



MEDUSA

QUARTERLY ACTIVITIES REPORT

PERIOD ENDED

31 MARCH 2104

Snapshot of Medusa:

- ❑ Un-hedged, low cost, gold producer focused on organic growth in the Philippines
- ❑ New Mill operated for the full quarter
- ❑ March 2014 quarter production of 16,200 ounces (YTD 42,289 ounces)
- ❑ Safety - one fatality during the quarter

Board of Directors:

Andrew Teo (Non-executive Chairman)

Peter Hepburn-Brown (Managing Director)

Raul Villanueva (Executive Director)

Ciceron Angeles (Non-executive Director)

Robert Weinberg (Non-executive Director)

Gary Powell (Non-executive Director)

Capital Structure:

Ordinary shares: 207,794,301

Unlisted options: 1,575,000

Listings:

ASX and LSE (Code: MML)

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OVERVIEW:

- ❖ Medusa Mining Limited to delist from the London Stock Exchange
- ❖ Exploration drilling utilised five underground drill rigs at Co-O and three surface rigs at Tambis
- ❖ Gold production increased to 16,200 ounces for the quarter (11,587 ounces December quarter) due to continuous SAG mill operation
- ❖ Production was less than forecast due to disrupted production from flooding in January
- ❖ Underground development continued at approximately 1,500m per month. All development ore was hauled and milled.

Co-O MINE PRODUCTION & DEVELOPMENT

- Development and stoping continued on all 8 levels during the quarter
- Level development continued on 60 headings throughout the mine. Unseasonal wet weather in January caused some flooding issues at the mine but development was able to be maintained at the target rate of 1,500 metres per month during the quarter
- Production from stoping is now increasing and a greater percentage of stope ore is expected to be mined and trucked to the mill in the June quarter
- Exploration drilling continued on the Levels 2, 3 and 8 on the west of the Tinago Fault

Co-O MINE EXPLORATION

- Underground diamond drilling is continuing with two rigs on contract and three Company rigs. Surface sampling, mapping and geophysical surveying are on-going

TAMBIS AREA - BANANGHILIG GOLD DEPOSIT

- Diamond drilling at the B2 area recommenced with three drill rigs

CORPORATE & FINANCIALS (unaudited)

- Total cash and cash equivalent in gold on metal account at the end of quarter of approximately US\$20.35 million

PROJECT OVERVIEW

The locations of the Company's projects are shown on Figures 1 and 2

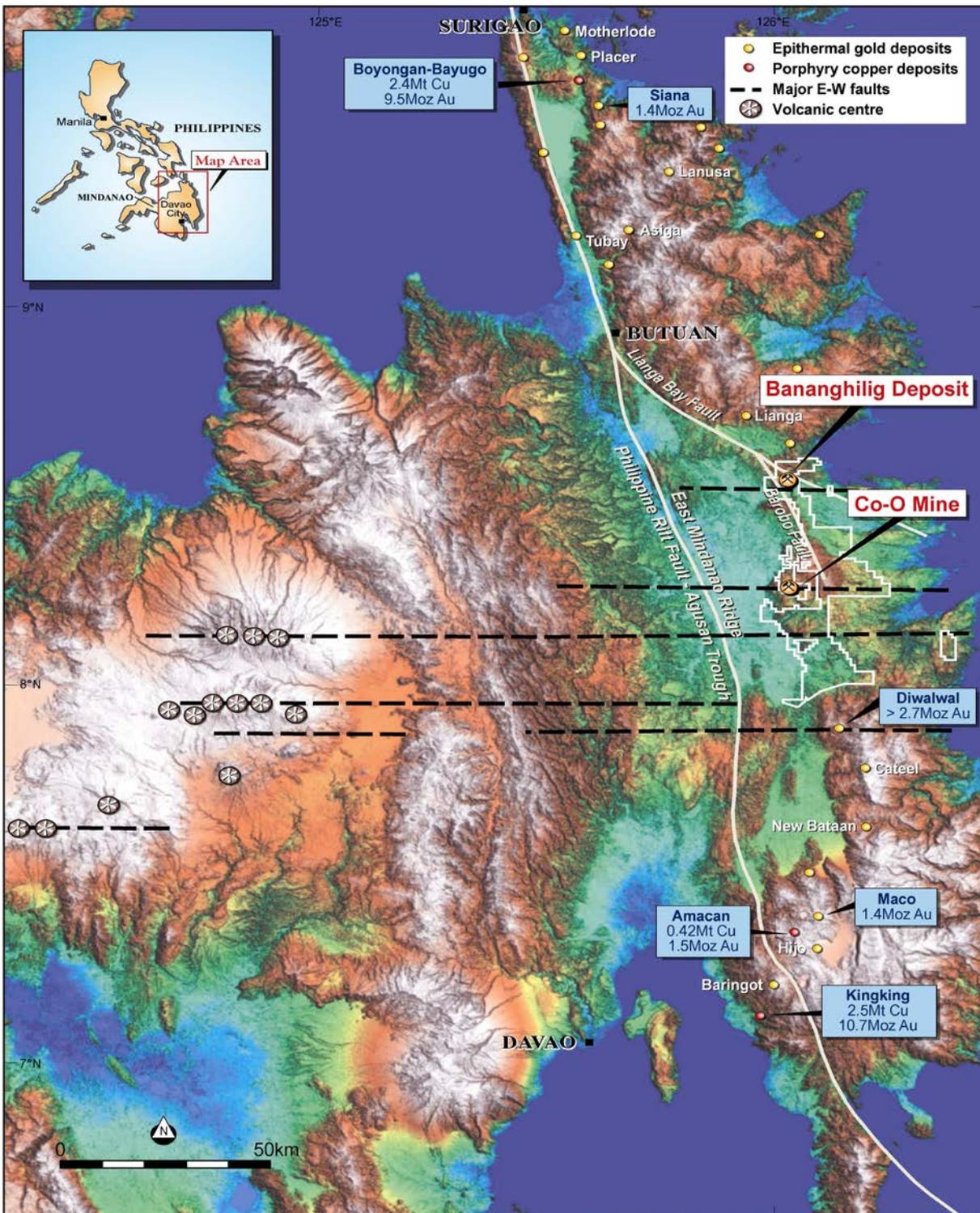


Figure 1. Location diagram showing the Company's tenement areas and prominent East-West structures

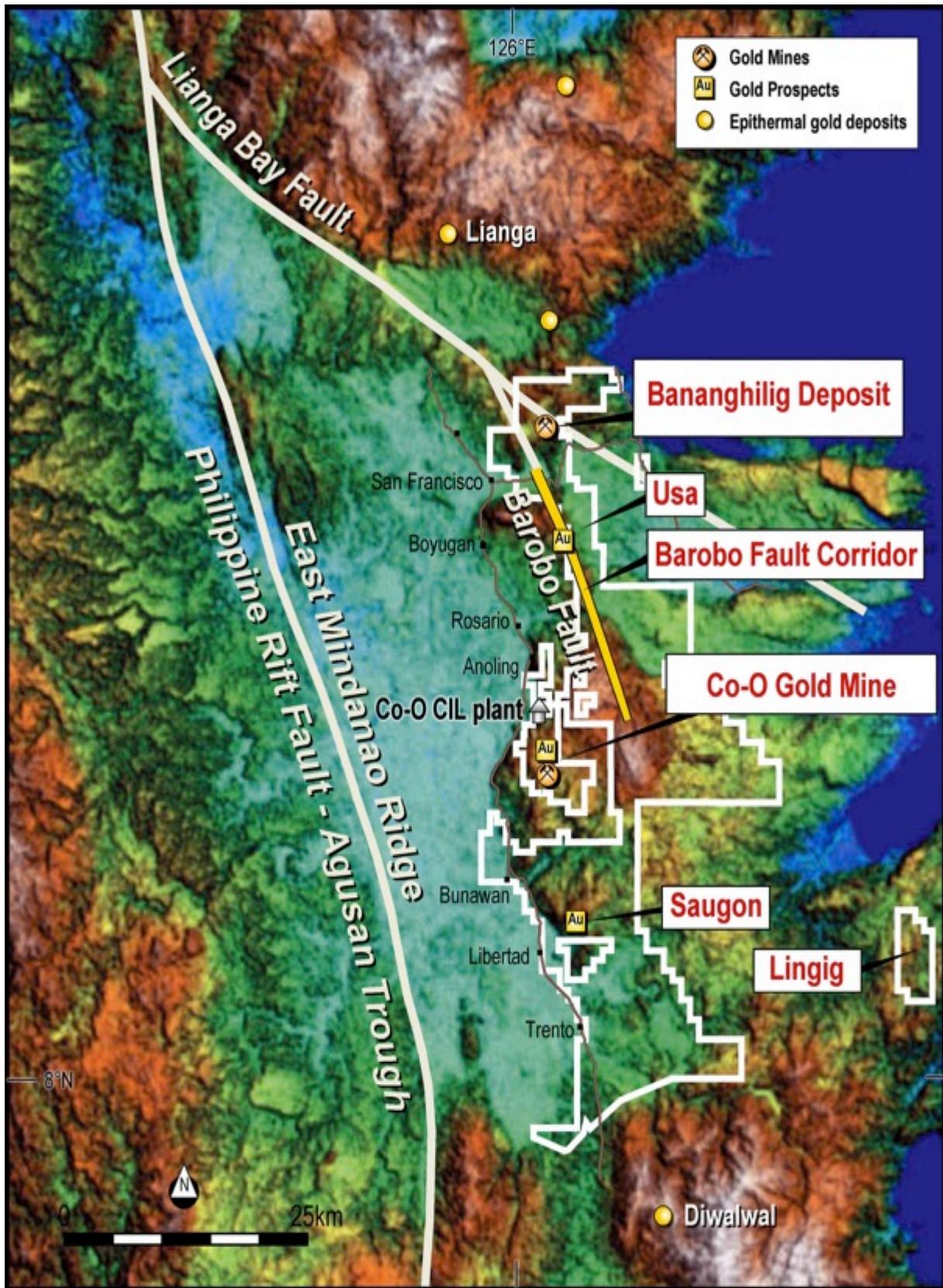


Figure 2. Regional tenement map showing mines and prospects.

HEALTH, SAFETY & ENVIRONMENT

There was one Lost Time Accident, a fatality, during the quarter as reported on 13 February 2014. Lost Time Accident Frequency Rate is 0.15 for the March quarter.

Every effort is being made to ensure our OH&S systems are as effective as possible in keeping our employees and contractors working for and within the Company safe. The health and safety of our people is of the highest priority.

There were no environmental breaches during the March quarter 2014.

EXECUTIVE ORDER ON MINING SECTOR REFORMS IN THE PHILIPPINES

On 06 July 2012, Philippine President Benigno Aquino III signed Executive Order No. 79 entitled "Institutionalizing and Implementing Reforms in the Philippine Mining Sector Providing Policies and Guidelines to Ensure Environmental Protection and Responsible Mining in the Utilization of Mineral Resources" ("EO 79").

On 10 September 2012, the Department of Environment and Natural Resources ("DENR") issued Administrative Order No. 2012-07 ("Rules and Regulations to Implement EO-79" or "EO-79 IRR"), and on 08 October 2012, issued Administrative Order No. 2012-07-A2 ("EO-79 Amended IRR") to revise Sections 3, 7 and 9 of EO-79 IRR. EO-79 IRR and its amendments took effect on October 25, 2012.

The implications of the EO-79 with regards to the Company's projects are discussed in the June 2012 and September 2012 quarterly reports to the ASX. There has been no change in the Company's view since then.

On March 07, 2013, the Secretary of the Department of Environment and Natural Resources (DENR) approved the lifting of the moratorium on acceptance of applications for Exploration Permits and Financial and Technical Assistance Agreements.

The new legislation on mining taxes and royalties is yet to be finalised for submission to Congress.

EXECUTIVE ORDER ON EXTRACTIVE INDUSTRIES TRANSPARENCY IN THE PHILIPPINES

On 26 November 2013, Philippine President Benigno Aquino III signed Executive Order No. 147 entitled "Creating the Philippine Extractive industries transparency Initiative" ("EO 147").

Pursuant to Section 14 of the EO 79, the Philippine government commits to participate in the Extractive Industries Transparency Initiative (EITI) that sets international standards for transparency and accountability in the extractive industries and in government. Established in 2003, the EITI is a global coalition of governments, companies and civil society collaborating to improve honest and responsible management of revenues from natural resources, particularly oil, gas, metals and minerals.

Through EO 147, the Philippine government has instituted the Philippine Extractive Industries Transparency Initiative (PH-EITI), which commits to ensure greater transparency and accountability in the extractive industries, specifically in the way the government collects, and companies pay taxes from extractive industries;

The implications of the EO 147 with regards to the Company's projects are not considered to have any negative impact and the Company sees the Executive Order as a positive commitment by the Philippine Government to adopt good governance practices in accordance with International Guidelines of the EITI.

MINERAL RESOURCES AND ORE RESERVES

The Company's current mineral resources (including the Saugon resource) and ore reserves were previously announced in accordance with the guidelines of the JORC Code 2004 (Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves). Refer to announcement of 08 August 2013, the September 2013 Quarterly Report, and the 2013 Annual Report.

The Co-O and Bananghilig deposits are currently undergoing review, re-interpretations and revised mineral resource and ore reserve estimations in accordance with the guidelines of the recently adopted JORC Code 2012. The revised resources and reserves for Co-O and Bananghilig are expected to be reported during the September 2014 quarter.

Co-O MINE

Production

The production statistics for the March 2014 quarter and comparatives for the previous four quarters are summarised in Table 1 below.

Table 1. Gold production statistics

	Unit	Qtr ended 31 Mar 2014	Qtr ended 31 Dec 2013	Qtr ended 30 Sep 2013	Qtr ended 30 Jun 2013	Qtr ended 31 Mar 2013
Tonnes mined	WMT	146,017	108,264	114,380	103,028	83,134
Ore milled	DMT	140,879	98,590	91,461	92,567	73,273
Head grade	g/t	4.20	4.51	5.68	5.97	6.76
Recovery	%	85%	85%	87%	88%	89%
Gold produced	ozs	16,200	11,587	14,502	15,642	14,021
Cash costs ⁽¹⁾	US\$/oz	\$398	\$526	\$339	\$355	\$296
Gold sold	ozs	15,843	11,774	15,560	16,236	17,760
Average gold price received	US\$	\$1,299	\$1,262	\$1,336	\$1,410	\$1,630

Note:

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

The Company produced 16,200 ounces of gold for the quarter, at an average head grade of 4.20 gpt and cash costs of US\$398 per ounce, inclusive of royalties and local business taxes (YTD cash costs of US\$413 per ounce).

Gold production for the quarter was higher than the December quarter due to continuous operation of the new SAG Mill.

Compared to the previous quarter, March quarter cash costs were lower primarily due to increased gold production.

Operations

Mine Development

All shafts continued to operate during the quarter. The deepening of the Baguio Shaft was successfully completed to Level 5 and is now fully operational, hauling ore from Levels 3 and 5.

Due to unseasonal heavy rains in January, parts of the mine were flooded, but caused no safety issues to personnel at the mine or the mine infrastructure. Some development headings were temporarily stopped due to the flooding but have since been re-opened.

The rain also disrupted ore transport to the mill due to landslides along the haul road as announced on 28 January 2014. Development continued on Levels 1 to 8 during the quarter and the current overall development rate of 1,500m per month should continue for the remainder of the calendar year.

Production continued on all levels during the quarter and more stoping ore will be mined and milled during the June quarter.

Co-O SAG Mill

The new SAG Mill operated satisfactorily throughout the quarter achieving its "name plate" throughput of 2,500tpd on a number of occasions. The tonnage throughput is now operating at below 2500tpd to improve grind size and recoveries. Once gold recoveries improve, the tonnage throughput of the SAG mill will be increased accordingly.

The Dominion and Kurimoto Ball Mills have been re-lined and the old mill is now on Care and Maintenance.

All other equipment and functions associated with the Processing Plant, including the Primary Crusher, the Detoxification unit, Thickener, CIL tanks and gold room operated successfully throughout the quarter.

Co-O Mine Drilling

Underground diamond drilling continued during the quarter utilising two large contract rigs and three smaller Company portable drilling rigs. At total of 21 holes were completed at Levels 2, 3 and 8 for an advance of 5,976 metres.

The Company is in the process of deploying the Company's remaining five new portable underground diamond drill rigs to various levels within the mine to assist in exploring for zones of additional mineralisation.

Table II. Co-O surface and underground drill hole results of ≥ 0.5 metres at ≥ 3 g/t gold.

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

Hole Number	East ⁴	North ⁴	RL ⁴	Depth (metres)	Dip (°)	Azimuth (°)	From (metres)	Width ² (metres)	Gold Grade ^{1,3} (uncut) (g/t gold)
UNDERGROUND EXPLORATION DRILL HOLES - LEVEL 2									
L2-65W-004	613299	913087	107	96.26	3	190.87	61.65	1.00	6.03
L2-6E-001	614063	913100	103	26.30	3	331.27	18.30	1.60	4.77
							23.90	2.40	9.77
							<i>includes</i> 25.40	0.90	20.77
UNDERGROUND EXPLORATION DRILL HOLES - LEVEL 3									
L3-64W-015	613346	913032	62	327.10	3	36.74	78.60	1.00	3.24
L3-64W-016	613348	913026	62	439.30	-25	137.52	193.20	1.00	12.10
							262.00	1.00	4.35
							286.00	1.30	3.67
							305.30	0.20	48.80
							360.20	3.00	3.38
							428.30	0.90	15.10
L3-64W-017	613347	913023	60	550.70	-25	150.2	25.90	1.35	3.60
							41.40	1.00	8.33
							311.50	1.00	10.17
							341.95	1.00	123.13
L3-64W-018	613341	913025	61	515.50	-26	185.12	26.80	0.30	3.32
UNDERGROUND EXPLORATION DRILL HOLES - LEVEL 8									
L8-19E-003	614207	913104	-192	477.80	-3	204.02	103.35	0.35	6.27
							175.45	0.30	19.83
							330.50	4.45	14.87
							<i>includes</i> 334.15	0.80	35.93
							<i>includes</i> 375.45	1.95	51.83
							474.60	0.20	10.17
L8-19E-004	614208	913104	-192	500.90	-3	213.63	286.40	0.45	31.20
							320.10	2.00	3.04
							385.85	0.35	7.70
							395.10	0.75	8.99
L8-19E-005	614207	913104	-192	494.00	-3	222.7	184.50	0.50	7.97
							192.05	0.40	6.87
							237.30	1.60	8.75
							303.30	0.70	7.53
							329.50	2.30	3.59

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 (≥ 20 g/t gold) within composited interval are individually reported; and
 - ≥ 0.5 metres down hole intercept width at ≥ 3.0 g/t gold, or
 - ≥ 6 gram.metres, and
 - maximum of 1.0 metre of down-hole internal dilution at ≤ 3 g/t gold.
- Intersection widths are downhole drill widths not true widths;
- Assays are by Philsaga Mining Corporation's laboratory; and
- Grid coordinates based on the Philippine Reference System 92. RL is elevation in metres relative to Mine Datum.

Co-O EXPLORATION

Induced Polarisation Survey

The ground Induced Polarisation (“IP”) survey is ongoing within the Co-O tenements including the Co-O Mine environs. During the March 2014 quarter, 18 line kilometres of IP survey were completed as rainy weather hampered the survey. It is anticipated that the remaining balance of the IP survey (~86 line kilometres) will be completed in the September 2014 quarter, with interpretation being carried out during the September/December 2014 quarters.

Ground Magnetism Survey

No ground magnetism survey was carried out during the March 2014 quarter. Approximately 94 line kilometres remains to be completed, and is expected to be completed at the same time as the IP survey, with interpretation being carried out concurrent with the IP interpretation.

Reconnaissance Programmes

Reconnaissance mapping and sampling programmes are ongoing.

TAMBIS REGION

The Tambis project comprising the Bananghilig Gold Deposit (Figure. 2) 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.

The Executive Order on Mining (EO 79) signed on 6 July 2012, by the President of the Philippines, will have no immediate impact on the Bananghilig Project as the Company can continue to explore, conduct feasibility studies and planning.

BANANGHILIG GOLD DEPOSIT

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

Indicated & Inferred Mineral Resource Estimation

The Bananghilig resource was previously announced in accordance with the guidelines of the JORC Code 2004 (Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves). Refer to announcement of 08 August 2013, the September 2013 Quarterly Report, and the 2013 Annual Report.

The Bananghilig deposit is currently undergoing review, re-interpretations and revised mineral resource estimation in accordance with the guidelines of the recently adopted JORC Code 2012. The revised mineral resources for Bananghilig are expected to be reported during the September 2014 quarter.

Bananghilig Scoping & Pre-Feasibility Study ¹

On 09 April 2013, the Company published the results of a first pass Scoping Study¹ of the Bananghilig Gold Deposit. The Scoping Study was carried out and reported under the guidelines of the JORC Code 2004, therefore the results of the Scoping Study do not now necessarily comply with the requirements of the JORC Code 2012 and will not be reported henceforth.

¹ The Scoping Study referred to in the announcement dated 09 April 2013 was based on low-level technical and economic assessments of Indicated and Inferred Mineral Resources, as defined under the guidelines of JORC Code 2004, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.

A Feasibility Study was initiated on the completion of the Scoping Study. Sterilisation and geotechnical drilling programmes were completed in early October 2013.

A decision was made towards the end of the September 2013 quarter to temporarily suspend the Feasibility Study due to the mineralisation being encountered at the new B2 discovery area, as well as taking into consideration the depressed gold price and prioritising the commissioning of the new Co-O milling circuit.

B2 Discovery Area

During the March 2014 reporting period, diamond drilling recommenced with two large capacity and one man-portable diamond drilling rigs completing 6 drill holes (TDH335 to TDH340) within the B2 area for a total advance of 1,820.2 metres. Drilling is currently being conducted on a 150 metre grid spacing to delineate the extent of B2 mineralisation.

Figure 3 shows the Bananghilig area geology showing the position of the new B2 mineralisation discovery, beneath the limestone cover, relative to the Bananghilig resource.

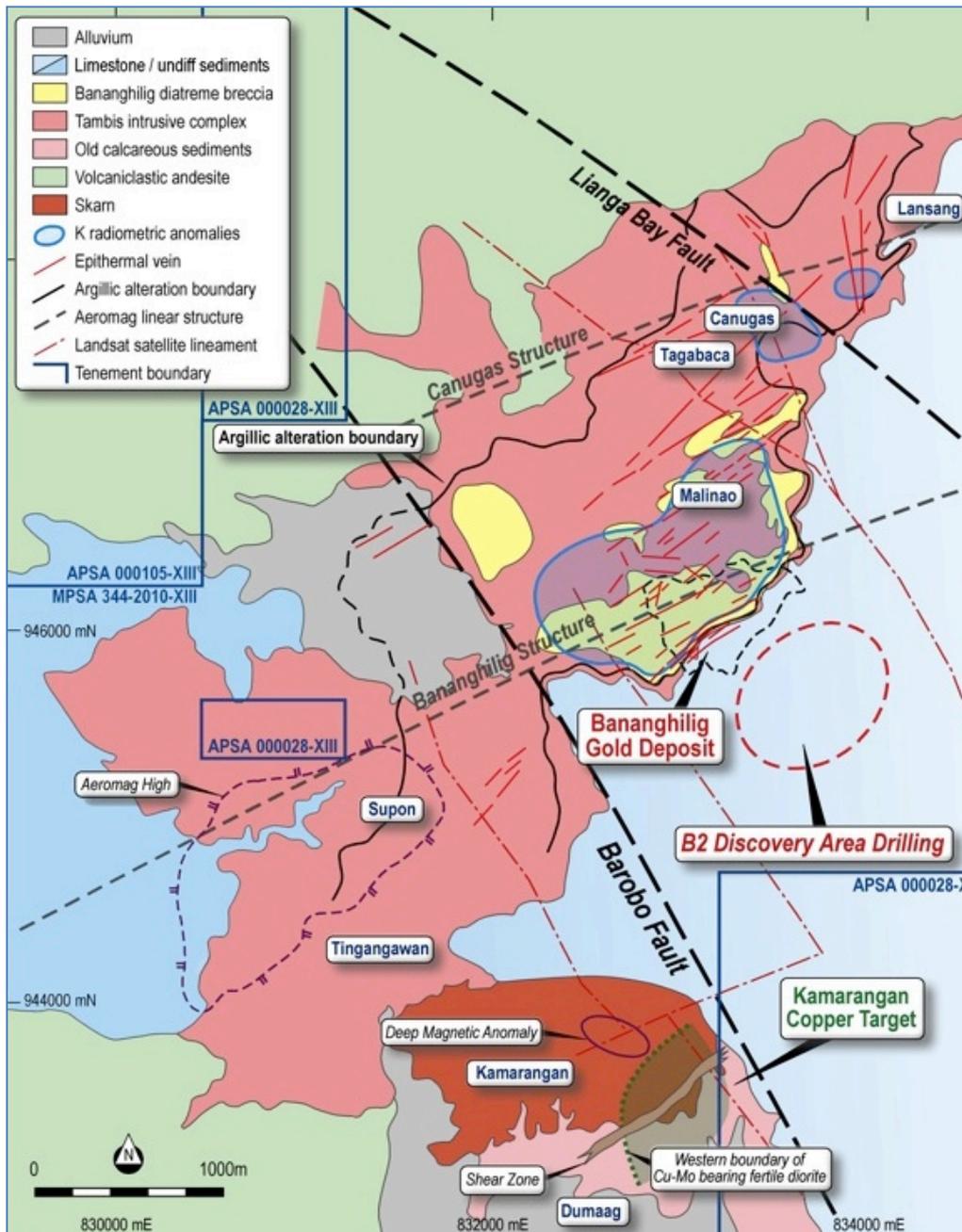


Figure 3. Tambis Project geology showing location of Bananghilig resource relative to the B2 mineralisation discovery area & other prospect areas

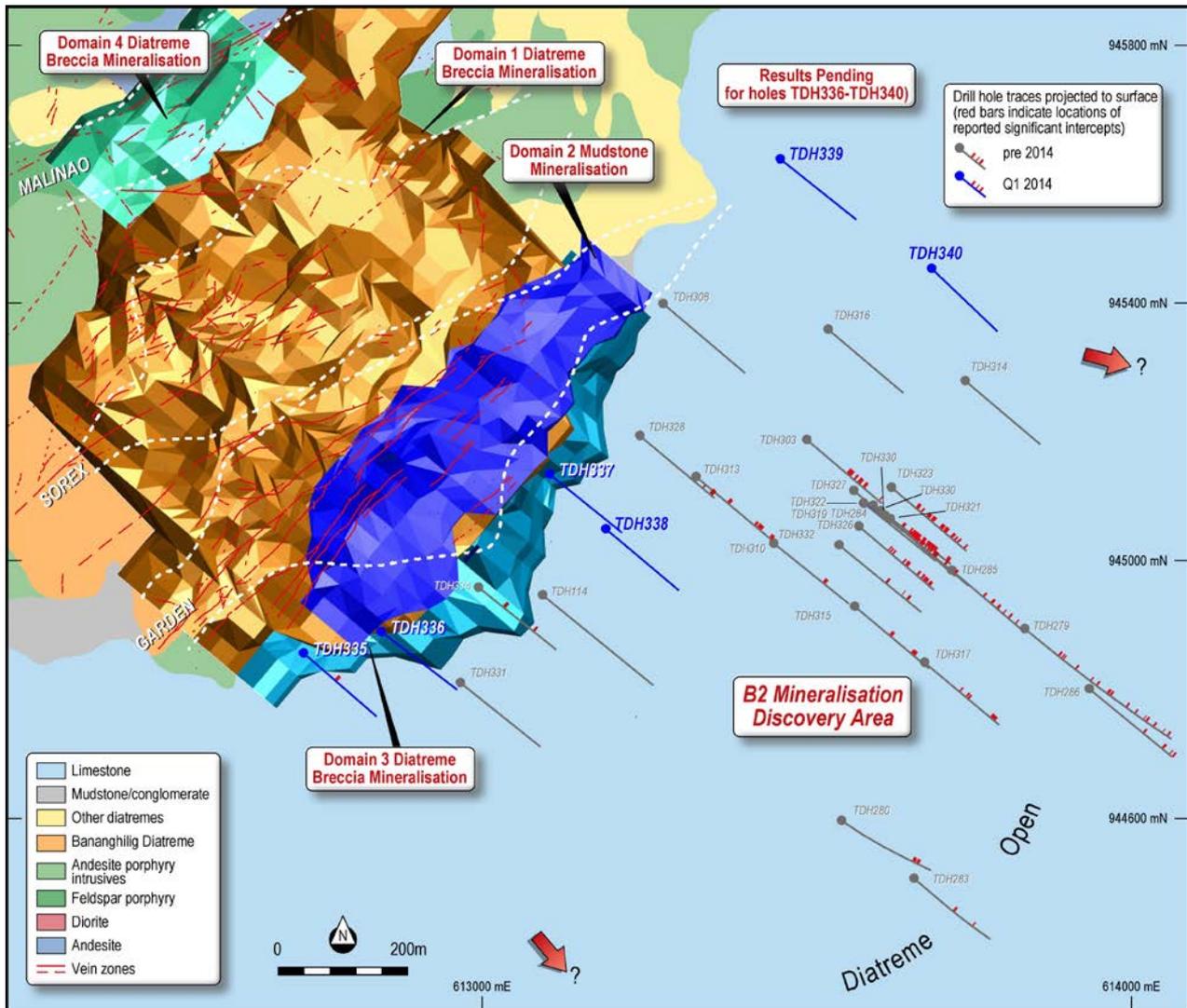


Figure 4. Plan of the Bananghilig resource block model and the B2 drill hole locations.

B2 Drilling Results

Results of diamond drilling at B2 to the end of 2013 have been announced on 02 April 2013 and 08 July 2013, in the March 2013, June 2013, September 2013 and December 2013 Quarterly Reports, and the September 2013 Annual Report. Results have only recently being received for one hole (TDH335) of the current drilling program. Significant intercepts for completed drill holes are included in Table III below. Results are still pending for drill holes TDH336 to TDH340, inclusive.

Table III. Bananghilig B2 Discovery Area drill hole results ≥ 1 g/t gold.
(Refer Appendix B for Table 1 prepared in accordance with JORC Code 2012)

Hole Number	East ⁴	North ⁴	RL ⁴	Depth (metres)	Dip (°)	Azimuth (°)	From (metres)	Width ² (metres)	Gold Grade ^{1,3} (uncut) (g/t gold)
BANANGHILIG – B2 DISCOVERY AREA									
TDH330	612725	944857	202	301.80	-60	130	143.70	1.95	6.03

Notes:

- Composited intercepts' 'weighted average grades' calculated by using the following parameters:
 - no upper gold grade cut-off applied;
 - lower cut-off grade of 0.5 g/t gold;
 - high-grade samples (>10 g/t gold) within composited interval are individually reported;
 - ≥ 5 metres down hole intercept width at ≥ 1.0 g/t gold, or
 - ≤ 5 metres down hole intercept width at ≥ 5 gram per metres, and
 - maximum of 3 metres of downhole internal dilution at ≤ 0.5 g/t gold;
- Intersection widths are downhole drill widths not true widths;
- Assays are by Intertek McPhar Mineral Services Inc. in Manila; and
- Grid coordinates and RL (elevation) based on the Philippine Reference System 92.

REGIONAL EXPLORATION

Detailed and reconnaissance geological mapping, trenching and sampling programmes are on-going within the Company's granted tenements.

Processing of the Company's own and joint venture tenement applications are progressing.

FINANCIALS (unaudited)

As at 31 March 2014, the Company had total cash and cash equivalent in gold on metal account of approximately US\$20.35 million (31 December 2013: US\$20.77 million).

The Company sold 15,843 ounces of gold at an average price of US\$1,299 per ounce (December 2013 quarter: 11,774 ounces sold at an average price of US\$1,262 per ounce).

During the quarter, the Company incurred;

- exploration expenditure of US\$3.7 million (December 2013 quarter: US\$4.1 million);
- US\$2.6 million on capital works associated sustaining capital at the mine and mill and costs for the new SAG mill construction and infrastructure (December 2013 quarter: US\$2.7 million); and
- US\$8.9 million on continued mine development (December 2013 quarter: US\$8.5 million).

CORPORATE

On 04 April 2014, Application has been made to the UK Listing Authority for the Securities to be removed from the Official List, and to the London Stock Exchange (LSE) for the Securities to be removed from trading. The last day of dealings in the Securities on the LSE is expected to be 22 May 2014. The cancellation of the listing and of trading in the Securities on the LSE is expected to take effect at or about 8.00 a.m. on **23 May 2014**.

JORC CODE 2012 COMPLIANCE - CONSENT OF COMPETENT PERSONS

Medusa Mining Limited

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

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 Gold Project

JORC Code, 2012 Edition – Table 1 Report

Section 1. Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. 	<ul style="list-style-type: none"> Diamond drill core samples obtained by wireline diamond drilling techniques using triple tube as per industry standard practice. Sample Intervals (minimum 20cm) determined by lithological or alteration /mineralisation boundaries or at one (1) metre down-hole intervals, whichever is least. No other types of samples were obtained for the purposes of this report.
	<ul style="list-style-type: none"> Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. 	<ul style="list-style-type: none"> At the end of each core run, the drill core is aligned as best as possible and recovered length measured. Core blocks are annotated with hole number, depth, core run length, and core length recovered. Down-hole depths are validated against measured length of drill rods down-hole. Drill hole deviation measured using electronic single-shot survey tools such as the REFLEX EZ-Shot®.
	<ul style="list-style-type: none"> Aspects of the determination of mineralisation that are Material to the Public Report. In cases where ‘industry standard’ work has been done this would be relatively simple (e.g ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Diamond drilling carried out to industry standard to obtain drill core samples, from which selected core is split in half along the core axis using a diamond saw. Quartz vein intercepts widths ≥ 20 cm are half-core sampled at maximum 1m intervals. Adjacent wall rock samples are sampled 1m either side of the vein. Sample is crushed to -3mm. A 1kg riffle split is pulverized to obtain four (4) 250g pulp samples. One pulp sample is used to produce a 30g charge for classical fire assay gold analysis. The remaining pulp samples are retained in secure storage for future reference. Since Oct 2010, all sample pulps are resubmitted for silver and base metal analysis by wet geochem method.

Criteria	JORC Code explanation	Commentary
Drilling techniques	<ul style="list-style-type: none"> Drill type (e.g core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> Underground Diamond Coring For larger rigs, such as LM55, drill holes are collared using HQ3 drill bits (core Ø 61mm) until ground conditions require casing off, then NQ3 drill bits (core Ø 47mm) are used. For smaller portable rigs, drill holes are collared using TT46 drill bits (core Ø 35mm). All holes completed to target depths. Surface Diamond Coring Drill holes are collared using PQ3 drill bits (core Ø 83mm) to competent bedrock (typically <50 metres), then predominantly HQ3 drill bits (core Ø 61mm) unless ground conditions require casing off, then NQ3 drill bits (core Ø 47mm) are used. All holes completed to target depths. Core orientation trial commenced during September 2013 quarter, with limited success, using the Ezy-Mark™ front-end core orientation tool. Prior to September 2013, no core orientation carried out due to the very broken nature of the core. The trial is still in progress.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. 	<ul style="list-style-type: none"> For each core run, total core length is measured, and then recovery calculated against drilled length. Recovery averaged 95%, which is considered acceptable by industry standards.
	<ul style="list-style-type: none"> Measures taken to maximise sample recovery and ensure representative nature of the samples. 	<ul style="list-style-type: none"> Sample recovery is maximised by monitoring and adjusting drilling parameters. (e.g. mud mix, drill bit series, rotation speed) Core sample integrity maintained as best as practical using triple tube system.
	<ul style="list-style-type: none"> Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> No known relationship has been observed to date between sample recovery and grade. Recovery is high at >95%. No sampling bias has been observed to date.
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. 	<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 studies and metallurgical studies. Lithology, mineralisation, alteration, oxidation, sulphide mineralogy, RQD, fracture density, core recovery are recorded by geologists, entered into a digital database, and validated.
	<ul style="list-style-type: none"> Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. 	<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 mineralised zones. Since July 2010, all drill core is digitally photographed. Limited photographic records exist for drill core obtained prior to July 2010.
	<ul style="list-style-type: none"> The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> All drill core is logged.
Sub-sampling techniques and sample	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. 	<ul style="list-style-type: none"> Drill core is half sawn only for those intervals predetermined for sampling. Cutting is carried out using high-speed circular diamond saw blade on a cutting machine, with the core resting in a specifically designed cradle to ensure straight and accurate cutting.

Criteria	JORC Code explanation	Commentary
preparation	<ul style="list-style-type: none"> If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. 	<ul style="list-style-type: none"> No non-core sampling carried out for the purposes of this report.
	<ul style="list-style-type: none"> For all sample types, the nature, quality and appropriateness of the sample preparation technique. 	<ul style="list-style-type: none"> The nature, quality and appropriateness of the sample preparation techniques are to industry standard practice.
	<ul style="list-style-type: none"> Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. 	<ul style="list-style-type: none"> For all sample submissions to the laboratory: Certified Reference Material samples, Sample Duplicates and Blank Material samples (<0.005ppm Au) are each inserted into every batch of drill core sample submissions at ratio of 1:17.
	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> PQ3, HQ3, NQ3 core samples are obtained by cutting core along the core axis into two halves. Oriented core is cut using the 'bottom of hole' markings. TT46 drill core is sampled whole. Drill core are not re-sampled. Remaining half core is retained should resampling be required in the future.
	<ul style="list-style-type: none"> Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> Core sample sizes vary typically between 2-5kg depending on core size, sampling interval, and to a lesser extent recovery. Samples sizes are considered to be appropriate with respect to the nature and tenor of mineralisation.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. 	<ul style="list-style-type: none"> All samples are submitted to the company's laboratory located at the processing plant site. Sample Preparation Protocol <ul style="list-style-type: none"> Dry entire sample at 105° C for approximately 6-8 hours; Jaw-crush entire sample to 95% passing 3 mm; Homogenize and riffle split 700-800 grams of -3 mm material; Pulverize 700-800 subsample to 95% passing 200 mesh (75 micron), and Riffle split four (4) 175-200 gram subsamples of -200 mesh material for analyses. Sample Analysis Protocol <ul style="list-style-type: none"> Gold analysis is by classical fire assay technique with Atomic Absorption Spectrometer (AAS) finish on a 30g charge; Since Oct 2010, all sample pulps are resubmitted for silver and base metal analysis by wet geochem method; Samples with gold assay results ≥5 g/t Au are re-analysed using Fire Assay and gravimetric finish All sample preparation and analysis techniques are appropriate for this style of mineralisation. The quality of sample preparation and analysis is of international standard.
	<ul style="list-style-type: none"> For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, 	<ul style="list-style-type: none"> The Company used no geophysical or other analytical tools for the purposes of this report.

Criteria	JORC Code explanation	Commentary
	<p><i>reading times, calibrations factors applied and their derivation, etc.</i></p> <ul style="list-style-type: none"> <i>Nature of quality control procedures adopted (e.g standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> The company's laboratory employs industry standard QA/QC procedures during sample preparation and analysis using internal standards and CRM standards, blanks and duplicates. The laboratory undergoes regular audits by independent consultants. Duplicate samples (crushed core sample rejects and/or duplicate pulps) are selected for re-submission to an independent laboratory (Intertek Philippines, Manila) for gold analysis. Inter-laboratory check assay results are within acceptable variability 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> 	<ul style="list-style-type: none"> Independent and alternative company personnel on a regular basis verify significant intersections.
	<ul style="list-style-type: none"> <i>The use of twinned holes.</i> 	<ul style="list-style-type: none"> All drilling is by diamond coring. Drill holes are not twinned.
	<ul style="list-style-type: none"> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> 	<ul style="list-style-type: none"> Logging of drill core and drilling statistics are hand written and encoded into 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 on-site. Digital data is imported into dedicated mining software programs and validated. Digital database is backed up on regular basis, with copies kept on-site. The database is secured by password with access limited to specified personnel.
	<ul style="list-style-type: none"> <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> There is no adjustment to assay data.
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> 	<ul style="list-style-type: none"> Suitably qualified surveyors and/or experienced personnel, using total station survey equipment locate all drill hole collars. Coordinates are located with respect to Survey Control Stations established within the project area and underground.
	<ul style="list-style-type: none"> <i>Specification of the grid system used.</i> 	<ul style="list-style-type: none"> UTM PRS92 (Philippine Reference System of 1992).
	<ul style="list-style-type: none"> <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> Topographic control is maintained using located Survey Control Stations (SCS), which are located relative to the national network of geodetic control points within 10km of the project area. The company's Survey Control Stations was audited by independent licensed surveyors in August 2011 and accuracy is $\pm 5\text{mm}$
Data spacing and distribution	<ul style="list-style-type: none"> <i>Data spacing for reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> Exploration drill holes are located initially on 50 and 100 metre grid spacing. For resource estimation drill hole spacing is closed to at least 50 metre hole spacing. Drill core sampling is carried out on maximum of one (1) metre down-hole intervals
	<ul style="list-style-type: none"> <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> 	<ul style="list-style-type: none"> Sufficient drilling has been completed to establish the drill hole density required to attain the degree of geological and grade continuity appropriate for Mineral Resource and Ore Reserve estimation procedures.
	<ul style="list-style-type: none"> <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> Sample compositing has not been applied.

Criteria	JORC Code explanation	Commentary
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. 	<ul style="list-style-type: none"> Mineralisation is hosted within narrow, typically <2 metres wide, quartz veins. The orientations of the veins typically vary from an E-W to NW-SE orientation, and dips vary from flat-lying to steep dips to the north and NE. Surface drill-holes are generally orientated towards the south and vary in dip (-45° to -70°). Underground drill holes are orientated in various directions and dips, depending on accessibility, to intersect the various mineralised veins at different locations within the mining area.
	<ul style="list-style-type: none"> If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> Due to the nature of this style of deposit, and limited underground accessibility for drilling, drilling typically does not intersect mineralisation or structures at an optimum angle, however this is not considered to be material. A good understanding of the deposit has been developed through mining over a period of time, such that it is considered that any sampling bias is recognised and accounted in subsequent interpretations.
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 then 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"> Audits have been conducted by independent consultants on sampling techniques, laboratory procedures, and database management on an intermittent basis. Alternative company personnel carry out regular reviews of sampling techniques. Results of the audits confirm that the laboratories and protocols are industry standard and results within acceptable tolerance limits. Sampling techniques and database management is of industry standard.

Section 2. Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. 	<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.
	<ul style="list-style-type: none"> The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> The tenement is a granted mining and production sharing agreement with the Philippine government. The Executive Order on Mining (EO-79) signed on 6 July 2012, by the President of the Philippines, will have no immediate impact on the Co-O operations as the Company is able to continue to explore, develop and mine from within the current operations. New legislation on mining taxes and royalties is yet to be finalised for consideration by Congress.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> The Co-O mine was originally developed in 1989 by Banahaw Mining and Development Corporation (“BMDC”), a wholly owned subsidiary of Musselbrook Energy and Mines Pty Ltd. The operation closed in 1991 and was placed on ‘care and maintenance’ until its purchase by Philsaga Mining Corporation (“PMC”) in 2000. PMC recommissioned the Co-O mine operations and began small-scale mining operations. Medusa Mining Ltd (“MML”) listed on the ASX in December 2004, and since acquired all of PMC’s interests in the Co-O mine and other assets including the mill and numerous tenements and joint ventures. MML has since been actively exploring the Co-O tenements.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The Co-O deposit is an intermediate sulphidation, epithermal gold (+Ag ±Cu±Pb±Zn) vein system. The deposit is located in the Eastern Mindanao Volcano-plutonic belt of the Philippines.
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length 	<ul style="list-style-type: none"> Refer to Table II in the main body of this report.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> No drill hole information has been excluded from Table II.
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g cutting of high grades) and cut-off grades are usually Material and should be stated. 	<ul style="list-style-type: none"> Composited intercepts' 'weighted average grades' calculated by using the following parameters: <ul style="list-style-type: none"> no upper gold grade cut-off applied; lower cut-off grade of 3.0 g/t gold; high grade samples (≥ 20 g/t gold) within composited interval are individually reported; ≥ 0.5 metres down hole intercept width at ≥ 3.0 g/t gold, or ≥ 6 gram.metres composited down hole intercept width, and maximum of 1.0 metre of down hole internal dilution at ≤ 3.0 g/t gold.
	<ul style="list-style-type: none"> Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. 	<ul style="list-style-type: none"> Short lengths of high-grade (≥ 20 g/t Au) gold assays, within composited intercepts, are included and reported within Table II as individual results.
	<ul style="list-style-type: none"> The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> 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. 	
	<ul style="list-style-type: none"> If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. 	<ul style="list-style-type: none"> Mineralisation is hosted within narrow, typically <2 metres wide, quartz veins. The orientation of the veins typically vary from an E-W to NW-SE orientation, and dips vary from flat-lying to steep dips to the north and NE. Surface drill-holes are generally orientated towards the south and vary in dip (-45° to -70°). Underground drill holes are orientated in various directions and dips, depending on accessibility, to intersect the various mineralised veins at different locations within the mining area.
	<ul style="list-style-type: none"> If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g 'down hole length, true width not known'). 	<ul style="list-style-type: none"> Intersection widths are down hole drill widths not true widths;
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Refer to Table II located in the main body of this report.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be 	<ul style="list-style-type: none"> Short lengths of high-grade (≥ 20 g/t Au) gold assays, within composited intercepts, are included and reported within Table II as individual results.

Criteria	JORC Code explanation	Commentary
	<i>practiced to avoid misleading reporting of Exploration Results.</i>	
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 for the purposes of this report.
Further work	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (e.g tests for lateral extensions or 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 areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> Mineralisation is still open to the east, and west and at depth. Underground exploration and development drilling will continue to test for extensions along strike and at depth to the Co-O vein system. No figures are included for the purposes of this report, as the drilling results are located within the current mining operations, and do not represent extensions to the current resource, but better defining the resources within the current mining environs.

Appendix B. Tambis Project – Bananghilig Gold Deposit

JORC Code, 2012 Edition – Table 1 Report

Section 2. Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. 	<ul style="list-style-type: none"> Diamond drill core samples obtained by wireline diamond drilling techniques using triple tube as per industry standard practice. Sample Intervals (minimum 20cm) determined by lithological or alteration /mineralisation boundaries or at one (1) metre down-hole intervals, whichever is least. No other types of samples were obtained for the purposes of this report.
	<ul style="list-style-type: none"> Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. 	<ul style="list-style-type: none"> At the end of each core run, the drill core is aligned as best as possible and recovered length measured. Core blocks are annotated with hole number, depth, core run length, and core length recovered. Down-hole depths are validated against measured length of drill rods down-hole. Drill hole deviation measured using electronic single-shot survey tools such as the REFLEX EZ-Shot®.
	<ul style="list-style-type: none"> Aspects of the determination of mineralisation that are Material to the Public Report. <i>In cases where 'industry standard' work has been done this would be relatively simple (e.g 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g submarine nodules) may warrant disclosure of detailed information.</i> 	<ul style="list-style-type: none"> Diamond drilling carried out to industry standard to obtain drill core samples, from which the core is split in half along the core axis using a diamond saw. Half core samples are then taken at 1 metre intervals or at lithological boundary contacts (if >20cm), whichever is least, crushed from which a 1kg split is pulverised to obtain four (4) x 250 g pulp samples. One pulp sample is used to produce a 50 g charge for classical fire assay gold analysis. The remaining pulp samples are retained in secure storage for future reference. Since Dec 2011, for samples which assay >0.2 g/t Au, the pulps are resubmitted for silver and base metal analysis by mixed acid digest with ICP finish.
Drilling techniques	<ul style="list-style-type: none"> Drill type (e.g core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> Diamond Coring – Holes collared using PQ3 (core Ø 83mm) to competent bedrock (typically <50m), then predominantly HQ3 (core Ø 61mm) until ground conditions require casing off, then NQ3 (core Ø 47mm). All holes completed to target depths. Core orientation trial carried out during September 2013 quarter, with limited success, using the Ezy-Mark™ front-end core orientation tool. Prior to September 2013, no core orientation carried out due to the soft and very broken nature of the core.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. 	<ul style="list-style-type: none"> For each core run, total core length is measured, and then recovery calculated against drilled length. Recovery averaged 95%, which is considered acceptable by industry standards.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Measures taken to maximise sample recovery and ensure representative nature of the samples. 	<ul style="list-style-type: none"> Sample recovery is maximised by monitoring and adjusting drilling parameters. (e.g. mud mix, drill bit series, rotation) Core sample integrity maintained as best as practical using triple tube system.
	<ul style="list-style-type: none"> Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> No known relationship has been observed to date between sample recovery and grade. Recovery is high at >95%. No sampling bias has been observed to date.
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. 	<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 studies and metallurgical studies. Lithology, mineralisation, alteration, oxidation, sulphide mineralogy, RQD, fracture density, core recovery are recorded by geologists, entered into a digital database, and validated.
	<ul style="list-style-type: none"> Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. 	<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 mineralised zones. Since July 2010, all drill core is digitally photographed. Drill core obtained prior to July 2010 have no photographic record.
	<ul style="list-style-type: none"> The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> All drill core is logged.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. 	<ul style="list-style-type: none"> Drill core is half sawn only for those intervals predetermined for sampling. Cutting is carried out using high-speed circular diamond saw blade on a cutting machine, with the core resting in a specifically designed cradle to ensure straight and accurate cutting.
	<ul style="list-style-type: none"> If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. 	<ul style="list-style-type: none"> No non-core sampling carried out for the purposes of this report.
	<ul style="list-style-type: none"> For all sample types, the nature, quality and appropriateness of the sample preparation technique. 	<ul style="list-style-type: none"> The nature, quality and appropriateness of the sample preparation techniques are to industry standard practice.
	<ul style="list-style-type: none"> Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. 	<ul style="list-style-type: none"> For all sample submissions to Intertek Philippines laboratory: Certified Reference Material samples (0.2–12 ppm Au) and Blank Material samples (<0.005ppm Au) are each inserted into every batch of drill core sample submissions at ratio of 1:18. Duplicates are not inserted, as it is deemed impractical for drill core.
	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Core samples are obtained by cutting core along the core axis into two halves. Oriented core is cut using the 'bottom of hole' markings. Drill core are not re-sampled. Remaining half core is retained should resampling be required in the future.
	<ul style="list-style-type: none"> Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> Core sample sizes vary typically between 2-5kg depending on core size, sampling interval, and to a lesser extent recovery. Samples sizes are considered to be appropriate with respect to the nature and tenor of mineralisation.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. 	<ul style="list-style-type: none"> All samples are submitted to Intertek Philippines, an independent ISO17025 accredited laboratory. Gold analysis is by classical fire assay technique using 50g charge and AAS finish. Since Dec 2011, for samples, which assay >0.2ppm Au, duplicate pulps are resubmitted for Ag, Cu, Pb, Zn analysis by mixed acid digest with ICP finish. All sample preparation and analysis techniques are appropriate for this style of mineralisation. The quality of sample preparation and analysis is of international standard.
	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The Company used no geophysical or other analytical tools for the purposes of this report.
	<ul style="list-style-type: none"> Nature of quality control procedures adopted (e.g standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. 	<ul style="list-style-type: none"> Intertek Philippines is an independent commercial laboratory, which employs industry standard QA/QC procedures during sample preparation and analysis using internal standards, blanks and duplicates. Data from their QA/QC is made available and reviewed. Occasional batches of crushed core sample rejects and/or duplicate pulps are selected for re-submission for gold analysis.
Verification of sampling and	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. 	<ul style="list-style-type: none"> Independent and alternative company personnel on a regular basis verify significant intersections.

Criteria	JORC Code explanation	Commentary
assaying	<ul style="list-style-type: none"> <i>The use of twinned holes.</i> 	<ul style="list-style-type: none"> All drilling is by diamond coring. Drill holes are not twinned.
	<ul style="list-style-type: none"> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> 	<ul style="list-style-type: none"> Logging of drill core and drilling statistics are hand written and encoded into 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 off-site. Digital data is imported into dedicated mining software programs and validated. Digital database is backed up on regular basis, with copies kept off site. The database is secured by password with access limited to specified personnel.
	<ul style="list-style-type: none"> <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> There is no adjustment to assay data.
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> 	<ul style="list-style-type: none"> Suitably qualified surveyors and/or experienced personnel, using total station survey equipment locate all drill hole collars. Coordinates are located with respect to Survey Control Stations established within the project area.
	<ul style="list-style-type: none"> <i>Specification of the grid system used.</i> 	<ul style="list-style-type: none"> UTM PRS92 (Philippine Reference System of 1992).
	<ul style="list-style-type: none"> <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> Topographic control is maintained using located Survey Control Stations (SCS), which are located relative to the national network of geodetic control points within 10km of the project area. The company's Survey Control Stations was audited by independent licensed surveyors in August 2011 and accuracy is $\pm 5\text{mm}$
Data spacing and distribution	<ul style="list-style-type: none"> <i>Data spacing for reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> Exploration drill holes are located initially on 150 metre grid spacing. For resource estimation drill hole spacing is closed to at least 40 metre hole spacing. Drill core sampling is carried out on maximum of one (1) metre down-hole intervals
	<ul style="list-style-type: none"> <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> 	<ul style="list-style-type: none"> Sufficient drilling has been completed to establish the drill hole density required to attain the degree of geological and grade continuity appropriate for Mineral Resource estimation procedure(s) and classifications applied.
	<ul style="list-style-type: none"> <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> Sample compositing has not been applied.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> 	<ul style="list-style-type: none"> Mineralisation is hosted predominantly by a diatreme breccia complex with narrow hydrothermal breccia zones encompassed by more broad zones of hydrothermal crackle breccia zones. The orientation of the higher-grade zones is predominantly in a NE-SW (040°-220°) orientation with dips varying from sub-vertical to moderate dips to the NW. Drill-hole orientation (azimuth 130°, dip -60°) is considered to be the most appropriate orientation to intersect the mineralisation and associated structures.
	<ul style="list-style-type: none"> <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> Due to the nature of this style of deposit, there are rare instances where drilling has not intersected mineralisation or structures at an optimum angle, however this is not considered to be material.

Criteria	JORC Code explanation	Commentary
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 then 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"> Audits have been conducted by independent consultants on sampling techniques, laboratory procedures, and database management on an intermittent basis. Alternative company personnel carry out regular reviews of sampling techniques. Results of the audits confirm that the laboratories and protocols are industry standard and results within acceptable tolerance limits. Sampling techniques and database management is of industry standard.

Section 3. 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. 	<ul style="list-style-type: none"> The Tambis project, comprising the Bananghilig Gold Deposit, is operated under a Mining Agreement with Philex Gold Philippines Inc. ("Philex") over Mineral Production Sharing Agreement ("MPSA") 344-2010-XIII, which covers 6,262 hectares. Aside from the prescribed royalties payable to the Philippine government and the Indigenous People ("IP"), a royalty of 7% NSR is payable to Philex on precious and base metal production from any mining activities within the MPSA.
	<ul style="list-style-type: none"> The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> The tenement is a granted mining and production sharing agreement with the Philippine government. The Executive Order on Mining (EO-79) signed on 6 July 2012, by the President of the Philippines, will have no immediate impact on the Bananghilig Project as the Company can continue to explore, conduct feasibility studies and planning. New legislation on mining taxes and royalties is yet to be finalised for consideration by Congress.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> 1973-77 Soriano Exploration, a division of Atlas Consolidated and Mining Development Corporation conducted first exploration. 38 diamond drill holes (4,871m). No hardcopy data is available. Digital data obtained from Philex. No drill hole collars were able to be verified in the field. 1995-97 Philex carried out diamond drilling (79 drill holes, 12,173m) and RC drilling (227 drill holes, 12,629m). No hardcopy data is available. Digital data obtained from Philex. No drill core or RC samples are available for verification purposes. The position of five (5) diamond drill hole collars were verified in the field. No RC drill hole collars have been located in the field.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Bananghilig is a diatreme breccia hosted, intermediate sulphidation epithermal gold (+Ag ±Cu±Pb±Zn) deposit. The deposit is located in the Eastern Mindanao Volcano-plutonic belt of the Philippines.
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. 	<ul style="list-style-type: none"> Refer to Table 4 in the main body of this report.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> No drill hole information has been excluded from Table 4.
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g cutting of high grades) and cut-off grades are usually Material and should be stated. 	<ul style="list-style-type: none"> Composited intercepts' 'weighted average grades' calculated by using the following parameters: <ul style="list-style-type: none"> no upper gold grade cut-off applied; lower cut-off grade of 0.5 g/t gold; high grade samples (>10 g/t gold) within composited interval are individually reported; ≥ 5 metres down hole intercept width at ≥ 1.0 g/t gold, or ≤ 5 metres down hole intercept width at ≥ 5 gram per metres, and maximum of 3 metres of down hole internal dilution at ≤0.5 g/t gold.
	<ul style="list-style-type: none"> Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. 	<ul style="list-style-type: none"> Short lengths of high-grade (>10 g/t Au) gold assays, within composited intercepts, are included and reported within Table 4 as individual results.
	<ul style="list-style-type: none"> The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> 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. 	
	<ul style="list-style-type: none"> If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. 	<ul style="list-style-type: none"> The orientation of the higher-grade zones is predominantly in a NE-SW (040°-220°) orientation with dips varying from sub-vertical to moderate dips to the NW. Drill hole orientation (azimuth 130°, dip -60°) is considered to be the most appropriate orientation to intersect the mineralisation and associated structures.
	<ul style="list-style-type: none"> If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g 'down hole length, true width not known'). 	<ul style="list-style-type: none"> Intersection widths are down hole drill widths not true widths;
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Refer to Figures 3 & 4 located in the main body of this report.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> Short lengths of high-grade (>10 g/t Au) gold assays, within composited intercepts, are included and reported within Table 4 as individual results.

Criteria	JORC Code explanation	Commentary
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"> Geotechnical diamond drill core samples have been obtained, and will be submitted to an independent geotechnical laboratory during the March 2014 quarter. To date, more than 4,000 bulk density determinations have been completed.
Further work	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (e.g tests for lateral extensions or 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 areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> Mineralisation is still open to the southeast, south, and southwest and at depth. Step-out drilling will continue during the March 2014 quarter to outline further extensions to mineralisation on 150m x 150m drill hole spacing. Figures 3 & 4 located within the main body of the report highlights the areas for possible extensions to the mineralisation beneath the limestone cover, in relation to the Bananghilig deposit as it is currently know, as well as location of the results of drilling tabulated in Table IV.

APPENDIX C: TENEMENT SCHEDULE

Name	Tenement ID	Registered Holder	Company's Interest ¹	Royalty	Area (hectares)
Co-O Mine	MPSA No. 262-2008-XIII	Philsaga	100.0%	-	2,538.79
	MPSA No.299-2009-XIII	Philsaga	100.0%	-	2,200.36
Co-O	APSA No. 00012-XIII	BMMRC	100.0% ²	-	339.80
	APSA No. 00087-XIII	Samuel Afdal	100.0% ²	-	846.44
	APSA No. 00088-XIII	Phsamed	100.0%	-	7,303.73
	APSA No. 00098-XIII	Philcord	100.0% ²	1% net profit	1,184.38
	APSA No. 00099-XIII	Philcord	100.0% ²	1% net profit	676.83
Saugon	EP 017-XIII	Philsaga	100.0%	-	3,132.31
	EP 031-XIII	Philsaga	100.0%	-	3,978.54
	EP 032-XIII	Philsaga	100.0%	-	3,047.53
	EPA No. 00066-XIII	Philsaga	100.0%	-	6,769.13
	EPA No. 00067-XIII	Samuel Afdal	100.0% ²	-	1,692.69
	EPA No. 00069-XIII	Phsamed	100.0%	-	7,789.80
	EPA No. 00087-XIII	Philsaga	100.0%	-	764.20
Tambis	MPSA No. 344-2010-XIII	Philex	100.0%	7% net smelter	6,207.62
Das-Agan	MPSA No. 343-2010-XIII	Das-agan	100.0%	3% gross	3,809.55
Apical	APSA No. 00028-XIII	Apmedoro	Earning 70.0% (JV)	-	2,084.09
Corplex	APSA No. 00054-XIII	Corplex	100.0%	3% net smelter	2,118.16
	APSA No. 00056-XIII	Corplex	100.0%	-	162.00
	APSA No. 00077-XIII	Corplex	100.0%	4% gross	810.00
	EPA No. 00186-XIII	Corplex	100.0%	3% net smelter	7,111.35
Tagbina	EPA No. 00176-XIII	Sursur	100.0%	3% gross	3,823.00
	EPA No. 00180-XIII	Sursur	100.0%	3% gross	5,948.00
	EPA No. 00181-XIII	Sursur	100.0%	3% gross	6,118.00
Sinug-ang	EPA No. 00114-XIII	Salcedo / Philsaga	100.0%	-	190.38

Notes:

¹ There has been no change to Company's interest for any tenement, and there has been no tenement acquired or disposed of during the reporting period.

² In process of being assigned.

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
SSMP	Granted Small Scale Mining Permit		

Registered Holders

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