



MEDUSA

QUARTERLY ACTIVITIES REPORT

PERIOD ENDED

30 SEPTEMBER 2015

Snapshot of Medusa:

- ❑ Un-hedged, low cost, gold producer focused on organic growth in the Philippines
- ❑ Growth underpinned by improving cash flow from Co-O Mine (narrow vein underground)
- ❑ FY 2015-16 gold production guidance of 120,000 to 130,000 ozs
- ❑ Current Mineral Resources comprise
 - **Co-O Mine:**
Indicated 604k ozs at 12.2 g/t gold;
Inferred 545k ozs at 8.6 g/t gold
 - **Bananghilig Deposit:**
Indicated 770k ozs at 1.5 g/t gold;
Inferred 370k ozs at 1.4 g/t gold
- ❑ Current Probable Reserves :
Co-O Mine 427k ozs at 7.33 g/t gold
- ❑ Co-O Mine Resources and Reserves to be maintained annually
- ❑ Excellent exploration upside in 596 km² of tenements. Exploration budget for FY 2015-16 of US\$4M outside Co-O

Board of Directors:

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

Management

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

Capital Structure:

Ordinary shares: 207,794,301
Unlisted options: 4,200,000

Listing:

ASX (Code: MML)

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OVERVIEW:

Co-O MINE PRODUCTION

- **Production:** 31,495 ounces at a head grade 6.8 g/t gold, cash costs of US\$439 per ounce, AISC US\$953 per ounce (June 2015 quarter of 26,542 ounces at a head grade of 6.01 g/t gold, cash costs of US\$390 per ounce, and AISC US\$1,076 per ounce).
- **Production guidance:** Guidance for FY 2015-16 is 120,000 to 130,000 ounces.
- **Mill performance:** gold recovery averaged 94% (June 2015 quarter 94%).
- **Development:** A total of 7,269 metres of horizontal and vertical development completed for September quarter.
- **Shaft haulage:** Haulage system de-bottle-necking continuing. L8 ore hoisting competing with materials for increasing development at Levels 8, 9 and 10, and waste generation from Service Shaft and ventilation raises.
- **Service Shaft:** Service Shaft collar concrete pour completed, underground Alimak raising completed, blind sink from surface to Level 2 underway, stripping of raises to final dimensions to commence in early CY 2016.
- **Resource drilling:** Extensive underground drilling program, targeting resource extensions from Levels 8 to 16 to commence in December quarter.

Co-O MINE EXPLORATION

- **Resources and Reserves:** New estimates show Indicated Resources and Probable Reserves remain essentially constant at 604k ozs at 12.2 g/t gold and 427k ozs at 7.33 g/t gold respectively.
- **Underground resource drilling** results include 2.1m @ 295 g/t Au; 2.35m @ 66 g/t Au; 0.8m @ 84 g/t Au; 1m @ 53 g/t Au; and 2.15m @ 19 g/t Au.
- Drilling postponed for West Road 17 veins.
- Surface exploration continuing at South Agsao veins.

TAMBIS REGION

- **Bananghilig (B1) Deposit:** Resource modelling commencing.
- **Guinhalinan Prospect:** Scout drilling commencing in December quarter.

COAL EXPLORATION

- Regional mapping of coal bearing stratigraphy nearing completion, including locating several seams ranging up to 3.2 metres thick.
- Scout drilling to commence in December quarter.

CORPORATE & FINANCIALS (unaudited)

- Total cash and bullion on hand at the end of the quarter of approximately US\$11.6 million (approximately US\$14.6 million at 30 June 2015), reduced by net cash movements in the creditor/receivable accounts.
- During the quarter, the Board of Directors, CEO and Company Secretary voluntarily and unconditionally agreed to reduce their fees/salaries by 15% for the current financial year.

PROJECT OVERVIEW

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

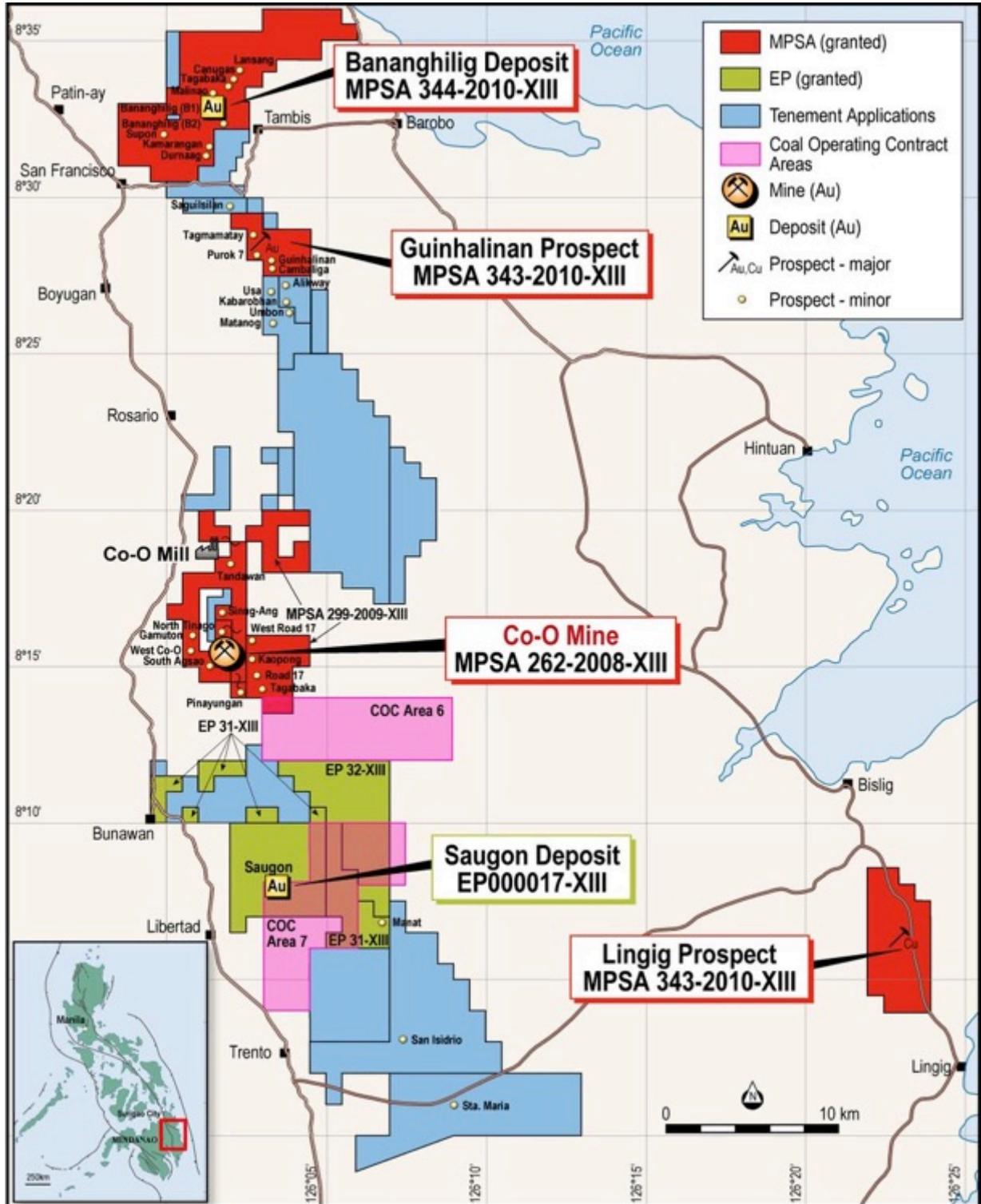


Figure 1. Location diagram showing the Company's Co-O Mine and Mill operations, tenements and main project areas.

MINERAL RESOURCES and RESERVES

During the September 2015 quarter, the Company announced its annual update to its mineral resources and ore reserves inventory. Refer to the ASX announcement dated 25 September 2015 for detailed and material information, including the respective Consents of the Competent Persons and the JORC Code, 2012 Edition - Table 1 report.

Co-O Mineral Resources

Total Inferred and Indicated Mineral Resources for the Co-O Mine are now estimated at 3.50 million tonnes at a grade of 10.2 g/t gold for a total 1.15 million ounces gold, compared to the estimate reported on 25 September 2014 of 4.34 million tonnes at a grade of 10.1 g/t gold for a total 1.41 million ounces gold (Table I and Graph 1).

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

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

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

CO-O Ore Reserves

A detailed review of all Co-O Mine and milling production data, including mining and metallurgical performances to determine appropriate physical mining parameters, cut-off grades and dilutions has been completed for this latest update to the Mineral Resource and Ore Reserve statement. (Table I and Graph 1).

The Co-O Mine Probable Ore Reserves are now estimated at 1.81 million tonnes at a grade of 7.33 g/t gold for a total 427,000 ounces gold compared to the estimate reported on 25 September 2014 of 1.92 million tonnes at a grade of 7.22 g/t gold for a total 446,000 ounces gold.

A comparison between the current ore reserves and that stated for 30 June 2014 shows a decrease in Probable Ore Reserves of 4.3% or 19,000 ounces gold.

The changes in the Co-O Mine Ore Reserves are primarily due to: mining depletion; modified vein interpretations through increased geological knowledge of the different vein sets obtained by further underground mapping and drilling, a lower mining recovery applied to remnant ore in some historical stopes and pillars, and reporting at a lower gold price of US\$1,150 per ounce compared to FY2014's gold price of US\$1,250 per ounce.

Table I. Mineral Resources and Ore Reserves estimates at 30 June 2015

Deposit	Category	Tonnes ⁴	Grade ⁴ (g/t gold)	Gold ⁴ (ounces)
MINERAL RESOURCES ^{1,2}				
Co-O Resources ¹ (JORC Code 2012)	Indicated	1,546,000	12.2	604,000
	Inferred	1,958,000	8.6	545,000
Total Co-O Resources	Indicated & Inferred	3,504,000	10.2	1,149,000
Bananghilig Resources ³ (JORC Code 2004)	Indicated	16,060,000	1.5	766,000
	Inferred	8,460,000	1.4	370,000
Total Bananghilig Resources	Indicated & Inferred	24,520,000	1.4	1,136,000
Saugon Resources ³ (JORC Code 2004)	Indicated	47,500	7.0	10,700
	Inferred	34,000	4.6	5,000
Total Saugon Resources	Indicated & Inferred	81,500	6.0	15,700
Total Resources	Indicated	17,653,500	2.4	1,380,700
Total Resources	Inferred	10,452,000	2.7	920,000
TOTAL RESOURCES	Indicated & Inferred	28,156,500	2.6	2,300,700
ORE RESERVES ²				
Co-O Reserves ² (JORC Code 2012)	Probable	1,811,000	7.33	427,000
TOTAL RESERVES	Probable	1,811,000	7.33	427,000

Notes:

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

Mineral Resources:**Co-O:**

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

Bananghilig:

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

Saugon:

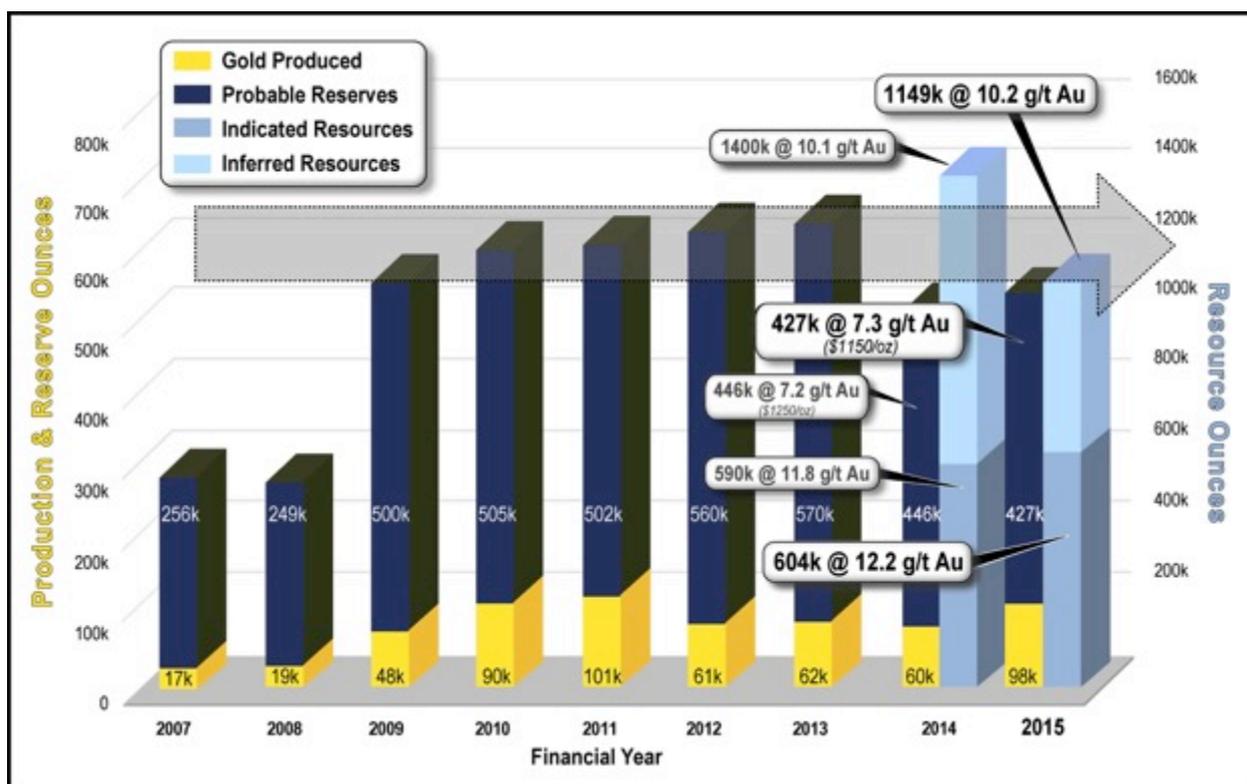
- a lower cut-off of 2.0 g/t gold has been applied

Ore Reserves:

Ore Reserves are a subset of Mineral Resources

Co-O:

- minimum mining widths of 1.25 metres (stopes $\geq 50^\circ$) and 1.5 metres (stopes $< 50^\circ$) have been applied, and where the vein width was equal to or greater than the minimum mining width, an extra 0.25 metres dilution was added to the hanging wall,
- a further 10% dilution has been allowed for slabbing in mining of low angle stopes under draw,
- shape dilution of 5% of extra tonnage at 2 g/t gold applied, for extra development and to reflect pinch and swell of veins, and faulting,
- 85% mining recovery for stopes < 10 g/t gold,
- 90% mining recovery for stopes ≥ 10 g/t gold,
- 25% recovery factor for sill pillars in empty stopes are included in reserve, at a grade of 7g/t gold, to reflect current selective mining practice,
- 30% recovery factor has been applied to remnant ore blocks, at their respective stope grades,
- stopes containing < 500 tonnes were removed to account for ore loss,
- a cut-off grade of 2.0 g/t gold has been applied for development ore,
- a cut-off grade of 3.8 g/t gold has been applied to developed stopes,
- a cut-off grade of 4.5 g/t gold has been applied to un-developed stopes,
- a gold price of US\$1,150 has been applied.



Graph 1: Production, Ore Reserves and Mineral Resources status since 2007, demonstrating the Co-O Mine's history of increasing resources and replacing mine depletion.

Notes:

FY2007 to FY2013 - Ore Reserve ounces are classified under JORC Code 2004 guidelines.

FY2014 & FY2015 - Mineral Resource and Ore Reserve ounces are classified under JORC Code 2012 guidelines.

FY2015 reserves estimated using gold price of \$1,150 per ounce (FY2014 reserves at \$1,250 per ounce)

Co-O MINE

Production

The production statistics for the September 2015 quarter and the preceding three quarters are summarised in Table II below.

Table II. Gold production statistics

Description	Unit	Qtr ended 30 Sep 2015	Qtr ended 30 Jun 2015	Qtr ended 31 Mar 2015	Qtr ended 31 Dec 2014
Tonnes mined	WMT	166,620	166,497	157,489	174,658
Ore milled	DMT	151,463	146,095	135,725	160,257
Head grade	g/t	6.80	6.01	5.84	5.56
Recovery	%	94%	94%	94%	93%
Gold produced	ounces	31,495	26,542	23,940	26,859
Cash costs ⁽¹⁾⁽²⁾	US\$/oz	\$439	\$390	\$391	\$380
Gold sold	ozs	31,176	29,350	17,169	28,190
Average gold price received	US\$/oz	\$1,121	\$1,197	\$1,217	\$1,204

Note:

(1) Net of development costs and includes royalties and local business taxes of approximately US\$65/oz

(2) New methodology on allocation of total mining costs from 1 July 2015 has resulted in higher overall cash costs but lower capitalised development costs.

The Company produced 31,495 ounces of gold for the quarter, at an average head grade of 6.80 g/t gold.

All In Sustaining Costs ("AISC") for the quarter was US\$953 per ounce of gold and includes discretionary exploration expenditure of US\$2.0 million. (June 2015 Quarter: AISC of US\$1,076 per ounce, including discretionary exploration expenditure of US\$2.6 million).

Production Guidance

The Co-O Mine guidance for 2015-16 financial year is 120,000 to 130,000 ounces.

The AISC guidance of US\$900 to US\$1,000 per ounce (Announcement 5 October, 2015) will remain at an elevated level until all medium term waste infrastructure projects at the mine are completed and the cost efficiencies they produce materialise. In the longer term, once full hoisting capacities are achieved in the mine, the AISC should reduce.

Co-O Operations

Shaft Haulage

The L8 Shaft continues to operate satisfactorily since it was upgraded. However the increased movement of materials required for greater production from the lower levels, competes with skip ore hoisting time. This will continue until the construction of the Service Shaft is completed, commissioned and operational.

On 9 April 2015 the Company announced approval of the Service Shaft by the Board and a subsequent update was announced on 7 July 2015. It is progressing on schedule as shown schematically on Figure 2.



Photo 1. Service Shaft Collar showing crane and kibble used for the blind sinking.

The Alimak ⁽ⁱ⁾ (2 metres x 2 metres) raise has been completed to just below Level 2 where the ground conditions became less favourable for Alimak raising, hence the blind sink will continue to Level 2 now with full ground support to the final dimensions. This should not impact on the schedule as the arrival of the headframe and winder remains on the critical path.

The third critical concrete pour out of seven for the collar of the Service Shaft was completed. This is the collar foundation that the headframe will sit on. The remaining pours have fibre reinforcing as the shaft sinks to solid foundation rock using a crane and kibble ⁽ⁱⁱⁱ⁾. Thence it will sink to Level 2 using wire mesh and shotcrete as required.

The shaft headframe, main winder and sinking equipment are scheduled to arrive during the December quarter of 2015 and once installed, a sinking stage will be used to widen the shaft to its final dimensions (3.2 metres x 3.65 metres) ^(iv) from Level 2 to Level 8. Installation of ground support to the walls and equipping the level accesses between Levels 3 to 8 will be done simultaneously. The rope guided man-cage is scheduled to be installed in the second quarter 2016.

On commissioning, all men and material movement will be transferred to the Service Shaft from the L8 Shaft, and the latter will then be used exclusively to hoist ore, to attain its planned capacity of 1,700 tonnes per day.

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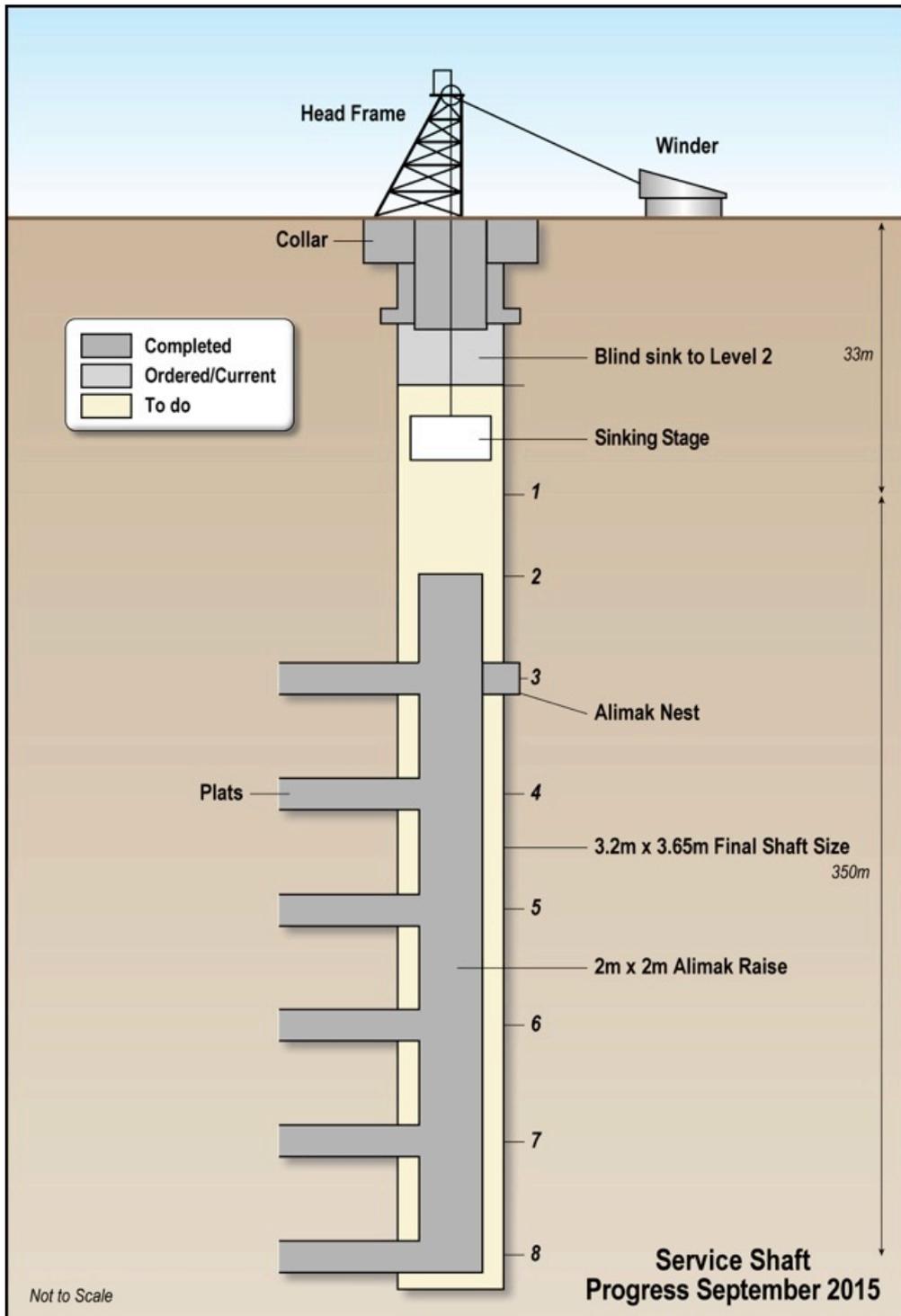


Figure 2. Service Shaft schematic progress diagram.

Notes:

1. Alimak Raise - a climbing platform that provides miners a safe and efficient method to construct long vertical raises. A cage climbs a vertical raise fastened to the wall of the raise. The miners stand atop of the cage to drill the face, and the cage retreats to a nest at the bottom of the raise during blasting;
2. Alimak Nest - where the Alimak retreats to when blasting;
3. Kibble - an engineered sinking bucket for lowering men and materials as well as hoisting broken rock;
4. The final dimensions have been chosen to allow a locomotive/mine car to be lowered intact, where currently they need to be dis-assembled to be lowered down the L8 shaft.

Underground Mining

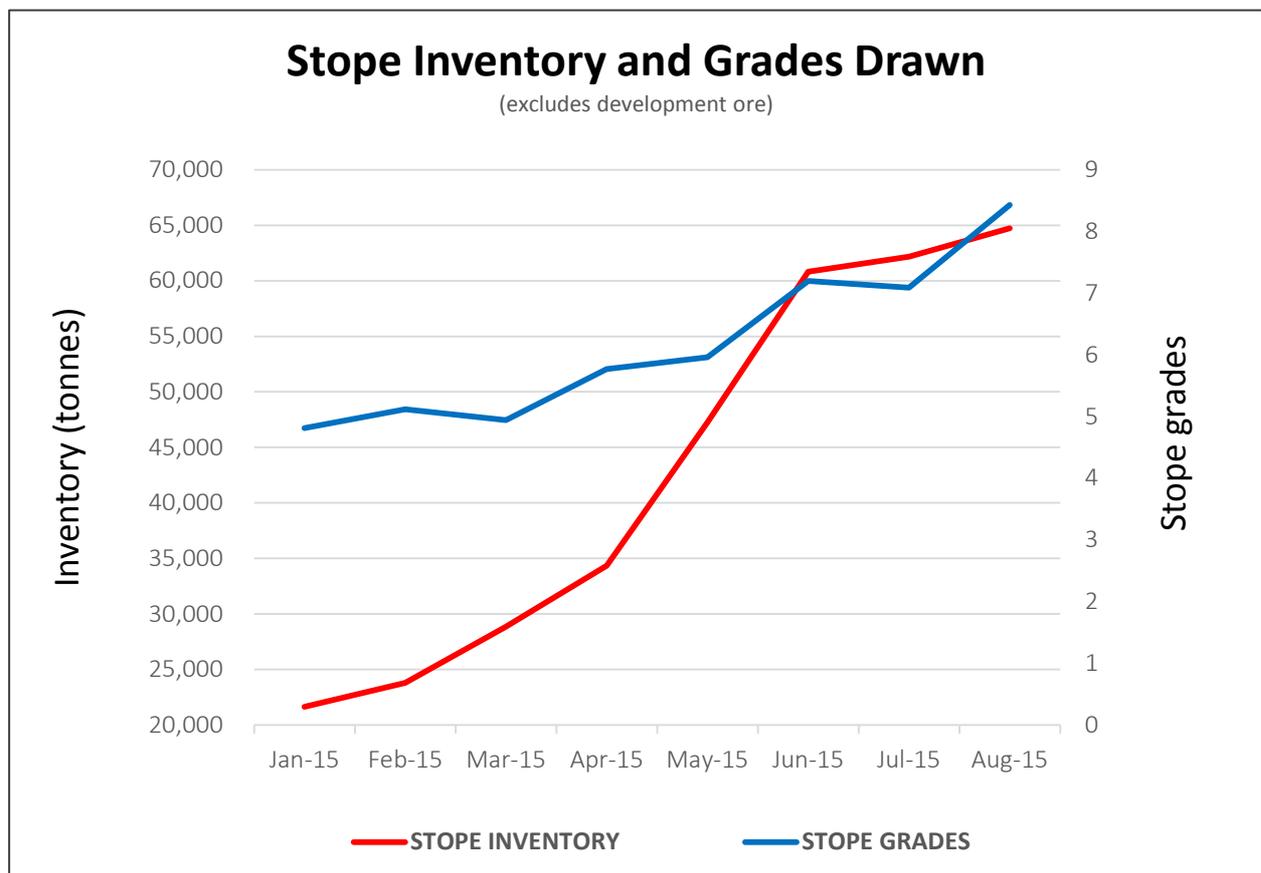
The mine operated to schedule during the quarter. There are several medium term infrastructure projects generating waste rock that, unless it can be backfilled underground, need to be hoisted to surface thus displacing ore. These projects are all factored into the schedule and guidance.

A total of approximately 7,269 metres of horizontal and vertical development was completed during the quarter.

The internal inclined shafts from Level 8 to Levels 9 and 10 are progressing well. Levels 9 and 10 will be progressively developed and material internally hoisted to the L8 Shaft until such time that the L16 shaft is constructed (dependent on underground drilling results).

Development of ventilation rises from Level 6 to surface where a new centrifugal fan will be installed in the December quarter is 90% complete. The 225kw Centrifugal fan is due for delivery in the December quarter. This will provide significant improvements to the Levels 6 to 10 ventilation district, including improved efficiencies and costs due to more rapid clearing of blast fumes compared to the current practice of using compressed air to clear the fumes. It is anticipated that 3 of the 10 330 kW compressors can be switched off with commensurate savings in electricity costs.

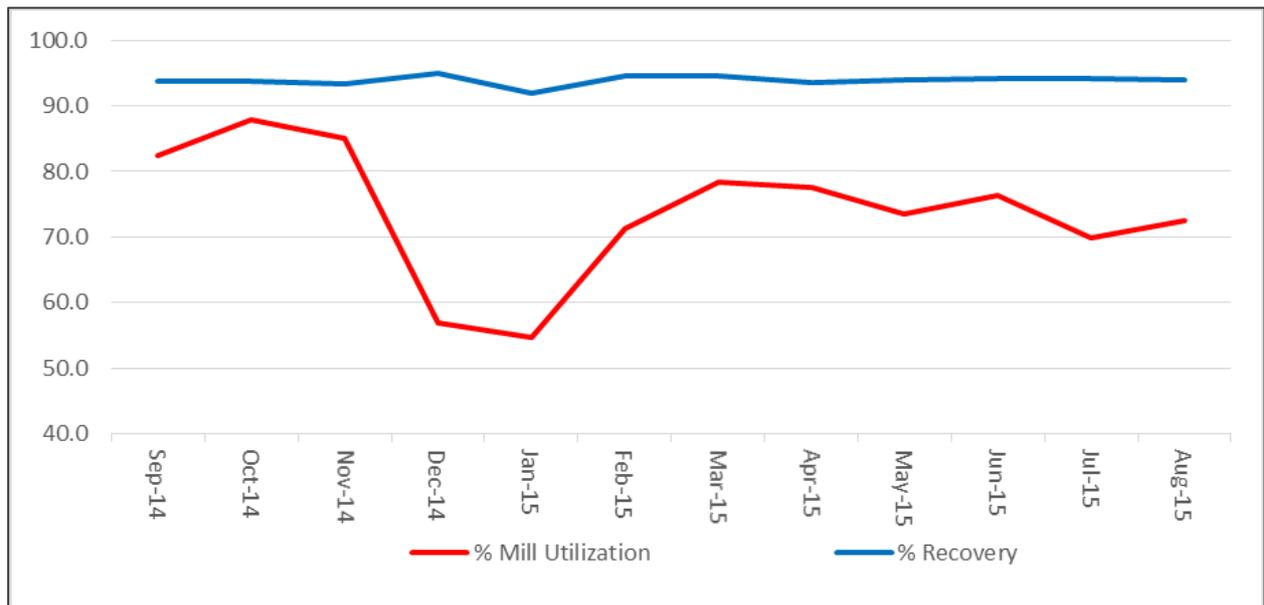
The new stoping protocols and payment system, based on tonnes blasted rather than trammed, are being deployed progressively with nearly all stopes on the system now. The broken ore stope inventory is nearing replenishment and the stope grades drawn at 8g/t are now as planned (Graph 2). The cost of building the inventory over the year has contributed to the high AISC and is now starting to fall.



Graph 2 showing the improvements in stope ore inventories and grades drawn from stopes since January 2015.

Co-O Mill

The mill operated satisfactorily during the quarter with recoveries averaging 94%, but still under-utilised as shown in Graph 3.



Graph 3 showing the mill utilization and recoveries for the FY 2015.

Co-O Mine Geology

Re-interpretation of the vein systems, as previously reported in the FY2014- 2015 quarterly reports, is a continuing process as the latest drilling information is incorporated into the database.

The ongoing extensive review, re-interpretations, and re-modeling of the geology of the Co-O Mine have been encouraging with key points being:

- (i) Cross-cutting structures are being identified that appear to be spatially related to emplacement, continuity and tenor of mineralization;
- (ii) Depth and strike extensions of the three major vein sets (i.e., GHV, Jereme and Central Veins) appear to extend beyond Level 12 towards Level 16 (750 metres below Level 1); and
- (iii) Interpretations of intermediary veins are being refined.

The 'deeps' resource drilling program between Levels 12 to 16 will commence in the December quarter pending arrival of three new deep-hole underground drilling rigs.

Co-O Mine Drilling

Underground diamond drilling continued using three large contract rigs for resource definition from drill chambers at Level 5 (L5-40W and L5-17W) and Level 8 (L8-19E, L8-28E and L8-45E), and four smaller Company-owned portable rigs for pre-development drilling at various levels throughout the mine.

A total of 29 drill holes were completed for an advance of 5,252 metres, of which resource definition drilling totalled 12 drill holes for an advance of 4,257 metres.

Significant results obtained during the quarter are reported in Table III.

The 'resource deeps' drilling programme will commence during the December quarter, following the arrival of the first of three new drilling rigs purchased by the Company. Drilling chambers are being developed on Level 8 for these rigs to target and intercept the depth and strike extensions of the mineralised vein system between Levels 8 to Level 12 (-200m to -400m RL) and Levels 12 to Level 16 (-400m to -600m RL). The programme is intended to confirm the down-plunge extent of the main ore shoots to the east of the current L8 Shaft and Service Shaft positions, and beneath the flare of the diatreme (Fig. 3).

Table III. Co-O Mine underground drill hole results since 30 June 2015 of ≥ 3 gram-metres per tonne gold

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

Hole Number	East ⁴	North ⁴	RL ⁴	Depth (metres)	Azim (°)	Dip (°)	From (metres)	Width ² (metres)	Gold Grade ^{1,3} (uncut) (g/t gold)
UNDERGROUND RESOURCE DRILLING - LEVEL 3									
L3-17W-010 *	613897	913226	51	419	171	-31	313.40	1.40	12.69
UNDERGROUND RESOURCE DRILLING - LEVEL 5									
L5-17W-001	613831	913086	-43	380	278	-19	323.70	1.00	4.43
L5-40W-011	613595	913079	-40	513	173	-30	328.60	0.60	8.97
L5-40W-013	613596	913079	-41	500	150	-44	348.90	1.10	4.63
L5-40W-014	613595	913079	-38	522	150	-48	327.05	0.45	55.83
L5-40W-015	613596	913079	-39	381	149	-39	18.40	1.00	6.79
							339.25	0.70	9.10
L5-40W-016	613596	913079	-41	513	162	-42	333.30	1.30	8.03
L5-40W-017	613596	913079	-41	413	165	-29	331.35	0.70	55.70
L5-40W-018	613595	913079	-41	402	148	-27	138.45	1.00	19.83
							233.10	0.80	16.24
L5-40W-019	613595	913079	-41	84	149	-33	4.10	1.00	5.07
L5-40W-020	613595	913079	-41	348	194	-38	292.90	1.00	53.07
UNDERGROUND RESOURCE DRILLING - LEVEL 8									
L8-28E-002	614270	912864	-190	365	141	-30	1.35	2.15	16.62
							10.55	1.20	3.72
L8-28E-004	614271	912864	-191	271	158	-17	5.30	0.50	6.20
							9.30	0.60	9.27
							24.80	0.80	105.47
							27.85	1.00	4.82
							73.60	0.40	122.07
126.80	1.50	18.75							
L8-28E-005	614270	912864	-190	221	177	-17	19.15	0.50	21.30
							58.00	0.65	5.33
							67.65	1.00	18.57
							69.00	1.00	3.67
							141.05	0.25	87.77
							153.50	2.10	294.32
<i>includes</i>	154.60	1.00	606.7						
158.90	1.00	5.47							
L8-28E-006	614270	912864	-190	221	174	-18	9.30	1.00	4.67
							53.65	0.35	25.87
							69.35	0.80	32.27
							85.30	0.95	9.15
							89.55	1.00	28.23
							136.50	1.00	13.67
204.70	0.25	65.53							
L8-28E-007	614269	912864	-190	231	203	-24	69.45	0.35	110.13
							72.40	0.40	15.30
							74.00	0.60	56.63
							100.90	2.35	67.65
187.75	0.20	76.43							
L8-28E-008	614270	912864	-190	254	163	-17	70.65	0.30	22.70
							239.65	0.20	136.63

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Hole Number	East ⁴	North ⁴	RL ⁴	Depth (metres)	Azim (°)	Dip (°)	From (metres)	Width ² (metres)	Gold Grade ^{1,3} (uncut) (g/t gold)
L8-28E-009	614271	912866	-190	375	132	-25	11.35	0.45	49.83
							33.80	0.65	8.73
							42.10	1.00	4.84
							48.10	0.35	151.03
							266.30	1.00	3.47
							348.40	0.80	16.00
							354.80	1.15	13.07
L8-28E-008	614271	912866	-190	380	130	-30	13.40	0.30	20.03
							32.55	0.65	13.63
							80.90	1.70	6.21
L8-45E-007	614464	913036	-190	413	160	-24	95.45	1.00	3.19
							142.00	0.65	19.97
							200.25	0.85	5.20
							227.25	0.65	29.90
							304.10	2.25	14.73
							346.45	0.90	20.63
382.40	0.55	5.90							
L8-45E-008	614464	913036	-191	415	155	-23	154.90	1.50	6.67
							199.90	0.50	18.37
							209.65	1.65	14.92
							233.10	1.30	3.73

Notes:

* Drill hole intercepts for these holes have been reported in previous quarterly reports. These additional assay results have been received since last quarterly report.

1. Compositing intercepts' 'weighted average grades' calculated by using the following parameters:
 - (i) no upper gold grade cut-off applied;
 - (ii) lower cut-off grade of 3.0 g/t gold;
 - (iii) high-grade samples (≥ 300 g/t gold) within compositing interval are individually reported;
 - (iv) ≥ 3 gram-metres; and
 - (v) maximum of 1.0 metre of down-hole internal dilution at ≤ 3 g/t gold.
2. Intersection widths are downhole drill widths not true widths;
3. Assays are by Philsaga Mining Corporation's laboratory; and
4. Grid coordinates are rounded and based on the Co-O Mine Grid. RL is elevation, rounded in metres relative to Mine Datum.

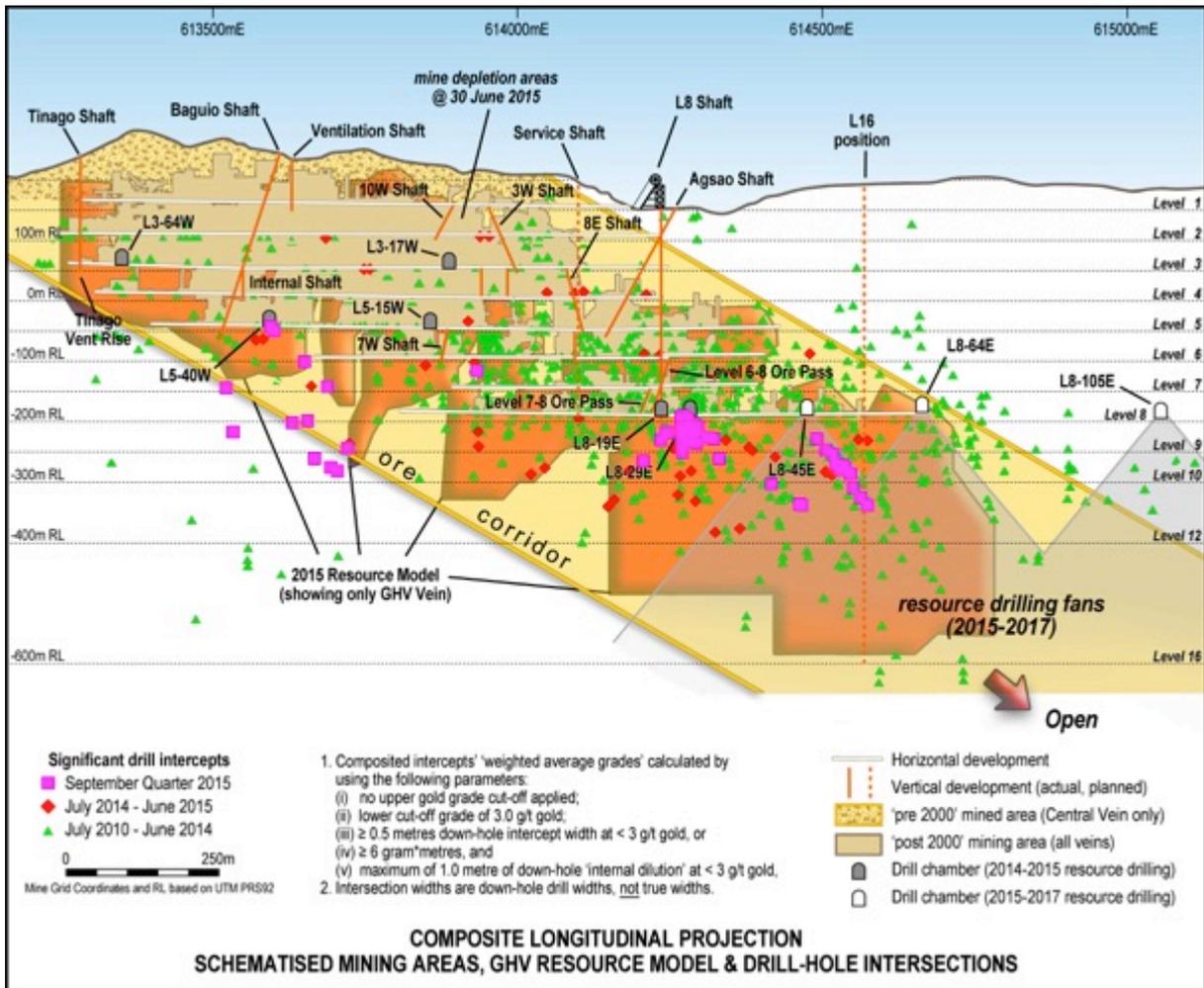


Figure 3. Co-O Mine Longitudinal Projection showing composited mining depletion, vertical development and significant drill intercept locations (as previously reported).

HEALTH, SAFETY & ENVIRONMENT

The Lost Time Accident Frequency Rate is 0.25 for the 9 month period to 30 September 2015, and for the September 2015 quarter was 0.

There were no environmental breaches during the September 2015 quarter.

Co-O SURFACE EXPLORATION

Reconnaissance Programmes

Detailed geological mapping, trenching and sampling programmes are continuing proximal to the Co-O Mine environs, targeting the South Agsao and West Road 17 areas. A drilling programme has been planned to investigate mineralisation encountered so far at the West Road 17 prospect area, but has been temporarily postponed. Surface work at North Tinago has been completed pending evaluation of results.

TAMBIS REGION

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

BANANGHILIG (B1) GOLD DEPOSIT

Various announcements and quarterly reports have been released since 12 September 2011, which summarise the Tambis regional and local geological settings, drilling and assay intercepts, B1 Deposit description and mineralisation, and resource estimation updates.

Geological re-interpretation

The B1 Deposit re-interpretation is the basis for a revised model and estimation of a JORC 2012 mineral resource, which is intended to be completed during the December 2015 quarter.

B2 Discovery Area – Geophysical Survey

The ‘down-hole’ geophysics survey, previously planned to commence during the December 2014 quarter, has been postponed until mining studies for B1 are more advanced.

REGIONAL EXPLORATION

GUINHALINAN GOLD PROSPECT

Background

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

Details of the completed soil geochemical sampling programme are contained in the 28 January 2015 announcement and the December 2014 and March 2015 quarterly reports.

Activities during the September 2015 quarter included continuing field evaluation of the soil anomalies comprising detailed geological and regolith mapping, and sampling of the regolith and underlying stratigraphy, to identify scout drilling targets.

Several locations have been selected for a scout drilling programme, which is anticipated to commence in the December quarter, following completion of the drilling programme at Lingig.

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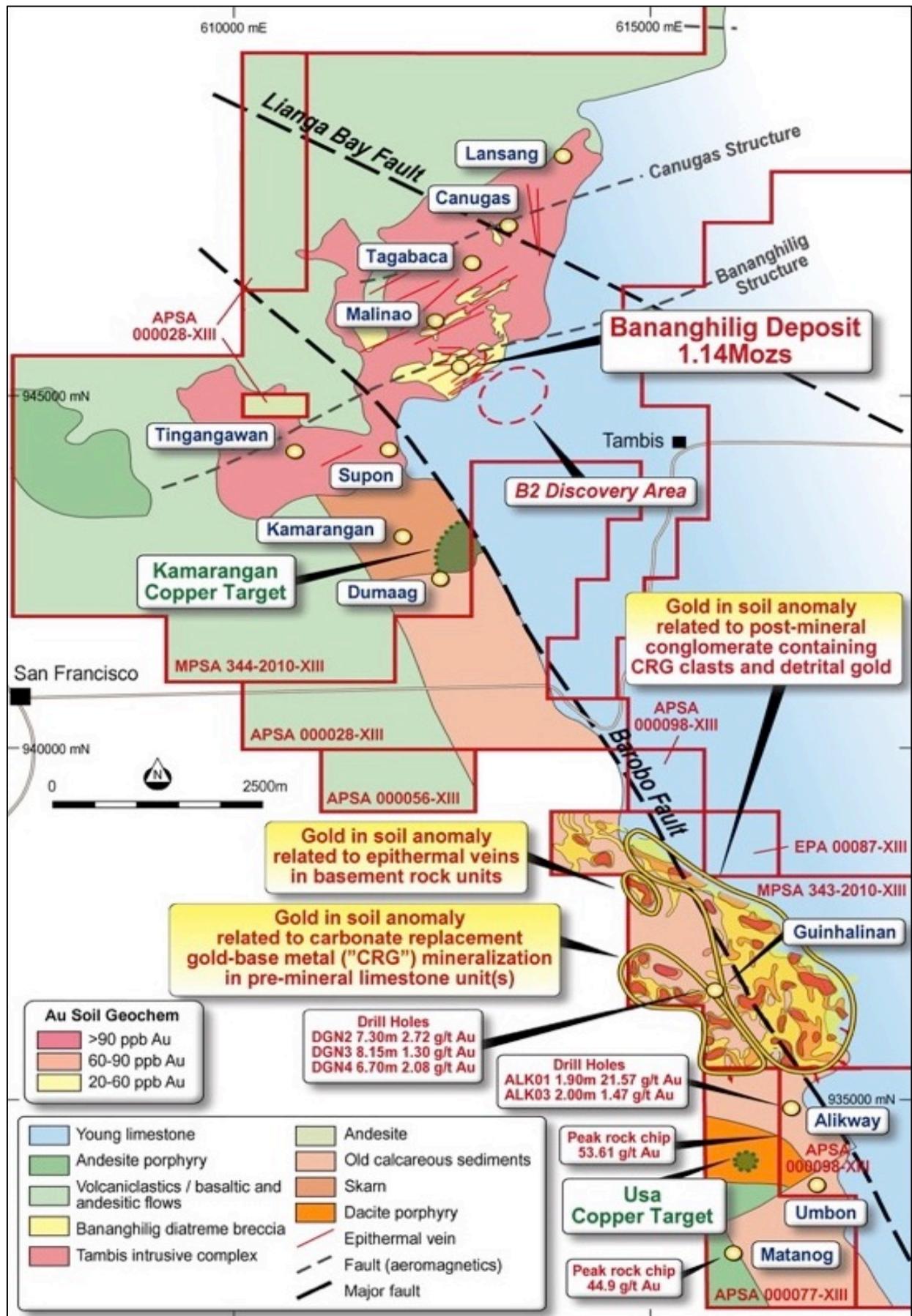


Figure 4. Tambis regional map showing the Bananghilig Deposit and the Guinhalinan prospect with contoured gold in soil geochemistry anomalies

Geological Setting

Previous drilling has intersected two styles of copper mineralisation, located in three zones in Lingig, namely Zone 1 (Au-bearing porphyry related Cu), and Zones 2 and 3 (magmatic-hydrothermal breccia-hosted Cu with porphyry-related Cu) as shown in Figure 5.

Exploration

A diamond drilling programme commenced in September to investigate the IP anomalies identified from the geophysical survey completed in 2013, and discussed in previous quarterly reports.

The location of the first diamond drill hole (LIN041) was sited just south of the IP Zone 2 anomaly (Fig.5) and was completed during the September 2015 quarter, to a depth of 354 metres. The hole intersected predominantly chloritic basalt, magmatic hydrothermal breccia, andesite porphyry, and narrow quartz diorite dykes.

Logging of LIN041 observed extensive propylitic alteration (chlorite ± epidote), with lesser smectite, argillic, silicic and potassic alteration. Mineralisation is typically represented by early sulphide veinlets and blebs, followed by quartz-sulphide veins and veinlets and latter quartz-calcite stockwork, and comprising predominantly pyrite (0-5%, locally up to 20%) with lesser chalcopyrite (0-1%) ± minor molybdenite.

A second hole commenced at the end of the September and was terminated on 7 October at a depth of 338 metres. Logging identified similar mineralisation as for LIN041. The drill core is currently being sampled and submitted for multi-element analyses. Final assay results are expected to be received for both holes during the December quarter.

COAL EXPLORATION

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

Detailed geological and other information is contained in the 18 December 2014 announcement. Previous work classified the coal in both areas as sub-bituminous B to high volatile bituminous A coal rank using the American Society for Testing and Materials ("ASTM"). Average heating values are approximately 6,500 BTU per lb with some seams up to 8,200 BTU per lb. Economic seam thicknesses are 1 to 2 metres.

Reconnaissance mapping is continuing within the COCs, outlining a number of areas with multiple seams of outcropping coal, with a best individual seam identified to date ranging up to 3.1 metres in thickness (containing clean coal plies totalling 2.2 metres in thickness). Some coal seams have so far been identified with strike lengths of more than 3 kilometres. A reconnaissance drilling programme comprising 3,000 metres is about to commence following the completion of local community consultation and establishment of site access.

ISO 14001 CERTIFICATION

The Company has commenced the process of ISO 14001 certification which should be completed in the second half of CY 2016.

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

There are no material changes to the status of these reforms since last reported in the 2015 Annual Report dated 30 September 2015.

FINANCIALS (unaudited)

As at 30 September 2015, the Company had total cash and cash equivalent in gold on metal account of approximately US\$11.6 million (30 June 2015: US\$14.6 million).

This reduction in cash and cash equivalent is primarily attributable to net cash movements in the creditor/receivable accounts of approximately US\$8 million.

The Company sold 31,176 ounces of gold at an average price of US\$1,121 per ounce in the September 2015 quarter (June 2015 quarter: 29,350 ounces sold at an average price of US\$1,197 per ounce).

During the September 2015 quarter, the Company incurred;

- exploration expenditure, including underground diamond drilling, of US\$2.0 million (June 2015 quarter: US\$2.6 million);
- US\$5.3 million on capital works (inclusive of new Service Shaft) and associated sustaining capital at the mine and mill (March 2015 quarter: US\$3.3 million); and
- US\$7.4 million on continued mine development (June 2015 quarter: US\$9.6 million); and
- corporate overheads of US\$1.5 million (June 2015 quarter: US\$2.0 million).

CORPORATE

During the quarter, the Board of Medusa together with the CEO and Company Secretary voluntarily and unconditionally agreed to a 15% salary reduction for the financial year.

JORC CODE 2012 COMPLIANCE - CONSENT OF COMPETENT PERSONS

Medusa Mining Limited

Information in this report relating to **Exploration Results** and Co-O Mine's **Mineral Resources** has been directed and reviewed by Mr Gary Powell, and is based on information compiled by Philsaga Mining Corporation's Co-O mine-site technical personnel. Mr Powell is a member of The Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy. Mr Powell is Manager Geology and Resources, and is a full time employee of Medusa Mining Ltd, and has sufficient experience which is relevant to the styles of mineralisation and type of deposits under consideration and to the activities for which he is undertaking to qualify as a "Competent Person" as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Powell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Carras Mining Pty Ltd

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

Cube Consulting Pty Ltd

The information in this report that relates to the Bananghilig and Saugon **Mineral Resources** is based on, and fairly represents information and supporting documentation compiled by Mr Mark Zammit of Cube Consulting Pty Ltd. Mr Zammit also conducted an independent high level review of the FY2015 Co-O mineral resource estimation methodology. Mr Zammit is a member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Zammit consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DISCLAIMER

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 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, 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) 	<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.

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Criteria	JORC Code explanation	Commentary
	<p>photography.</p> <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 July 2010, all drill core has been photographed. The drill core obtained prior to July 2010 has a limited photographic record.
<p>Sub-sampling techniques and sample preparation</p>	<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. 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.
<p>Quality of assay data and laboratory tests</p>	<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 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

Criteria	JORC Code explanation	Commentary
		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> <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> Visual inspections to validate mineralisation with assay results has occurred on a regular basis. Independent and alternative company personnel on a regular basis verify significant mineralised intersections. All drilling is diamond drilling and no twinning of holes has been undertaken. The majority of drilling is proximal to mine development and intersections are continually being validated by the advancing mine workings. Geological logging of drill core and drilling statistics are hand written and transferred to a digital database. Original logs are filed and stored in a secure office. Laboratory results are received as hardcopy and in digital form. Hardcopies are kept onsite. Digital data is imported into dedicated mining software programs and validated. The digital database is backed up on a regular basis with copies kept onsite.
Location of data points	<ul style="list-style-type: none"> <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> Suitably qualified surveyors and/or experienced personnel, using total station survey equipment locate all 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"> <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"> 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"> <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> <i>If the relationship between the drilling orientation and the orientation of key mineralized structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> Mineralisation is hosted within narrow, typically <2m wide quartz veins. Orientations of the veins are typically E-W, with variations from NE-SW to NW-SE, with dips varying from flat-lying to steep dipping to the 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

Criteria	JORC Code explanation	Commentary
		the deposit geometry has been developed through mining such that it is considered that any sampling bias is recognised and accounted for in the interpretation.
Sample security	<ul style="list-style-type: none"> <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> Drilling is supervised by 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"> <i>The results of any audits or reviews of sampling techniques and data.</i> 	<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. 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"> <i>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.</i> <i>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.</i> 	<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"> <i>Acknowledgement and appraisal of exploration by other parties.</i> 	<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"> <i>Deposit type, geological setting and style mineralisation.</i> 	<ul style="list-style-type: none"> The Co-O deposit is an intermediate sulphidation, epithermal gold (+Ag ±Cu±Pb±Zn) vein system. The

Criteria	JORC Code explanation	Commentary
		deposit is located in the Eastern Mindanao volcano-plutonic belt of the Philippines.
Drill hole Information	<ul style="list-style-type: none"> • A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> ○ Easting and northing of the drill hole collar ○ Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar ○ Dip and azimuth of the hole ○ Down hole length and interception depth ○ Hole length • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not distract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> • Detailed information in relation to the drill holes forming the basis of this Mineral Resource estimate is not included in this report on the basis that the data set is too large and the information has been previously publically reported. The information is not material in the context of this report and its exclusion does not detract from the understanding of this report. For the sake of completeness, the following background information is provided in relation to the drill holes. • Easting, northing and RL of the drillhole collars are in both the local mine grid, PRS92 and UTM WGS84 Zone 51 coordinates. • Dip is the inclination of the hole from the horizontal. For example a vertically down drilled hole from the surface is -90°. Azimuth is reported in magnetic degrees, as the direction toward which the hole is drilled. Magnetic North <-1° west of True North. • Down hole length is the distance from the surface to the end of the hole, as measured along the drill trace. Interception depth is the distance down the hole as measured along the drill trace. Intersection width is the downhole distance of a mineralised intersection as measured along the drill trace.
Data aggregation methods	<ul style="list-style-type: none"> • In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (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 (≥ 20 g/t Au) assays are included within composited intercepts. • Metal equivalent values are not reported.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • 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'). 	<ul style="list-style-type: none"> • The majority of drilling is oriented approximately orthogonal to the known orientation of mineralization. However, the intersection length is measured down the hole trace and may not be the true width. • 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"> • 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. 	<ul style="list-style-type: none"> • A longitudinal section is included in this announcement showing significant assay results locations (Figure 2). Tabulated intercepts are not included in this announcement as they have been released in previous announcements. An underground level plan (Level 8) is included in this announcement which shows the locations of the drill chambers from where previous drilling has been conducted, and the drill chambers and drill trace projections proposed future resource drilling (Figure 3).
Balanced	<ul style="list-style-type: none"> • Where comprehensive reporting of all 	<ul style="list-style-type: none"> • Significant intercepts have previously been reported

Criteria	JORC Code explanation	Commentary
reporting	<i>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>	for all DD drillholes that form the basis of the Mineral Resource estimate. 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 September 2015)

Name	Tenement ID	Registered Holder	Company's Interest ¹ at		Royalty ²	Area (hectares) at	
			30 Jun 2015	30 Sep 2015		30 Jun 2015	30 Sep 2015
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%	100%	3% GSR	3,810	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%	100%	-	162	162
	APSA 00077-XIII	Corplex	100%	100%	4% GSR	810	810
	EPA 00186-XIII ³	Corplex	100%	100%	3% NSR	7,111	7,111
Sinug-ang	EPA 00114-XIII	Salcedo / PMC	100%	100%	-	190	190
Coal Project	COC Area 6	PMC	-	100%	-	4,000	4,000
	COC Area 7	PMC	-	100%	-	5,000	5,000

NOTES:

1. There have been no material changes to the Company's interest since 30 June 2015.
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	APSA	Application for Mineral Production Sharing Agreement
EP	Granted Exploration Permit	EPA	Application for Exploration Permit

Registered Holders

PMC	Philsaga Mining Corporation	Philex	Philex Gold Philippines Incorporated
BMMRC	Base Metals Mineral & Resources Corporation	Das-Agan	Das-Agan Mining Corporation
Phsamed	Phsamed Mining Corporation	Apmedoro	APMEDORO Mining Corporation
Philcord	Mindanao Philcord Mining Corporation	Salcedo	Neptali P. Salcedo
Corplex	Corplex Resources Incorporated		

Royalty

NPI	Net Profit Interest	GSR	Gross Smelter Royalty
NSR	Net Smelter Royalty		