used which has been adapted from the Philippine Reference System of 1992 (PRS92). 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Mineralisation is hosted within narrow, typically <2m wide quartz veins. 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 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	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Drilling is supervised by company geologists and exploration personnel. All samples are retrieved from the drill site at the first opportunity and taken to a secure compound where the core is geologically logged, photographed and sampled. Samples are collected in tagged plastic bags, and stored in a lockable room prior to transportation to the laboratory. The samples are transported using company vehicles and accompanied by company personnel to the laboratory.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> Dr Rudy Obial from R.C. Obial & Associates routinely undertakes site visit reviews and provides consulting advice for the onsite laboratory upgrades and QA/QC. These regular reviews form part of the continual improvement for the site laboratory. Cube has undertaken an independent review of available QA/QC data and concluded that the sample data is of a high standard and appropriate for Mineral Resource estimation. Sampling techniques and database management is to industry standard.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area. 	<ul style="list-style-type: none"> The Co-O mine tenement is operated under a Mineral Production Sharing Agreement ("MPSA") MPSA No. 262-2008-XIII, which covers 2,538.8 hectares. Aside from the prescribed gross royalties payable to the Philippine government (2%) and the Indigenous People (1%), no other royalties are payable on production from any mining activities within the MPSA.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgement and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> The Co-O mine was originally developed in 1989 by Banahaw Mining and Development Corporation ("BMDC"), a wholly owned subsidiary of Musselbrook Energy and Mines Pty Ltd. The operation closed in 1991 and was placed on 'care and maintenance' until its purchase by Philsaga Mining Corporation ("PMC") in 2000. PMC recommissioned the Co-O mine and began small-scale mining operations. Medusa Mining Ltd ("MML") listed on the ASX in December 2003, and in December 2006, completed the acquisition of all of PMC's interests in the Co-O mine and other assets including the mill and numerous tenements and joint ventures. MML has since been actively exploring the Co-O tenements.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style mineralisation. 	<ul style="list-style-type: none"> The Co-O deposit is an intermediate sulphidation, epithermal gold (+Ag ±Cu±Pb±Zn) vein system. The deposit is located in the Eastern Mindanao Volcano-plutonic belt of the Philippines.
Drill hole information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> Easting and northing of the drill hole collar Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar Dip and azimuth of the hole Down hole length and interception depth Hole length If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not distract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> Detailed information in relation to the drill holes re tabulated in Table II of this report, and include: 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	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade result, the procedure used for aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> No top cutting of assays was done for the reporting of exploration results. Short lengths of high-grade (≥ 300 g/t Au) assays included within composited intercepts, are reported separately. Metal equivalent values are not reported.

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>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').</i> 	<ul style="list-style-type: none"> • The orientation of the veins is typically E-W, with variations from NE-SW to NW-SE with dips varying from flat-lying to steep to the 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.
Diagrams	<ul style="list-style-type: none"> • <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported these should include but not limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> • A longitudinal section is included in this announcement showing significant assay results locations. (Fig. 2) Tabulated intercepts are also included in this announcement. In addition, an underground level plan (Fig. 3) is included, which shows the locations of the drill chambers from where previous drilling has been conducted, and the drill chambers, 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	<ul style="list-style-type: none"> • <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> • All DD drill holes with significant results are reported in this announcement (Table II).
Other substantive exploration data	<ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater; geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> • No other substantive exploration data has been acquired or considered meaningful and material to this announcement.
Further work	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions of depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling area, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • Mineralisation is still open to the east, and west and at depth. Underground exploration and development drilling will continue to test for extensions along strike and at depth to the Co-O vein system. • Figure 2, located within the main body of this announcement, is a long section of the Co-O mine showing significant drill intercepts in relation to the mine workings. Figure 3 also shows the recent drilling conducted in plan view (projected to Level 8) with significant intercepts 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	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. 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 mineralisation that are Material to the Public Report. <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> 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Drill type (e.g core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> No drilling was carried out during this reporting period
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> No drilling was carried out during this reporting period
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> No drilling was carried out during this reporting period

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all 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 maximise 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. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 (e.g standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. 	<ul style="list-style-type: none"> All samples are submitted to Intertek Philippines, an independent ISO17025 accredited laboratory. Gold analysis is by classical fire assay technique using 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> • Audits have been conducted by independent consultants on sampling techniques, laboratory procedures, and database management on an 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	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> No drilling was carried out during this reporting period
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade 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. 	<ul style="list-style-type: none"> Data aggregation was not carried out for the purposes of this report. Metal equivalent values are not reported.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g 'down hole length, true width not known'). 	<ul style="list-style-type: none"> No drilling was carried out during this reporting period

Criteria	JORC Code explanation	Commentary
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Refer to Figure 5 located in the main body of this report for the location and contours of the gold in soil geochemistry.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples - size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> The nature and scale of planned further work (e.g tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> 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