



QUARTERLY ACTIVITIES REPORT

PERIOD ENDED

31 MARCH 2017

Snapshot of Medusa:

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

Board of Directors:

Andrew Teo (Non-executive Chairman)

Raul Villanueva (Executive Director)

Ciceron Angeles (Non-executive Director)

Roy Daniel (Non-executive Director)

Boyd Timler (Executive Director)

Management:

Boyd Timler
(Managing Director)

Raul Villanueva
(President, Philippine subsidiaries)

Peter Alphonso
(Chief Financial Officer / Company Secretary)

James P. Llorca
(Manager of Geology & Resources)

David McGowan
(General Manager, Engineering)

Capital Structure:

Ordinary shares: 207,794,301
Unlisted options: 3,740,500

Listing:

ASX (Code: MML)

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OVERVIEW:

Co-O MINE PRODUCTION

- **Production:** 18,390 ounces at average head grade of 4.93 g/t gold (Dec 2016 qtr: 17,350 ounces at average grade of 4.75 g/t gold).
- **Cash Costs:** of US\$644 per ounce (Dec 2016 qtr: US\$625 per ounce).
- **All-In-Sustaining-Costs ("AISC"):** US\$1,555 per ounce (Dec 2016 qtr: US\$1,498 per ounce).
- **Mill Performance:** gold recovery averaged 94.3% (Dec 2016 qtr 94.2%).
- **Mine Development:** Total advance was 6,004 metres of horizontal and vertical development (Dec 2016 qtr: 5,758 metres).
- **Mine Infrastructure Projects:**
 - **E15 Servie Shaft:** Shaft reaches depth of 184 metres.
 - **Main Levels and Winzes:** Development on Level 9 totaled 582 metres.
 - **Mine Ventilation:** Upgrade completed and performing as expected.
 - **Mine De-Watering:** Level 8 chamber completed, commencing civils work and pump installation.
 - **Revised Production Guidance (2016/17):** Guidance remains at 85,000 to 95,000 ounces at AISC between US\$1,250 to US\$1,350 per ounce.

Co-O MINE EXPLORATION

- **Surface and Underground resource drilling**
 - The total drilling for the quarter was 20,679 m. The breakdown as follows:
 - Reserve drilling from Levels 2, 4 and 9 totaled 2,610 metres.
 - Resource definition drilling from Levels 4, 5 and 8 totaled 16,004 metres.
 - Resource drilling from the surface targeting Don Pedro Vein East aggregated 2,065 metres.
 - Results from the resource drilling include 0.55 metres @ 358.71 g/t Au, 1.75 metres @ 12.88 g/t Au, 1.70 metres @ 11.31 g/t Au, and 1.95 metres @ 6.79 g/t Au.

REGIONAL & NEAR MINE EXPLORATION

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

COAL EXPLORATION

- The project has been terminated and tenements relinquished.

TENEMENT RELINQUISHMENT

- The Company has undergone a rationalisation of its regional exploration projects and tenement holdings. Regional projects which did not meet the Company's criteria were relinquished.

CORPORATE & FINANCIALS

- Total cash and bullion on hand at the end of the quarter of approximately US\$10.6 million (approximately US\$12.9 million at 31 Dec 2016).
- On 9 January 2017, Mr Boyd Timler, then Medusa's CEO joined the Board of Medusa and was appointed Managing Director.

TENEMENT PROJECT OVERVIEW

The locations of the Company's Tenement on Figure 1: Location diagram showing the company's Tenements covering the Co-O mine and mill operations areas.

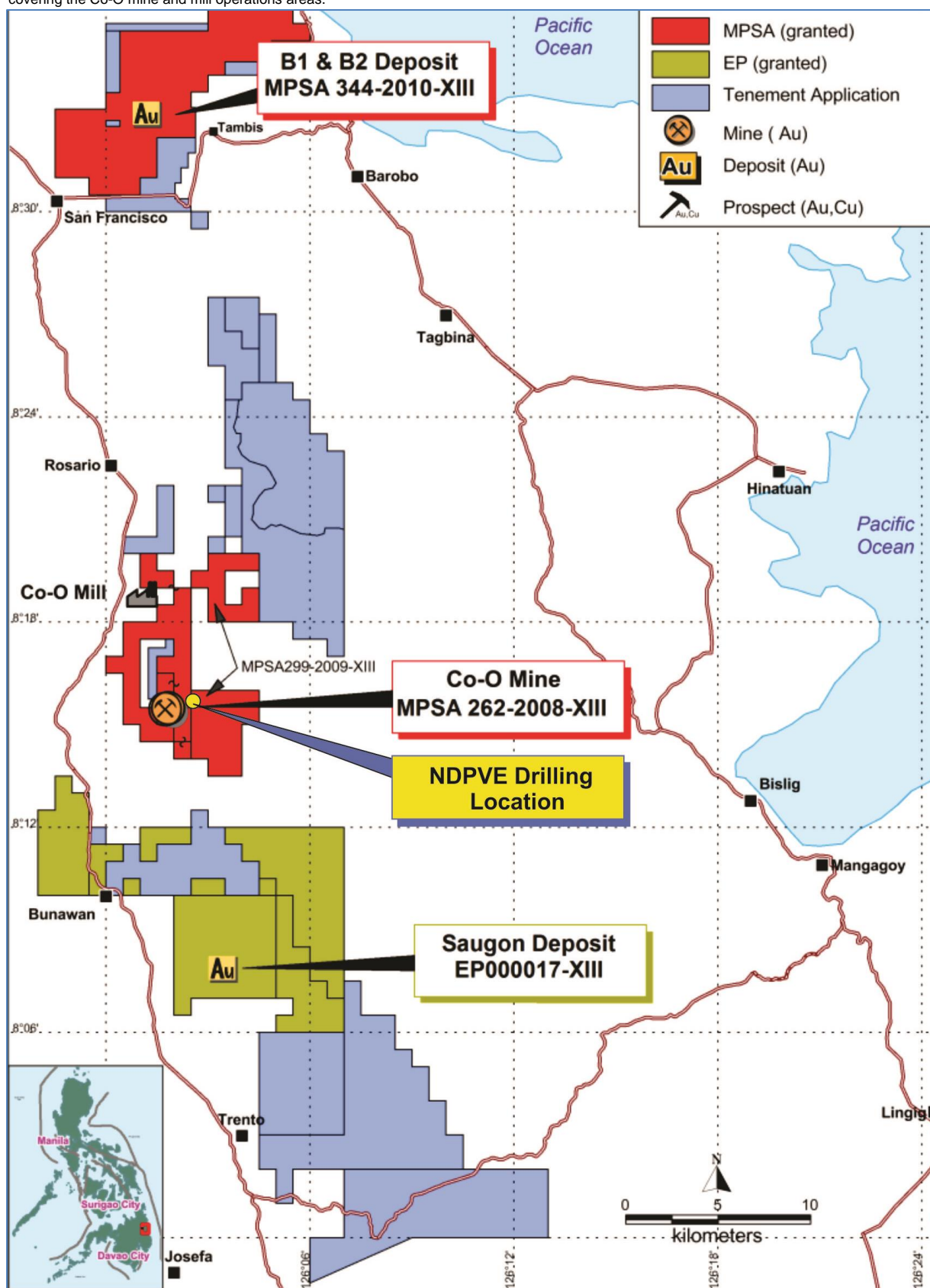


Figure 1: Location diagram showing the company's Tenements covering the Co-O mine and mill operations areas.

Co-O MINE

PRODUCTION

The production statistics for the March 2017 Quarter and comparatives for the previous two quarters are summarised in Table I below:

Table I. Gold production statistics

Description	Unit	Sep 2016 Quarter	Dec 2016 Quarter	Mar 2017 Quarter	2016/17 YTD	2016/17 Half-Year
Ore mined	WMT	149,394	134,740	140,865	424,999	284,134
Ore milled	DMT	132,371	120,731	122,960	376,062	253,102
Head grade	g/t	5.26	4.75	4.93	4.99	5.02
Recovery	%	94.5%	94.2%	94.3%	94.3%	94.3%
Gold produced	ounces	21,157	17,350	18,390	56,897	38,507
Gold sold	ounces	21,152	17,909	17,837	56,899	39,061
U/G development	metres	4,960	5,758	6,004	16,722	10,718
Cash costs ^(*)	US\$/oz	\$592	\$625	\$644	\$619	\$607
All-In-Sustaining-Costs	US\$/oz	\$1,334	\$1,498	\$1,555	\$1,456	\$1,408
Average gold price received	US\$/oz	\$1,315	\$1,219	\$1,229	\$1,257	\$1,271
Cash & cash equivalent	US\$M	\$19.6M	\$12.9M	\$10.6M	\$10.6M	\$10.6M

Note:

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

The Company produced 18,390 ounces of gold for the quarter, at an average head grade of 4.93 g/t gold from 122,960 tonnes of ore processed, a 6% improvement on the previous quarter. Production for the March Quarter was hampered by the L8 Shaft availability issues relating to the shaft guide replacement strategy, resulting in low grade and low tonnes processed. Tonnes processed was restricted by mine ore hoisted, while grade was influenced by the high proportion of lower grade development ore in the mill feed blend.

The March 2017 Quarter saw higher than normal levels of maintenance for the L8 Shaft while completing the program to replace the conveyance guides which had been wearing at a higher rate than anticipated. This was explained in the December 2016 Quarter and highlighted that this impact would carry over into the March Quarter. The extra maintenance time required to change the L8 Shaft guides has an adverse impact on the total material hoisted. The overall ore mined for the quarter was 1% higher than last Quarter. The total material (ore & waste mined) for the March Quarter was 13% higher than the previous quarter as waste material can be backfilled into empty stopes, not requiring hoisting.

In the last quarter, 6,004 metres of development was completed, the highest for any quarter in the past year. This will allow greater access to stopes in the future, resulting in improved production.

All-In-Sustaining-Costs ("AISC") for the March 2017 Quarter was US\$1,555 per ounce of gold, higher than expected, primarily as a result of the lower than expected ounces produced for the quarter.

As explained, gold production was curtailed as a result of limited access to hoisting of production ore due to accelerated maintenance required on the L8 conveyance guides.

The March Quarter AISC's also includes some exceptional costs:

- E15 Service Shaft surface civil works for future infrastructure (buildings)
- Upgrades to the mine water treatment plant (ponds, filter house and warehouse relocation costs)
- Tailings Storage Facility ("TSF") #5 downstream catchment pond and polishing pond diversion channel (un-budgeted)
- The high amount of underground resource and reserve drilling totalled 18,615 metres for the March Quarter, a 37% increase over the December Quarter and a 39% increase over the September Quarter. Management is committed to better define and expand the Co-O resources as outlined in the strategic plan.
- The mine completed a total of 6,004 metres of development, a 2% improvement over the December Quarter and a 20% increase over the September Quarter. With the L8 Shaft restrictions due to maintenance repairs, some of the stoping labour resources were allocated to mine development. This further impacted the short-term production tonnes and the mill feed grade in the quarter, for a longer-term benefit. Of this, 3,546 metres was horizontal and 2,458 metres was vertical development. For the March Quarter the focus was on L7, L8 and L9 to open up new stoping blocks on the high-grade GH Vein.

The in-stope broken ore inventory decreased slightly during the quarter to 51,239 WMT at 5.52 g/t. The decrease is a result of focusing on development for future ore production.

Production Shafts

Overall material hoisted was 158,608 tonnes (WMT) for ore and waste combined.

- **L8 Shaft:**

The March 2017 Quarter saw the continuation of the program to replace the shaft guides, impacting on its overall availability for hoisting. The L8 conveyance guides have been experiencing higher than normal wear rates. For safety reasons, an accelerated replacement of the guides commenced in the December Quarter and continued through the March Quarter.

The reduced L8 Shaft availability impacted levels L6 to L9 as Agsao and Baguio only can skip from L5 and above. The lower levels have the higher-grade material.

- **Agsao Inclined Shaft:**

Normal operations.

- **Baguio Inclined Shaft:**

Normal operations.

- **L8 Winzes:**

29E and 12E Winzes continue to hoist material from the 9L and 10L to the 8L. For the March Quarter, there was a total of 581.8 metres of development on L9, a 42% increase over the December Quarter. L9 development remains the highest priority to establish stoping blocks on the higher grade Great Hamish Vein (GHV) and Jereme Vein.

Three new winzes were in development during the March Quarter. The 43E has achieved a depth of 39 metres, 48E has achieved a depth of 14 metres and 35E winder chambers and head gear chambers were under development. These three winzes will be developed from L8 to L12.

E15 Service Shaft

Progress on the E15 Service Shaft as of 31 March 2017:

- Stripping of the Alimak raise continued and reached the shaft depth of 184 metres, 4 metres above Level 4, by the end of the March Quarter.



Photo 1: E15 sinking stage at the Level 3 break through

- Delays were experienced with the removal of waste material from Level 5. The delays were initially caused by equipment break downs and hanging up of material in the Alimak raise. The Alimak raise above L4 is in oxide material thus the Alimak raise had a higher amount of remnant rock bolts and mesh. When stripping out the raise, these old bolts caused hangouts above L5. The material is mucked on level 5 into empty stopes.
- A spare loader and locomotive have been placed on the level improving equipment availability. The ground conditions have improved below L4 (fresh rock) and hang ups are less frequent.
- Pump failures on the 5L resulted in the access way to the shaft being flooded, not allowing access to remove the waste material from the shaft. Spare pumps and alternative pump lines have been installed to minimise delays in the future.

E15 Shaft is at 184 metres from the collar, the final design depth to level 10 is 512 metres.

New Ventilation

After commissioning of the second fan in the December Quarter, the fans vibration monitoring hardware has failed. To manage the risk of a major fan failure, the fans were operated at reduced capacity. The vibration monitoring equipment has been repaired and the fan is now operating as planned. There has been an immediate improvement in ventilation in the lower levels, improving the temperature and working conditions while also allowing a number of secondary fans to be turned off, reducing power consumption. The Ventilation project is now complete.

Dewatering

The new Level 8 pump station is progressing. All the waste rock has been removed from the pump chamber excavation and is ready for the civil construction works and installation of the pumps. A schedule has been developed to allow material to be lowered in to the mine via the L8 shaft in a timely manner. The pumps are expected to be commissioned after the June 2017 Quarter.

Work has commenced on a project to improve the mine dirty water clarification system. This will involve improving the settling dams and installation of additional filter presses. These improvements will allow the water to be recycled.

Processing Plant

The process plant throughput was 122,960 tonnes at a grade of 4.93 g/t. As with the December Quarter, the March Quarter throughput was impacted by the L8 hoisting limitations and the grade was impacted by the ore blend as previously discussed. The process plant maintained recoveries at 94.3% for the quarter.

Production Guidance

The Company's revised production guidance for FY2016-17, remains at a range of 85,000 to 95,000 ounces of gold at AISC of between US\$1,250 to US\$1,350 per ounce.

The Co-O mine produced 18,390 ounces of gold at AISC of US\$1,555 per ounce for the March 2017 Quarter, bring the year to date gold produced to 56,897 ounces at AISC \$1,456. The original guidance profile for FY16-17 was presented as being back-end loaded. The revised guidance was adjusted to account for the December 2016 Quarter, and some improvements for the March Quarter results.

The June 2017 Quarter is expected to deliver higher production levels as most of the L8 shaft guide change-out work is completed and the December and March Quarters have maintained the higher mine development rates, thus allowing access to higher grade material going forward.

HEALTH, SAFETY & ENVIRONMENT

There were no environmental issues reported for the Quarter. The Co-O mine has started a review of the ISO 14001 standards to upgrade to the newer 14001:2015 standard.

During the March 2017 Quarter the operations experienced a fatality in the underground department. The mine is still awaiting the final investigation report from the Mines and Geoscience Bureau ("MGB"). From the in-house investigation the incident is related to a rock fall. There were a further 5 low severity LTI's for the quarter.

All these incidents have been investigated with action plans developed to focus on the root causes, risks, behaviour and the site's safety culture. Management and supervision responsibilities and accountabilities regarding safety has been clarified to ensure there is no misunderstanding that fatalities and serious injuries are unacceptable.

Co-O MINE GEOLOGY

Co-O Mine Drilling

The underground drilling campaign that commenced since September Quarter from L8 is targeting resource definition between Levels 8 to Level 16 (Figure 2) continued over this quarter with very good results. This program is targeting to increase and upgrade the current mineral resource base and intercept the depth and strike extensions of the mineralized vein system between Levels 8 to Level 12 (-200m to -400m RL) and Levels 12 to Level 16 (-400m to -600m RL).

For the March Quarter a total 20,679 metres were drilled which is 52% more meterage than previous quarter. The breakdown of the drilling meterage are from (1) reserve drilling at Levels 2, 4 and 9 targeting the Great Hamish, Jereme, and Don Pedro East Veins aggregating 2,610.1 m, (2) resource definition drilling from Levels 4, 5 and 8 aggregating 16,004 metres targeting the Great Hamish, Jereme and Don Pedro Veins between Levels 9 to 16 (Figure 3), and (3) resource drilling from the surface targeting Don Pedro Vein East aggregated 2,065 metres.

Significant results obtained during the Quarter are reported in Table II and relative positions shown in longitudinal section in Figures 2 and 3.

Table II. Co-O Mine underground drill hole results ≥ 3 gram-metres/tonne gold

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

Hole Number	East	North	RL	Depth (metres)	Azim (°)	Dip (°)	From (metres)	To (metres)	Downhole Width (metres)	Gold (uncut) (g/t)
UNDERGROUND RESOURCE DRILLING - LEVEL 2										
L2-10W-004	613929	913178	102.35	150.0	24.97	0.26	9.60	10.45	0.85	7.27
							63.85	65.30	1.45	9.17
UNDERGROUND RESOURCE DRILLING - LEVEL 4										
L4-1E-001	613957	912798	5.66	150.40	148.93	-0.90	112.25	114.00	1.75	12.88
L4-24W-002	613761	912856	7.72	60.20	132.05	-0.05	44.15	44.90	0.75	5.02
L4-26W-001	613731	912902	7.82	156.00	346.13	0.40	5.05	5.55	0.50	4.02
							13.75	14.60	0.85	3.97
							14.85	15.85	1.00	4.73
UNDERGROUND RESOURCE DRILLING - LEVEL 8										
L8-28E-020	614269	912864	190.81	555.60	165.47	32.53	18.30	19.15	0.85	5.27
L8-28E-021	614267	912865	190.62	500.60	211.69	38.44	47.75	48.60	0.85	29.90
							158.60	158.80	0.20	6.40
L8-2W-008	613995	913098	188.82	554.10	157.36	30.45	419.90	420.45	0.55	358.71
L8-2W-009	613994	913102	186.52	552.90	159.35	17.13	210.40	211.05	0.65	12.60
L8-2W-010	613993	913098	187.75	550.70	162.37	16.99	214.40	215.10	0.70	9.00
L8-45E-024	614465	913037	191.42	554.60	176.50	55.17	251.55	252.45	0.90	9.07
							323.00	323.65	0.65	7.80
L8-64E-023	614727	913102	187.10	555.50	165.83	17.33	174.35	175.05	0.70	29.30
							177.90	178.45	0.55	42.60
							182.55	183.10	0.55	4.59
							209.95	210.95	1.00	3.82
L8-64E-025	614725	913108	188.50	550.00	169.64	21.28	54.10	54.85	0.75	9.70
L8-64E-026	614725	913108	188.50	554.50	157.07	13.86	62.35	62.85	0.50	11.07
							92.40	93.20	0.80	4.67
							95.85	96.45	0.60	6.07
L8-64E-027	614728	913102	187.16	515.50	156.33	11.96	61.20	62.00	0.80	6.93
							93.20	94.00	0.80	3.94
							94.25	96.20	1.95	6.79
UNDERGROUND RESOURCE DRILLING - LEVEL 9										
L9-42E-002	614450	913092	242.01	81.00	188.03	0.39	60.75	61.25	0.50	22.87
							61.25	62.25	1.00	6.66
L9-42E-003	614451	913092	242.00	76.30	158.65	0.26	60.60	61.40	0.80	3.67
L9-42E-004	614451	913093	242.00	150.30	136.87	0.07	81.20	82.40	1.20	5.53
							96.15	96.75	0.60	11.53
							99.85	101.55	1.70	11.31
							102.00	102.30	0.30	9.67

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;
 - ≥ 3 gram-metres, and
 - maximum of 1.0 metre of down-hole internal dilution at ≤ 3 g/t gold.
- Intersection widths are downhole drill widths not true widths;
- Analysis is carried out by Philsaga Mining Corporation's laboratory; Inter-laboratory check assays are carried out with an independent accredited commercial laboratory (Intertek Philippines, Manila) on a regular basis every Quarter.
- Grid coordinates are rounded and based on the Co-O Mine Grid. RL is elevation, rounded in metres relative to Mine Datum.

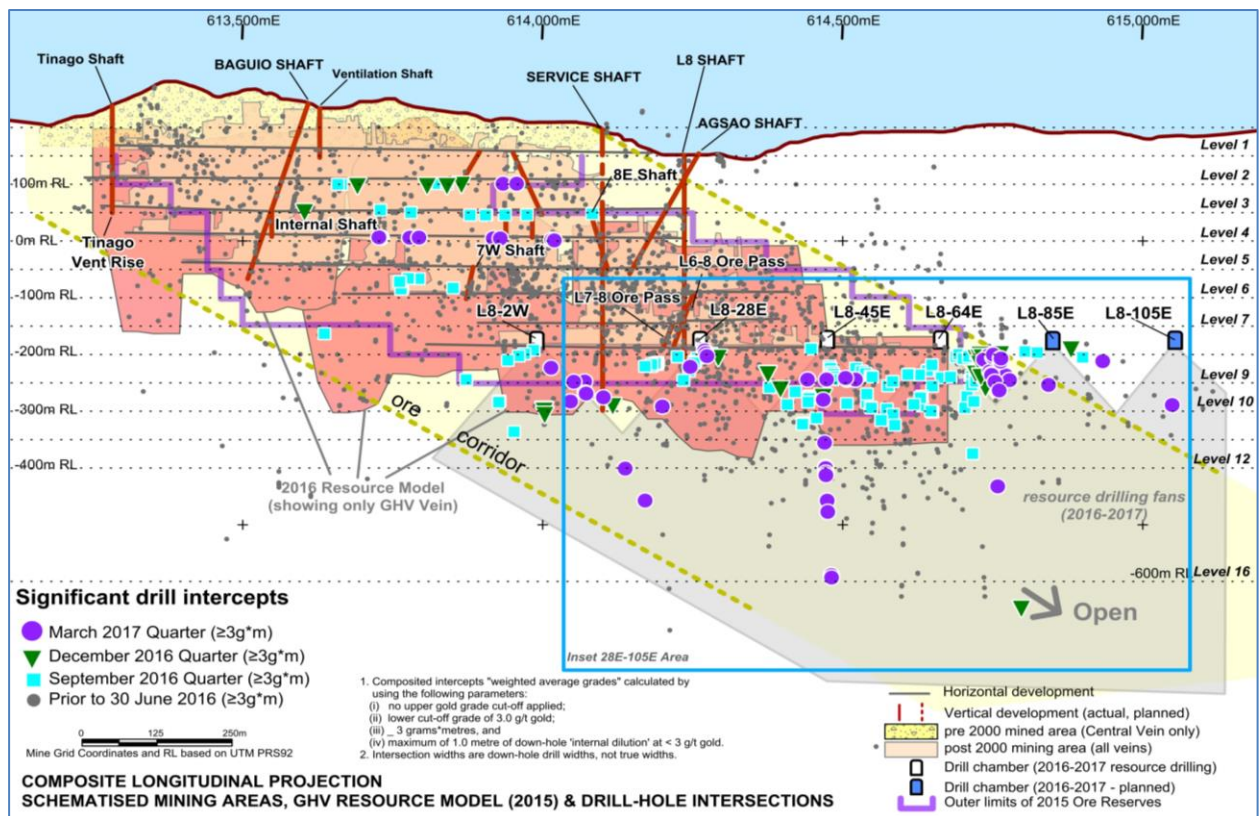


Figure 2. Co-O Mine Longitudinal Projection showing composed mining depletion, vertical development, Ore Reserves limits, and significant drill intercept locations (including previously reported). Note that the ore reserve limits are updated with the 2016 Resource Model.

Figures 2 and 3 show significant intercepts obtained during the March 2017 Quarter as well as other significant intercepts obtained from previous December 2016 Quarter drilling.

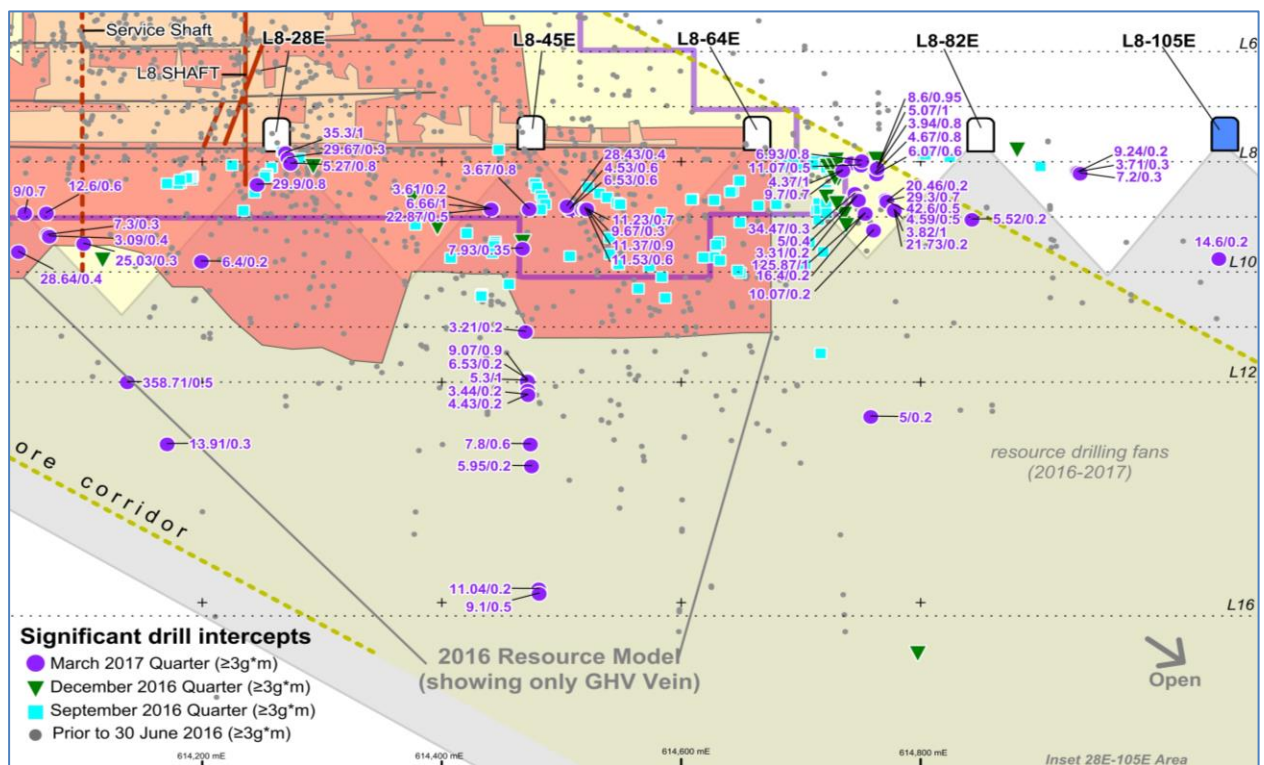


Figure 3. Significant intercepts obtained during the March 2017 Quarter and significant intercepts obtained from previous drilling, beneath the lower limits of the June 2016 ore reserves.

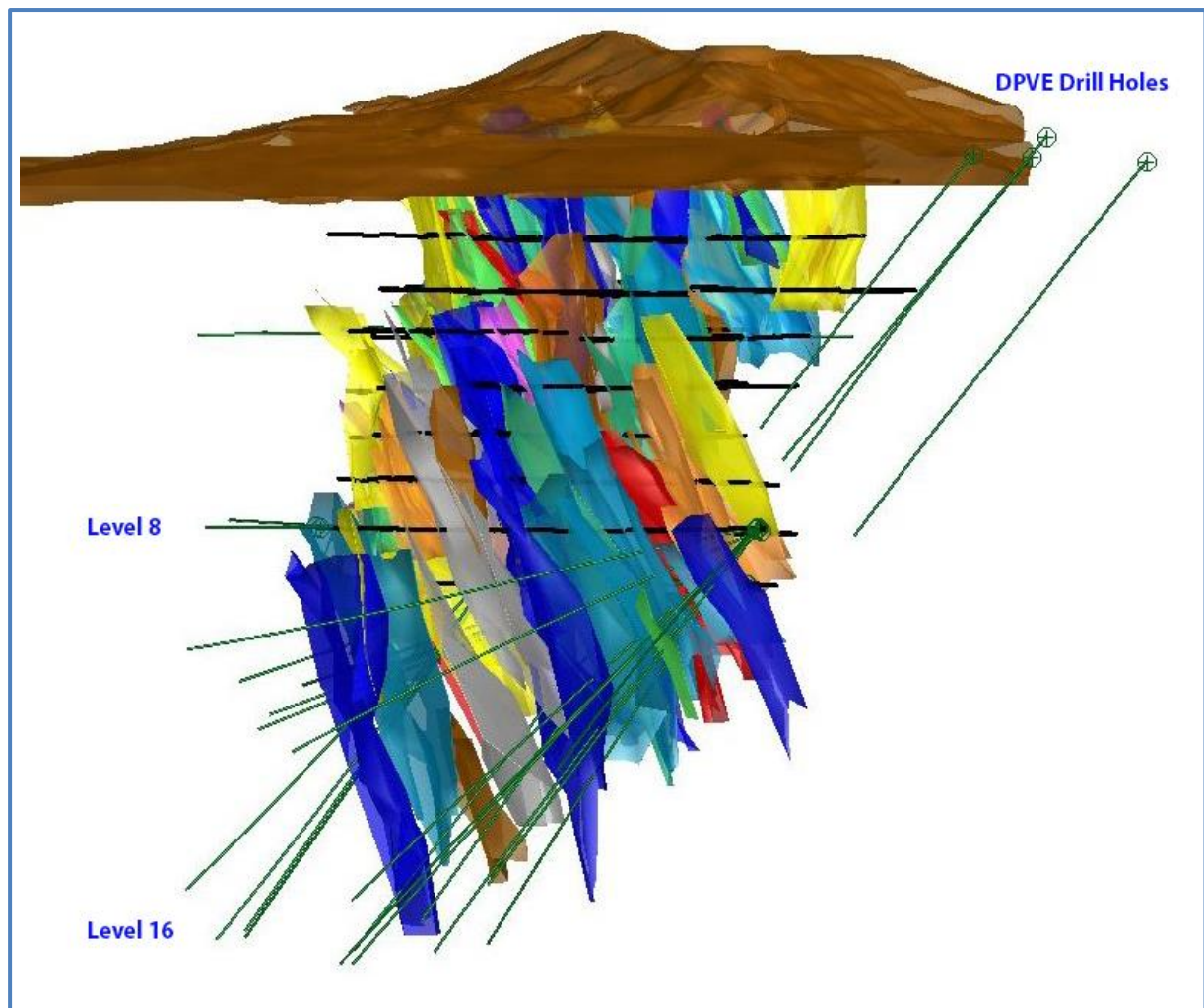


Figure 4. Composite cross-section looking West showing the Co'O vein systems and resource drill holes completed for the current Quarters.

The above results consolidated on long-section Figures 2 & 3 give a more representative depiction of the drill data shown on Table II. The guidance for the FY 2016-17 resource drilling will remain at the meterage levels achieved in the December and March Quarters recognising the importance of getting the required drill hole densities down to level 16. The drilling campaign will also test the downdip extension of the main vein systems (e.g. GHV & Jereme). The new resource definition drilling indicates that the ore shoot not just rake to the east but also has a vertical downdip trend. The progressive drilling campaign will focus to best understand the deposits full resource potential toward depth as shown on figure 4.

Co-O SURFACE EXPLORATION

Near Mine Exploration (MinEX)

The location of the company's projects covered during this quarter are shown in Fig 5.

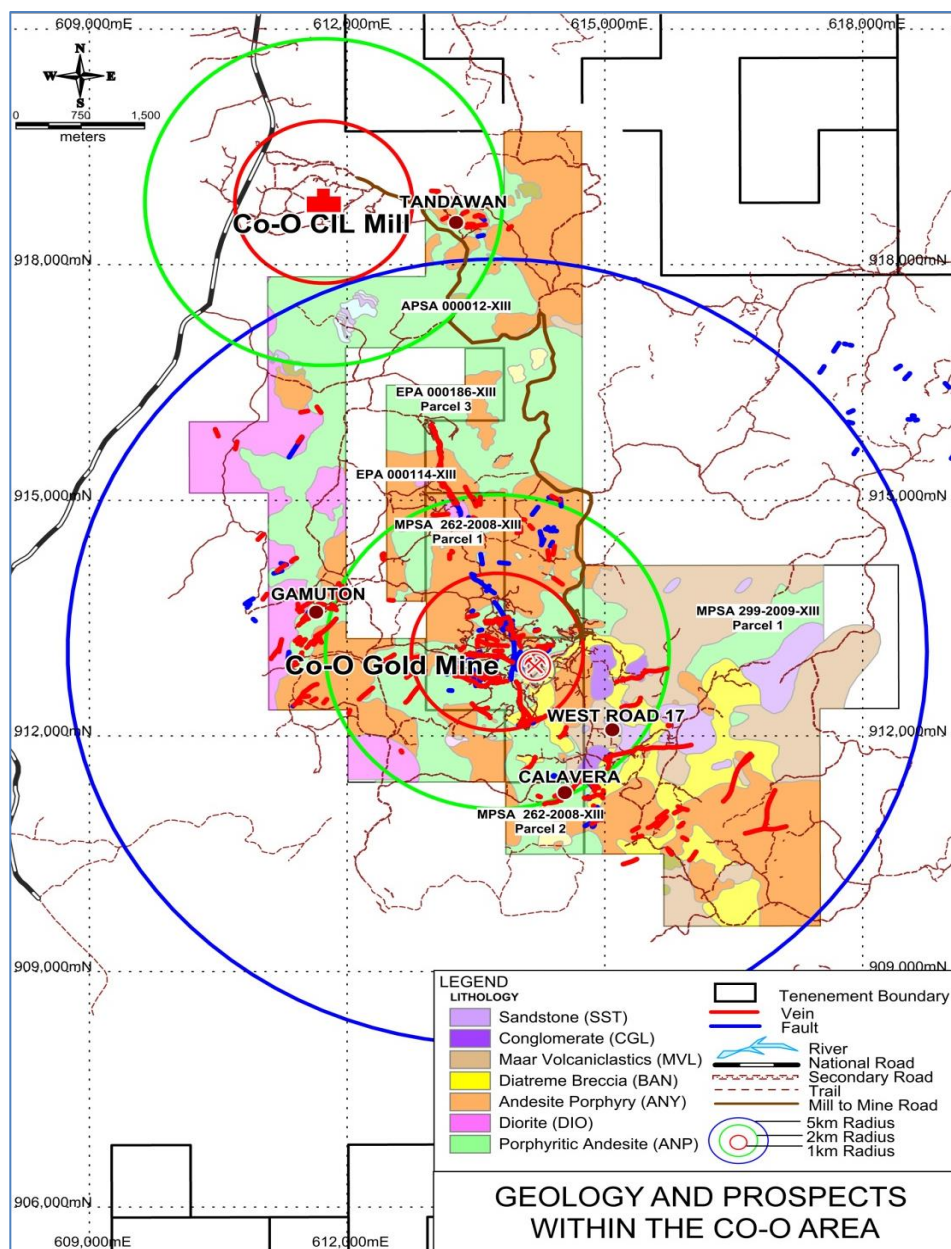


Figure 5: Location map showing CoO Mine and Mill area and MinEx projects.

Don Pedro Vein East

Preparation are in full swing for the implementation of Phase 1 of the 21-hole 8,210 metre drilling program targeting potential extension to the north of the Don Pedro Vein East ("DPVE") system. The Phase 1 drilling program comprises of 11 holes with total meterage of 4,210 metres.

Phase 1 drilling programme commenced this quarter to target the extension of sub-parallel veins north of DPVE System. The initial drill holes intercepted the 3 target mineralised veins with gold tenor lower than expected (<10 g/t Au) except for drill hole EXP238 returning assay 0.25 metres @ 6.91 g/t Au.

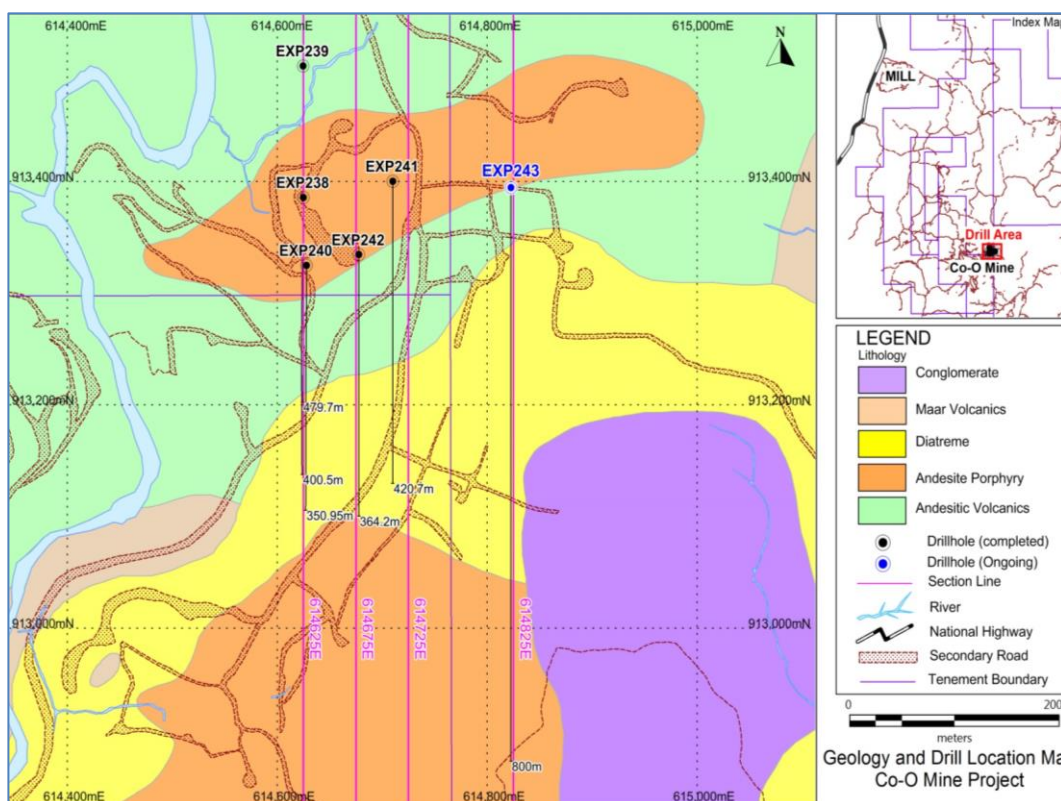


Figure 6. Co-O mine surface Plan Map showing Phase 1 (Red) drilled holes this Quarter.

The initial intercepts from the completed drill holes showed the DPVE to be of narrower widths than projected. The gold grades were likewise lower than expected. The DPVE as drilled from surface as the target area is above level 4 and well east of where it could be drilled from underground. The DPVE is still a primary target area at and below level 8 as shown on figure 4.

Reconnaissance Programs

Prospects proximal to the Co-O Mine are continuously being evaluated by detailed mapping, trenching and sampling to identify drillable targets. Current focus is in the West Co-O, Calavera, Gamuton and Tandawan prospects that are all within two kilometres of the Co-O Mine and Mill sites (See Figure 5).

Bananghilig (B1) Gold Deposit

Exploration activities - limited field activity this quarter as most work was reduced to data compilation.

COAL EXPLORATION

The project has been terminated and tenement relinquished. All data for the project submission to the Department of Energy ("DOE") has been completed.

The decision to terminate and relinquish this project is due to the stabilisation of the local power grid, as well as the purchase of power generators as backup to sustain the mine and mill operations. There is no longer the need for the company to define a coal resource for a third party to establish a coal fired powered plant.

The company is currently awaiting the DOE to conduct their field verification.

TENEMENT RELINQUISHMENT

The Company undertook a rationalisation process of its projects and tenement holdings and reached a decision that the the following tenements outlined below, which did not meet the Company's criteria be relinquished:

- **Lingig and Guinhalinan Projects – MPSA 343-2010-XIII**

The Lingig and Guinhalinan Projects are legally inclusive within a single tenement grant (i.e. MPSA 343-2010-XIII) albeit in two non-contiguous and geographically separate tenement parcel grounds. The primary mineral commodity targeted in Lingig is copper related to porphyry-related Cu mineralisation and associated magmatic hydrothermal breccias. In Guinhalinan, gold is the primary commodity target associated with stratiform sediment-hosted carbonate-replacement-gold ("CRG") mineralisation.

Exploration activities in Lingig ceased on October 2015, and for Guinhalinan on June 2016 after programmed FY 2015-2016 exploration scout drilling activities yielded negative results in both projects.

After thorough review of exploration activities revealed unfavourable results, MPSA-343-2010-XIII (i.e. 3,810ha) – covering the Lingig and Guinhalinan prospects, was returned back to its original tenement holder. Contingent tenement applications – APSA-00056-XIII and EPA-00087-XIII (i.e. 249ha), surrounding this approved tenement was likewise discontinued.

- **Coal - COC 196 & 197**

Notice of termination of our coal exploration interest covering the Company's coal operating contracts COC 196 and COC 197 (i.e. 9,000ha) has been submitted to the Department of Energy. These tenement areas will revert back to the government after completing the validation of compliance of the Company to its previous proposed exploration work commitments.

In summary, the Company reduced its tenement holdings and applications by 13,059ha.

CORPORATE

Mr Boyd Timler, Medusa's CEO was appointed Managing Director on 9 January 2017.

FINANCIALS

As at 31 March 2017, the Company had total cash and cash equivalent in gold on metal account of approximately US\$10.6 million (31 Dec 2016: US\$12.9 million).

The Company sold 17,837 ounces of gold at an average price of US\$1,229 per ounce in the March 2017 Quarter (Dec 2016 Quarter: 17,909 ounces an average price of US\$1,219 per ounce; YTD: 56,899 ounces at average price of US\$1,257 per ounce).

During the March 2017 Quarter, the Company incurred;

- exploration expenditure (inclusive of underground exploration) of US\$4.1M (Dec 2016 Quarter: US\$2.7M; YTD: US\$9.0M);
- US\$4.7M on capital works (inclusive of new Service Shaft) and associated sustaining capital at the mine and mill (Dec 2016 Quarter: US\$4.2M; YTD: US\$12.9M);
- US\$7.3M on continued mine development (Dec 2016 Quarter: US\$6.2M; YTD: US\$20.9M); and
- corporate overheads of US\$1.5M (Sep 2016 Quarter: US\$1.6M; YTD: US\$5.2M).

In addition to the expenses highlighted above, which form part of AISC of US\$1,456 per ounce for the year (Mar 2017 Quarter: AISC of US\$1,555 per ounce), the Company also expended net cash outflow of approximately US\$2.5 million in the following areas during the March 2017 Quarter:

- net increase of indirect value added tax (refundable in tax credits) of approximately US\$1.5 million;
- provisional income tax paid of approximately US\$0.8 million;
- decrease in warehouse inventory of around US\$1.5 million; and
- net increase in creditors/payables of around US\$5.0 million;

JORC CODE 2012 COMPLIANCE - CONSENT OF COMPETENT PERSONS

Medusa Mining Limited

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

Mr Llorca is Manager of Geology and Resources, and is a full-time employee of Medusa Mining Ltd, and has sufficient experience which is relevant to the styles of mineralisation and type of deposits under consideration and to the activities for which he is undertaking to qualify as a "Competent Person" as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Llorca consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DISCLAIMER

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

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

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

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

APPENDIX A: Co-O Mine – JORC Code 2012 – 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 handled XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralization that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverized to produce a 30g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<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, drillholes are collared using PQ3 drill bits (core diameter 83mm) until competent bedrock. The holes are then completed using either HQ3 or NQ3 drill bits depending on ground conditions. Drill core orientation is measured using the Ezy-Mark™ front-end core orientation tool.
Drill sample recovery	<ul style="list-style-type: none"> 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 better than 95%, which is considered acceptable by industry standards. Sample recovery is maximised by monitoring and adjusting drilling parameters (e.g. mud mix, drill bit series, rotation speed). Core sample integrity is maintained using triple tube coring system. No known relationship has been observed to date between sample recovery and grade. Core recovery is high being >95%. No sampling bias has been observed.
Logging	<ul style="list-style-type: none"> 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"> Core samples have been logged geologically and geotechnically to a level of sufficient detail to support appropriate mineral resource estimation, mining and metallurgical studies. Lithology, mineralisation, alteration, oxidation, sulphide mineralogy, RQD, fracture density, core recovery are recorded by geologists, then entered into a digital database and validated. Qualitative logging is carried out on all drill core. More detailed quantitative logging is carried out for all zones of interest, such as in mineralised zones. Since July 2010, all drill core has been photographed. The drill core obtained prior to July 2010 has a limited photographic record.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <i>If core, whether cut or sawn and whether Quarter, half or call core taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> <i>Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples.</i> <i>Measures taken to ensure that the sampling is representative of the in situ material collected including for instance results for field duplicate/second-half sampling.</i> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> Except for TT46 drill core, all drill core is sawn longitudinally in half along the core axis using a diamond saw to predetermined intervals for sampling. Cutting is carried out using a diamond saw with the core resting in a specifically designed cradle to ensure straight and accurate cutting. No non-core drill hole sampling has been carried out for the purposes of this report. Development and stope samples are taken as rock chips by channel sampling of the mining face according to geological boundaries. The sample preparation techniques are to industry standard. The sample preparation procedure employed follows volume and grain size reduction protocols (-200 mesh) to ensure that a representative aliquot sample is taken for analysis. Grain-size checks for crushing and pulverizing are undertaken routinely. For PQ/PQ3, HQ/HQ3, NQ/NQ3 and LTK60 core, the remaining half core is retained for reference. The TT46 drill core is whole core sampled. Core sample submission sizes vary between 2-5kg depending on core size, sampling interval, and recovery. The assay sample sizes are considered to be appropriate for the style of mineralisation.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> All raw samples from the mine are submitted to Philsaga Mining Corporation's (PMC) Assay Laboratory, located at the mill site. Samples are prepared and assayed in the laboratory. Gold is assayed by the fire assay method, an industry standard commonly employed for gold deposits. It is a total-extraction method and of ore-grade category. Two assay variants are used based on gold content: the FA30-AAS for Au grades < 5g/t, and FA30-GRAV for Au grades > 5g/t. Both sample preparation and analytical procedures are of industry standards applicable to gold deposits. A QAQC system has been put in place in the PMC Assay Laboratory since 2006. It has been maintained and continually improved up to the present. The quality control system essentially, utilises certified reference materials (CRMs) for accuracy determination at a frequency of 1:60 to 1:25. For precision, duplicate assays are undertaken at 1:20 to 1:10 frequency. Blanks are determined at 1:50 or 1 per batch. Samples assayed with lead button weights outside the accepted range of >25 to <35 grams, are re-assayed after adjustment of the flux. Inter-laboratory check assays with an independent accredited commercial laboratory (Intertek Philippines, Manila) are undertaken at a frequency of 1 per Quarter. Compatibility of assay methods with the external laboratory is ensured to minimize variances due to method differences. The QAQC assessment showed that the great number of the mine samples assayed had accuracy within the acceptable tolerance of 2 z-score, and 10% Absolute Relative Difference (ARD). Precisions from duplicate assays generally showed ± 10 -20% MPRD for 2013 onwards. For replicate assays, the precision at 95% confidence level, is within < 10 % which is within acceptable limits for gold. Intermittent analytical biases were shown but were well within the accepted tolerance limits.
Verification of sampling and assaying	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> 	<ul style="list-style-type: none"> Visual inspections to validate mineralisation with assay results have occurred on a regular basis. Independent and alternative company personnel on a regular basis verify significant mineralised intersections. All drilling is diamond drilling and no twinning of holes has been undertaken. The majority of drilling is proximal to mine development and intersections are continually being validated by the advancing mine workings.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> Geological logging of drill core and drilling statistics are hand written and transferred to a digital database. Original logs are filed and stored in a secure office. Laboratory results are received as hardcopy and in digital form. Hardcopies are kept onsite. Digital data is imported into dedicated mining software programs and validated. The digital database is backed up on a regular basis with copies kept onsite.
Location of data points	<ul style="list-style-type: none"> 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 drillhole collars. Coordinates are located with respect to Survey Control Stations (SCS) established within the project area and underground. A local mine grid system is used which has been adapted from the Philippine Reference System of 1992 (PRS92). Topographic and underground survey control is maintained using located SCS, which are located relative to the national network of geodetic control points within 10km of the project area. The Company's SCS have been recently audited by independent licensed surveyors (Land Surveys of Perth, Western Australia) in April 2015 and they found no gross errors with the survey data. Accuracy is considered to be appropriate for the purposes of mine control.
Data spacing and distribution	<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"> Surface exploration drillholes were located initially on a 50m and 100m grid spacing. For resource definition drilling the sectional spacing is at least 50m with 25m sectional spacing for underground holes. Sufficient drilling and underground face sampling has been completed to support Mineral Resource and Ore Reserve estimation procedures. Sample compositing has not been applied to exploration data.
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. Orientations of the veins are typically E-W, with variations from NE-SW to NW-SE, with dips varying from flat-lying to steep dipping to the NW-NE quadrant. Surface drillholes are generally drilled towards the S and vary in dip (-45° to -60°). Underground drill holes are orientated in various directions and dips, depending on rig access to intersect the various mineralised veins at different locations within the mining area. Due to the nature of this style of mineralisation and the limited underground access for drilling, drilling may not always intersect the mineralisation or structures at an optimum angle, however this is not considered to be material. A good understanding of the deposit geometry has been developed through mining such that it is considered that any sampling bias is recognised and accounted for in the interpretation.
Sample security	<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 independent consulting advice for the onsite laboratory upgrades and QA/QC. These regular reviews form part of the continual improvement for the site laboratory.

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> In August 2015, Dr Obial reported on an independent review of available QA/QC data and concluded that the accuracy of the gold determinations were predominantly within the tolerance limits for both PMC laboratory and the independent checking laboratory. The precision of assay is better for the independent laboratory and as such, where diamond drilling assays exist for both laboratories, results from the independent laboratory have been used, in preference to PMC assays, for Mineral Resource estimation. Sampling techniques and database management is to industry standard.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area. 	<ul style="list-style-type: none"> The Co-O mine 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 PMC in 2000. PMC recommissioned the Co-O mine and began small-scale mining operations. Medusa Mining Ltd ("MML") listed on the ASX in December 2003, and in December 2006, completed the acquisition of all of PMC's interests in the Co-O mine and other assets including the mill and numerous tenements and joint ventures. MML, through PMC, has since been actively exploring the Co-O tenements.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style mineralisation. 	<ul style="list-style-type: none"> The Co-O deposit is an intermediate sulphidation, epithermal gold (+Ag ±Cu±Pb±Zn) vein system. The deposit is located in the Eastern Mindanao volcano-plutonic belt of the Philippines.
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: 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"> Easting, northing and RL of the drillhole collars are located in both the local mine grid, PRS92 and UTM WGS84 Zone 51 coordinates. Dip is the inclination of the hole from the horizontal. For example, a vertically down drilled hole from the surface is -90°. Azimuth is reported in magnetic degrees, as the direction toward which the hole is drilled. Magnetic North <-1° west of True North. Down hole length is the distance from the surface to the end of the hole, as measured along the drill trace. Interception depth is the distance down the hole as measured along the drill trace. Intersection width is the downhole distance of a mineralised intersection as measured along the drill trace.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	<ul style="list-style-type: none"> <i>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.</i> <i>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.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<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 also individually reported. Metal equivalent values are not reported.
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"> Wherever possible, drilling is oriented approximately orthogonal to the known orientation of mineralization. However due to access limitations, drillholes are often orientated at varying angles up to 30° from orthogonal. Intersection length is measured down the hole and may not be the true width. The orientation of the veins is typically E-W, with variations from NE-SW to NW-SE with dips varying from flat-lying to steep to the NW-NE quadrant. Surface drillholes are generally orientated towards the S and vary in dip (-45° to -60°). Underground drill holes are orientated in various directions and dips, depending on rig access to intersect the various mineralised veins at different locations within the mining area. All drill results are downhole intervals due to the variable orientation of the mineralisation.
Diagrams	<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 (Figure 3). Tabulated significant intercepts are included in this announcement in Table III.
Balanced reporting	<ul style="list-style-type: none"> <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> Significant intercepts have previously been reported for all drillholes that form the basis of Mineral Resource estimates. Less significant intercepts have not been reported since the drilling is carried within the mine environs.
Other substantive exploration data	<ul style="list-style-type: none"> <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater; geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> No other substantive exploration data has been acquired or considered meaningful and material to this announcement.
Further work	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (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 at depth. Underground exploration and development drilling will continue to test for extensions along strike and at depth to the Co-O vein system.

APPENDIX B: TENEMENT SCHEDULE (as at 30 March 2017)

Name	Tenement ID	Registered Holder	Company's Interest ¹ at		Royalty ²	Area (hectares) at	
			31 Mar 2017	30 Jun 2016		31 Mar 2017	30 Jun 2016
Co-O Mine	MPSA 262-2008-XIII	PMC	100%	100%	-	2,539	2,539
	MPSA 299-2009-XIII	PMC	100%	100%	-	2,200	2,200
Co-O	APSA 00012-XIII	BMMRC	100%	100%	-	340	340
	APSA 00088-XIII	Phsamed	100%	100%	-	4,742	4,742
	APSA 00098-XIII	Philcord	100%	100%	1% NPI	507	507
	APSA 00099-XIII	Philcord	100%	100%	1% NPI	592	592
Saugon	EP 017-XIII	PMC	100%	100%	-	3,132	3,132
	EP 031-XIII ³	PMC	100%	100%	-	2,456	2,456
	EP 032-XIII	PMC	100%	100%	-	3,048	3,048
	EPA 00066-XIII	PMC	100%	100%	-	6,769	6,769
	EPA 00069-XIII ³	Phsamed	100%	100%	-	2,519	2,519
	EPA 00087-XIII ³	PMC	100%	100%	-	87	87
Tambis	MPSA 344-2010-XIII	Philex	100%	100%	7% NSR	6,208	6,208
Das-Agan	MPSA 343-2010-XIII	Das-Agan	-	100%	-	0	3,810
Apical	APSA 00028-XIII	Apmedoro	Earning 70% (JV)		-	1,235	1,235
Corplex	APSA 00054-XIII	Corplex	100%	100%	3% NSR	2,118	2,118
	APSA 00056-XIII	Corplex	-	100%	-	0	162
	APSA 00077-XIII	Corplex	100%	100%	4% GSR	810	810
	EPA 00186-XIII	Corplex	100%	100%	3% NSR	7,111	7,111
Sinug-ang	EPA 00114-XIII	Salcedo / PMC	100%	100%	-	190	190
Coal Project	COC No. 196	PMC	-	100%	-	0	4,000
	COC No. 197	PMC	-	100%	-	0	5,000

NOTES:

1. The tenement schedule highlighted have been relinquished.
2. Royalties payable to registered holders, aside from the prescribed royalties' payable to the Philippine government and the Indigenous People.
3. Awaiting for approval and confirmation by MGB of area reduction.

ABBREVIATIONS:

Tenement Types

MPSA Granted Mineral Production Sharing Agreement
EP Granted Exploration Permit

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

Registered Holders

PMC Philsaga Mining Corporation
BMMRC Base Metals Mineral & Resources Corporation
Phsamed Phsamed Mining Corporation
Philcord Mindanao Philcord Mining Corporation
Corplex Corplex Resources Incorporated

Philex Philex Gold Philippines Incorporated
Das-Agan Das-Agan Mining Corporation
Apmedoro APMEDORO Mining Corporation
Salcedo Neptali P. Salcedo

Royalty

NPI Net Profit Interest
NSR Net Smelter Royalty

GSR Gross Smelter Royalty