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ANNOUNCEMENT

25 September 2014

ANNUAL MINERAL RESOURCES AND ORE RESERVES STATEMENT

(ASX: MML)

Medusa Mining Limited (“Medusa” or the “Company”), through its Philippines operating company, Philsaga Mining Corporation (“Philsaga”), advises that it has completed the annual review and update to its Mineral Resource and Ore Reserve estimates for the twelve month period ending 30 June 2014.

Mineral Resources

Total Inferred and Indicated Mineral Resources for the Co-O Mine are now estimated at 4.34 million tonnes at a grade of 10.1 g/t gold for total 1,410,000 ounces gold, compared to the estimate reported on 8 August 2013 of 6.88 million tonnes at a grade of 9.9 g/t gold for total 2,190,000 ounces gold (Table I).

The changes in the Co-O Mine resources are primarily due to: mining depletion; modified vein interpretations through increased geological knowledge of the different vein sets obtained by further underground mapping; application of updated resource modelling parameters, and application of revised economic constraints and reporting in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the “JORC Code 2012”).

Total Inferred and Indicated Mineral Resources for Bananghilig (24.52 million tonnes at a grade of 1.44 g/t gold) and Saugon (81,500 tonnes at a grade of 5.97 g/t gold) deposits, which remain unchanged from 2013, were 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.

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. This has resulted in previously marginal ounces being excluded from this update statement and is reflected in the comparative changes to the Mineral Resources and Ore Reserves (Table II).

The Co-O Mine Probable Ore Reserves are now estimated at 1.92 million tonnes at a grade of 7.22 g/t gold for a total 450,000 ounces gold compared to the estimate reported on 8 August 2013 of 1.65 million tonnes at a grade of 10.7 g/t gold for a total 570,000 ounces gold.

A comparison between the current ore reserves and that stated at 30 June 2013 shows a decrease in Probable Reserves of 22% or 124,000 ounces gold.

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

Table I. Group Mineral Resources and Ore Reserves estimates at 30 June 2014

Deposit	Category	Tonnes	Grade (g/t gold)	Ounces Gold
MINERAL RESOURCES ^{1,2}				
Co-O Resources ¹ (JORC Code 2012)	Indicated	1,560,000	11.8	590,000
	Inferred	2,780,000	9.2	820,000
Total Co-O Resources	Indicated & Inferred	4,340,000	10.1	1,410,000
Bananghilig Resources ² (JORC Code 2004)	Indicated	16,060,000	1.5	770,000
	Inferred	8,460,000	1.4	370,000
Total Bananghilig Resources	Indicated & Inferred	24,520,000	1.4	1,140,000
Saugon Resources ² (JORC Code 2004)	Indicated	50,000	7.0	10,000
	Inferred	30,000	4.6	10,000
Total Saugon Resources	Indicated & Inferred	80,000	6.0	20,000
Total Resources	Indicated	17,670,000	2.4	1,370,000
Total Resources	Inferred	11,270,000	3.3	1,190,000
TOTAL RESOURCES	Indicated & Inferred	28,940,000	2.8	2,560,000
ORE RESERVES ¹				
Co-O Reserves ¹ (JORC Code 2012)	Probable	1,920,000	7.22	450,000

Notes:

1 Co-O mineral resources and ore reserves estimated under guideline of JORC Code 2012.

2 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 (08 August 2013).

Mineral Resources:

Co-O:

- a lower cut-off of 3.0 g/t gold, minimum mining widths of 1.2 metres, minimum grade of 2.7 g/t gold, minimum grade x width of 3.2 g.m/t have been applied.
- various upper cuts (up to 300 g/t gold) have been applied to different veins.
- a gold price of US\$1,500 has been applied

Bananghilig:

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

Saugon:

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

Rounding to the nearest 10,000 may result in some slight discrepancies in totals

Ore Reserves:

Ore Reserves are a subset of Mineral Resources

Co-O:

- minimum mining widths of 1.25 metres (stopes $\geq 60^\circ$) and 1.5 metres (stopes $< 60^\circ$) have been applied, and where the vein width was equal to the minimum mining width, and extra 0.25 metres dilution was added to the hangingwall.
- a further 10% dilution have been allowed for slabbing in mining of low angle stopes under draw,
- shape dilution of 8% of extra tonnage at 2 g/t gold, for extra development and to reflect pinch and swell of veins,
- 85% mining recovery for stopes < 10 g/t gold,
- 90% mining recovery for stopes ≥ 10 g/t gold,
- 50% of pillars for empty stopes in major veins are included in reserve and diluted to 200%,
- a cut-off grade of 2.0 g/t gold has been applied for development ore
- a cut-off grade averaging 3.0 g/t gold has been applied to broken ore (dependent on closeness to hoisting point)
- a cut-off grade of 3.8 g/t gold has been applied to developed stopes
- a cut-off grade of 4.3 g/t gold has been applied to un-developed stopes
- a gold price of US\$1,250 has been applied

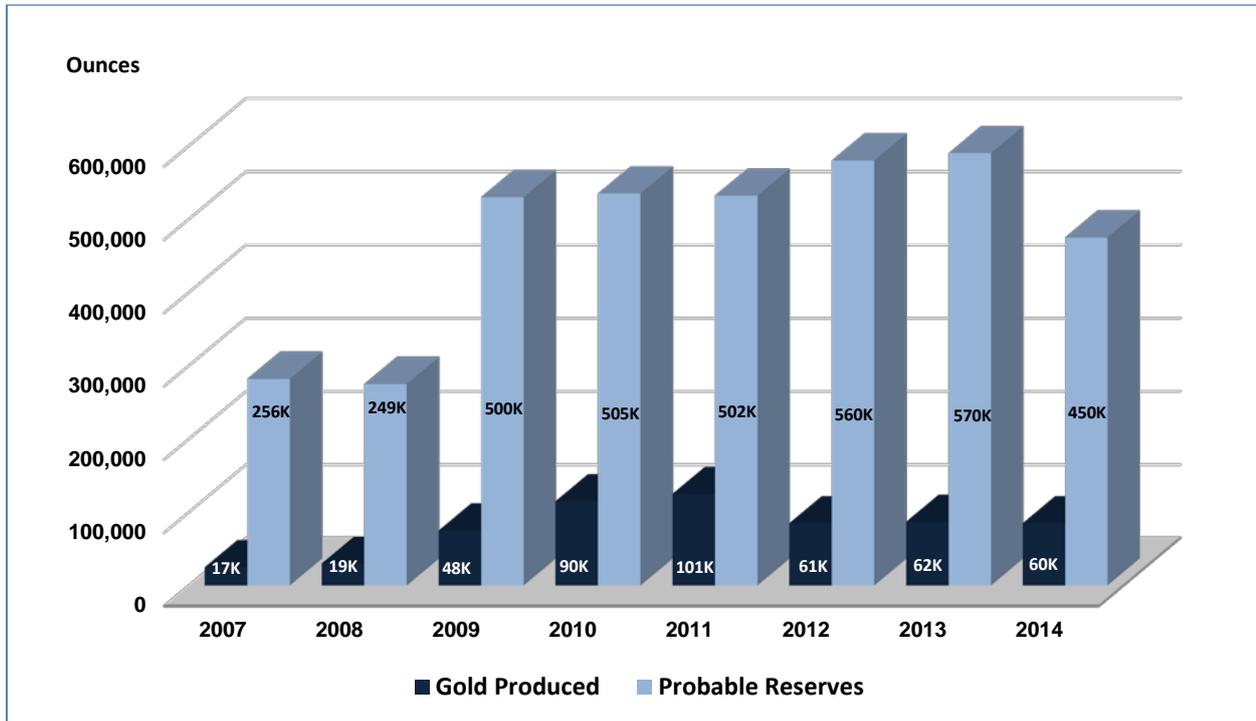


Fig 1 Graph showing relationship between the Co-O Mine Probable Reserves and Production 2007 to 2014

Geoff Davis, Chief Executive Officer of Medusa, commented:

“Despite a major continuing re-interpretation of the geology at the Co-O Mine, it is pleasing that the Company has maintained a high level of Probable Reserves in line with the past 5 years, especially after allowing for total cumulative gold production in excess of 450,000 recovered ounces since 2007.

The interpretative aspects of the Co-O Mine geology are continuing and the new vein model of the Co-O Mine only takes into account information to 31 May 2014. Depending on the amount of increased vein continuity following the inclusion of all up-to-date information, the Company may undertake an interim resource and reserve estimate if there is any material change.”

Mineral Resource and Ore Reserve Assumptions

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

Gold price assumptions used to estimate Mineral Resources and Ore Reserves are:

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

JORC Code 2012 Requirements

This annual statement of Mineral Resources and Ore Reserves has been prepared in accordance with the JORC Code 2012 for the Co-O Mine only. The Mineral Resources for the Bananghilig and Saugon deposits were first disclosed under the JORC Code 2004 and have not been updated to JORC Code 2012 requirements as there have been no material changes.

The Company’s Mineral Resource and Ore Reserve summaries are tabulated above (Table I). Material Information for the individual projects, including a Material Information Summary pursuant to ASX Listing Rules 5.8 and 5.9 and the Assessment and Reporting Criteria in accordance with JORC Code 2012 requirements, is included below and in Appendix A to this announcement.

DISCUSSION

Co-O MINE

JORC Code 2012 - Reporting

Reporting of previous Mineral Resources under the JORC Code 2004 guidelines gave an estimate of the volume of in-ground mineralisation above a certain cut-off grade (3 g/t gold at Co-O) and had a reasonable expectation of being mined.

JORC Code 2012 requires a statement of assumptions used to define reasonable prospects for eventual economic extraction for resource reporting, such as cut-off grade, minimum mining width and gold price parameters.

The current reported mineral resource differs from previous statements for some vein material, which is high grade but narrow in width. This vein material may not meet the revised minimum requirements for economic extraction when diluted for mining at a nominated gold price and/or extraction cost and is therefore no longer allowed to be included in the reported resource.

However should the gold price improve or costs decrease, then this un-classified mineralisation may be available to be included in future resource statements.

Co-O Mineral Resources and Ore Reserves Parameters

Geological Interpretation

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

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

In addition, the recognition of the Don Pedro Vein's northerly orientation on Level 8 in 2013 has also resulted in the recognition of a third vein orientation set (Fig.3). The Don Pedro Vein has been mined up to Level 7. To the east, the Don Pedro East Vein has been followed by winzings down from Level 8 to half way between Level 9 and Level 10. Other veins with this orientation are now being recognised in the mine, which are not included in the current resource model due to sparseness of drilling data.

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

In summary, the Co-O vein system is complex as shown in Figure 2 and interpretation is on-going using existing data and as more data becomes available. The Company may undertake an interim re-estimation of the resources and reserves to include new significant information as it becomes available since 30 June 2014.

Mining Method and Dilution Parameters

There are two mining methods currently used at the Co-O Mine which require the application of different dilution factors as follows:

(i) *Shrink stope mining*

This method is predominantly used on vertical to sub-vertical veins where dilution can usually be reasonably well controlled. Shrink stopes have a minimum mining width of 1.25 metres; and

(ii) *Slot stope mining*

This method is used on the numerous low-angle veins (described above) where it is difficult to control the dilution from the hanging wall or roof. The minimum mining width for low angle veins is 1.5 metres, hence the higher dilution in low-angle stopes is partly responsible for the overall lower than average grade achieved from the mine.

The productivity of slot stopes is not as high as shrink stopes, and hence they also incur slightly higher costs. Trialling of various support methods to minimise the hanging wall dilution in the slot stopes is planned.

Mineral Resource Estimation

Cube Consulting Pty Ltd ("Cube") of Perth, Western Australia, was contracted to undertake the Co-O Mineral Resources estimate. A wireframe model of the vein system and the mine depletions were based on all available information as at June 2014. A Bulk Density value of 2.62 was used for mineral resource estimations.

Resource Vein Modelling

Cube has applied a 2D longitudinal modelling approach based on an accumulation variable incorporating mineralised vein horizontal width and intercept grade. Each sample within a mineralised vein was assigned a unique code. This coding was used to control compositing. Mineralised vein grades were composited across the entire coded interval resulting in a single intercept composite.

Block estimates were based on interpolation into 25mE x 25mRL parent cells with sub blocks of 6.25mE x 6.25mRL in the longitudinal plane. Block discretisation points, required for block kriging were set to 5 x 5 points in the longitudinal plane. There was no subdivision of the composites or blocks in the N direction, therefore only a single discretisation point is appropriate.

Variography was used to analyse the spatial continuity of the horizontal width and accumulation variables within the mineralised veins and to determine appropriate estimation inputs to the interpolation process. The accumulation variables were interpolated into blocks using Ordinary Kriging. Various high-grade gold limits were applied to individual veins prior to the calculation of the accumulation variable.

Mining depletions as of 30 June 2014 were stamped into the 3D block model using the 2D string outlines digitised from the Co-O Mine long sections.

Mineral Resources Statement

The Co-O Mineral Resources have been reported in accordance with the guidelines of JORC Code 2012.

The Mineral Resources estimate for the Co-O Mine comprises Indicated Resources of 1.56 million tonnes at an average grade of 11.8 g/t gold (591,000 ounces gold), and Inferred Resources of 2.78 million tonnes at an average grade of 9.2 g/t gold (819,000 ounces gold).

The criteria used previously by Cube for resource classification have been adopted for this resource update. These criteria include,

- Geological continuity and vein volume;
- Data quality;
- Data spacing and mining information;
- Modelling technique; and
- Estimation properties including search strategy, number of informing composites, average distance of composites from blocks and kriging quality parameters such as slope of regression.

In addition to the above, the following economic parameters were considered when assessing the requirement for reasonable prospects for economic extraction:

- Gold price of USD1,500 per ounce;
- Minimum mining width of 1.2 metres;
- Minimum diluted grade of 2.7 g/t Au, and
- Minimum diluted grade x width of 3.2 gram•metres/tonne.

As a result, areas within the interpreted mineralisation, which do not satisfy these requirements, are therefore not included in the reporting of the mineral resource.

As with any non-rigidly defined classification, there will always be some blocks within categories that depart from defined criteria. It is Cube's view that the final outcome must reflect a practical combination of geological knowledge, operational experience and some estimation quality parameters that may be more numerical in nature. This approach to classification aims to avoid creating a complex numerically based 'mosaic'. Cube has considered all criteria together to derive a set of practical resource classification boundaries.

The Indicated Resource boundary was drawn to encompass those blocks with higher estimation qualities, typically within areas defined by drill hole data closer than 50m x 50m and usually approaching 25m x 25m and/or with the inclusion of underground mine development where geological and volume continuity is well established.

Inferred Resource areas reflect identified veins where there is no mining information and with limited drill hole data.

There were no Measured Resources defined due to the short scale variability in volume and grade plus the moderate risks identified in the data quality, data spatial location and mined volume definition.

The final reporting of the mineral resource is undiluted above a 3 g/t Au cut-off, but is based on those areas that meet the minimum cut-off grade and dilution requirements.

Comparison with Previous Resource Statement

A comparison between the current mineral resource and that stated at 30 June 2013 shows a significant decrease in Inferred Resources and to a lesser amount Indicated Resources (Table II).

There are a number of factors responsible for the decreases, including:

- Significant changes to the vein interpretation after exposure by mining and with additional information from underground drilling. Changes to the interpretation have included the presence of less continuous flatter dipping veins and the identification of prevailing NW-SE and NE-SW shears. These have replaced or broken up the continuity of previously interpreted continuous E-W striking and steeply dipping veins and has resulted in less interpreted volume and tonnes. In addition, vertical pinching and swelling of the veins has become apparent from mining and development to date, which has also affected previous vertical extrapolations of mineralisation;

- No minimum width criteria were taken into consideration previously when reporting the mineral resource at a cut-off of 3g/t Au. However, the 2014 mineral resource update has taken into account economic criteria equivalent to a minimum diluted grade x width of 3.2 gram*metres/tonne as guidance for what defines economic extraction in the reported mineral resource. As a result, there were areas within the interpreted mineralisation which did not satisfy these requirements and are therefore no longer included within the reportable mineral resource as per JORC Code 2012;
- Mining and depletion has continued since the previous resource statement (ASX announcement dated 8 August 2013). Additional depletion has also been applied to some areas above Level 3 due to a lack of complete survey records for mining prior to 2005.

Table II Comparison Summary of the total undiluted Co-O mineral resources at a block cut-off grade above 3 g/t Au for 30 June 2013 and 30 June 2014.

Category	30 June 2013			30 June 2014			Variance		
	Tonnes	Au (g/t)	Au (oz)	Tonnes	Au (g/t)	Au (oz)	Tonnes	Au (g/t)	Au (oz)
Indicated	2,100,000	12.1	820,000	1,561,000	11.8	591,000	-26%	-2%	-28%
Inferred	4,780,000	9.0	1,375,000	2,778,000	9.2	819,000	-42%	2%	-40%
Total	6,880,000	9.9	2,190,000	4,340,000	10.1	1,410,000	-37%	2%	-36%

Ore Reserve Estimation

Carras Mining Pty Ltd ("Carras") of Perth, Western Australia, was contracted to undertake the Co-O Mine Ore Reserves estimate.

The reported Ore Reserves is based on the Mineral Resources model produced by Cube. This model was slightly updated in parts to reflect more current observations made in the mine, where they are relevant to the Ore Reserve study. A Bulk Density value of 2.62 was used for mineral resource estimations and 2.4 was used for the waste material.

Cut-off Grades

Cut-off grades used for the Reserve Estimate were derived after making allowances for mining and haulage, surface haulage, milling, administration, royalty, development and an extra development factor for mining outside of Reserves and underground drilling.

The following cut-off grades were used:

- 2.0 g/t gold for development ore;
- 3.0 g/t gold (average) for broken ore, depending on closeness to hoisting point;
- 3.8 g/t gold for developed stopes, and
- 4.3 g/t gold for undeveloped stopes.

For Levels 1, 2 and 3 where haulage is minimal, lower cut-off grades were used, consistent with the lower haulage costs. The costs used to arrive at cut-off grades are based on actual validated mine costs.

Mining Factors & Assumptions

The Resource was converted to Reserve by carrying out detailed design following the application of minimum mining widths (MMW), dilution and cut-off grades to panels of size 30m x 50m high based on the Cube block model. Costs were then applied to determine those panels within the Indicated category which were economic. If economic, they were included in the Probable Reserve.

Mining at Co-O utilizes both Shrink and Slot stope mining. These methods have been used at the mine since 1989 and are well understood.

The MMW and mining dilution factors used are:

- MMW of 1.25 metres is applied to those panels with a dip \geq 60 degrees.
Where the MMW was equal to 1.25 metres, then an additional dilution of 0.25 metres was added to the Hanging Wall.
- MMW of 1.50 metres is applied to those panels with a dip $<$ 60 degrees.
Where the MMW was equal to 1.50 metres an additional 0.25 metres dilution was then added to the Hanging Wall.
- An additional dilution of 10% was allowed for the mining of the low angle stopes under draw.
- shape dilution of 8% of extra tonnage at 2 g/t gold, for extra development and to reflect pinch and swell of veins.
- For stopes $<$ 10 g/t gold an 85% mining recovery was used.
- For stopes \geq 10 g/t gold a 90% mining recovery was used.
- For empty stopes where pillar recovery was occurring, 50% of the pillars are included in the Reserve and these are diluted 200%.

Inferred Resources (6%) are only utilized in the Ore Reserve estimation when Inferred panels need to be developed in order to access higher grade Indicated Resources (which must be able to carry all costs). This includes a small component of development beyond the Indicated Resource as an exploration component.

Underground Level development is continuous with all other required infrastructure in place. There is a proposed 15E shaft, which will be utilised for hoisting materials and men. It is intended to initially develop the shaft to Level 8.

There were no Proven Ore Reserves defined as no Measured Resources were estimated, as summarised in the preceding section. A metallurgical recovery of 92% has been used but not applied to the reported Reserve figures.

Ore Reserves Statement

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

Comparison with Previous Reserve Statement

A comparison between the current ore reserves and that stated at 30 June 2013 shows a decrease in Probable Reserves of 22% or 124,000 ounces gold (Table III).

There are no estimated Proven Reserves for the Co-O Mine.

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

Table III Comparison Summary of the Co-O Mine's Ore Reserves for 30 June 2013 and 30 June 2014 after allowance for depletion.

Category	30 June 2013			30 June 2014			Variance		
	Tonnes	Au (g/t)	Au (oz)	Tonnes	Au (g/t)	Au (oz)	Tonnes	Au (g/t)	Au (oz)
Total	1,650,000	10.7	570,000	1,920,000	7.22	446,000	16%	-33%	-22%

BANANGHILIG GOLD DEPOSIT

Mineral Resources

As reported on 8 August 2013, the Bananghilig Mineral Resources were reported in accordance with The 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004).

As there have been no material changes to the database for the Bananghilig Deposit since the last report resource estimate, the Company is not required to report the resources in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012).

Using a 0.8 g/t gold lower cut-off applied to the resource estimate, total combined Indicated and Inferred Resources of 24.52 million tonnes was reported, containing 1,136,000 ounces at a grade of 1.44 g/t including an Indicated Resource of 766,000 ounces at 1.48 g/t gold.

SAUGON GOLD DEPOSIT

Mineral Resources

Cube Consulting Pty Ltd completed a preliminary resource estimate for the FHV (refer March 2013 Quarterly Report). A cut-off of 2 g/t gold was used resulting in an Indicated Resource of 47,000 tonnes at 6.99 g/t gold containing 10,700 ounces and an Inferred Resource of 34,000 tonnes at 4.55 g/t gold containing 5,000 ounces. Since there has been no material change to the resource since the resource was last estimated, the Company is not required to re-estimate the resource under the guidelines of the JORC Code 2012.

For further information please contact:

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JORC COMPLIANCE - CONSENT OF COMPETENT PERSONS

Medusa Mining Limited

The Information in this report relating to **Exploration Results** has been reviewed and is based on information compiled Mr Gary Powell who is a member of the Australian Institute of Geoscientists and a member of the Australasian Institute of Mining & Metallurgy. Mr Powell is a Non-Executive Director of Medusa Mining Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposits 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 Powell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Cube Consulting Pty Ltd

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

Carras Mining Pty Ltd

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

DISCLAIMER

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

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

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

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

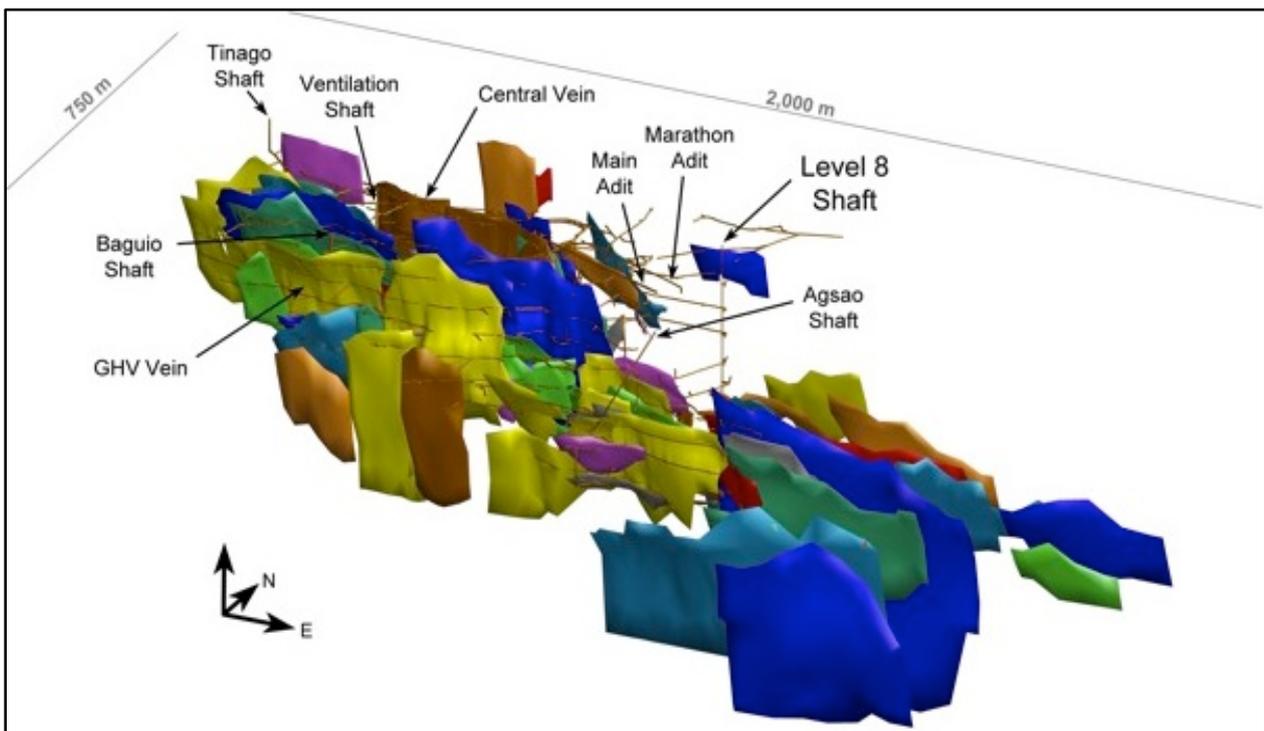


Figure 2: Co-O Mine resource model and underground development

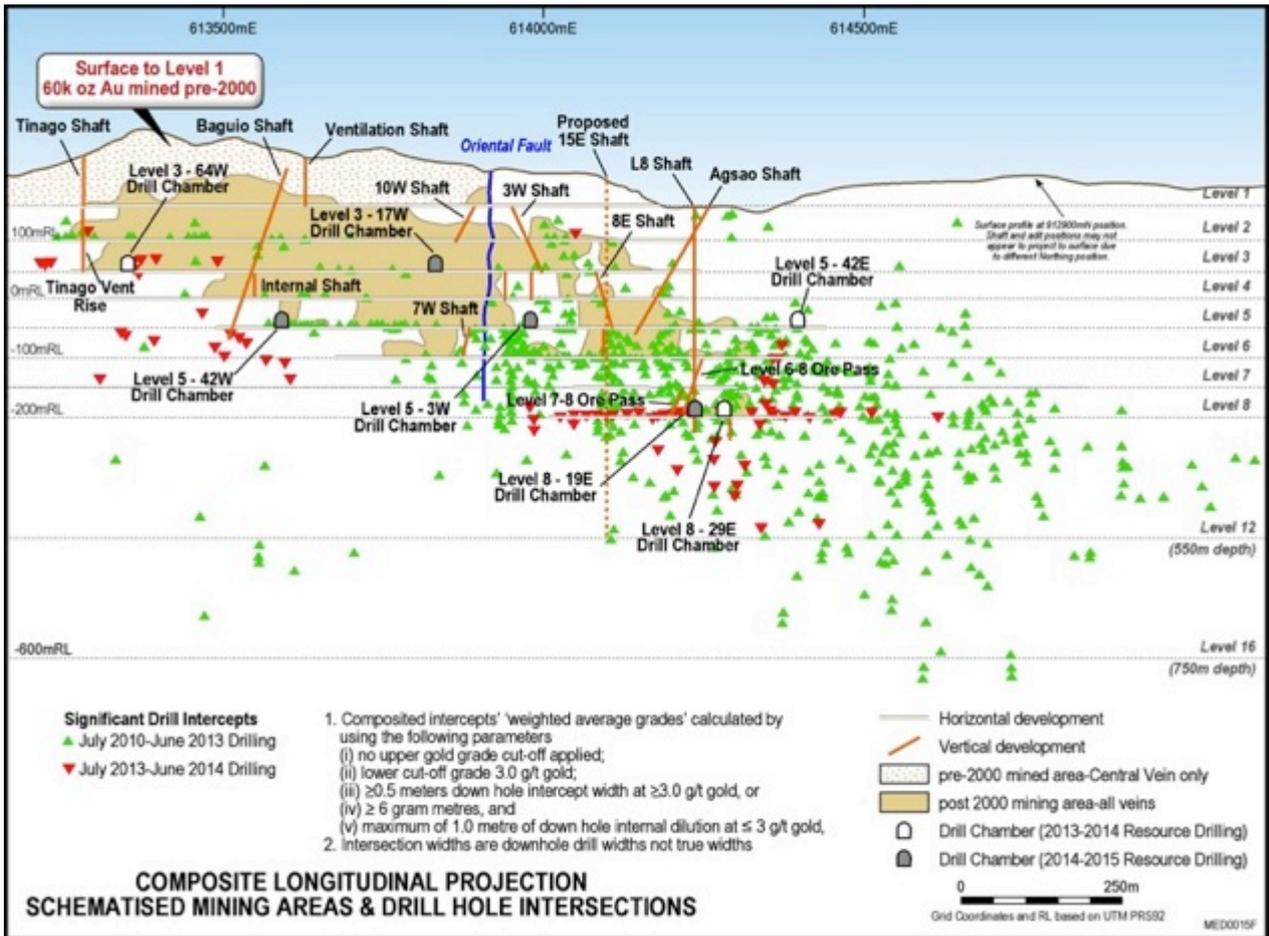


Figure 3: Co-O Mine Longitudinal Projection showing composited mining depletion, vertical development and significant drill intercept locations (as previously reported)

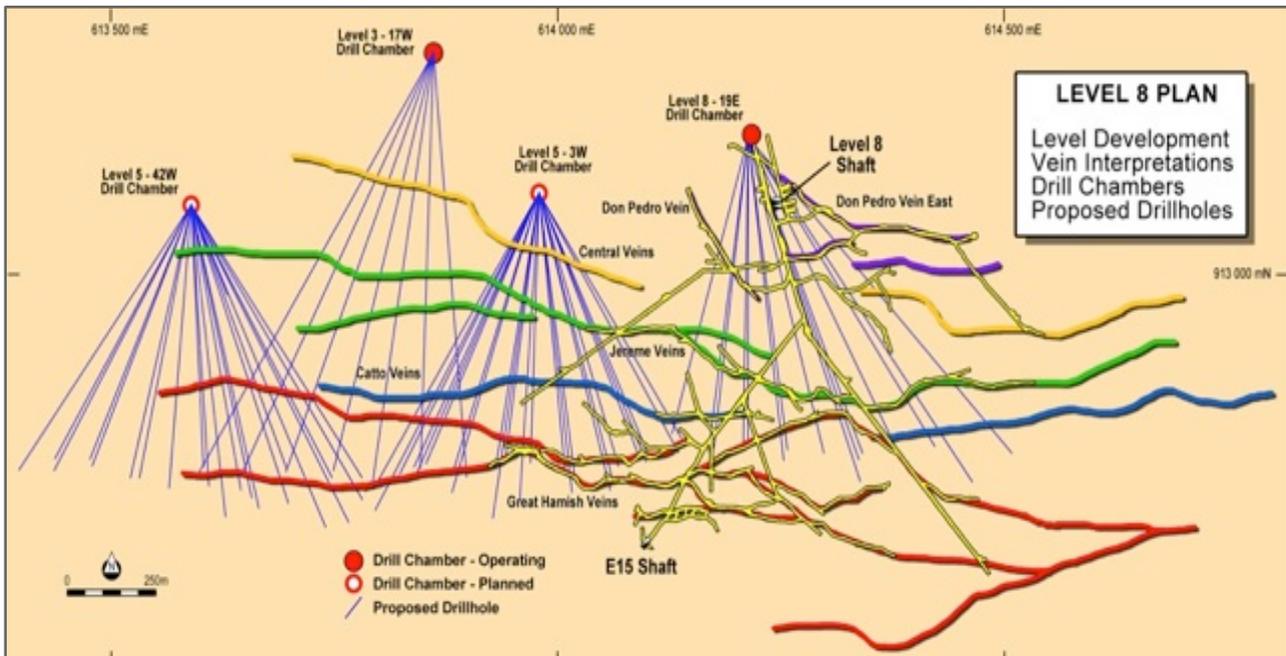


Figure 4: Co-O Mine Level 8 plan showing main veins, horizontal development and proposed resource drilling.

APPENDIX A

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

Section 1. Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialized industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handled XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralization that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverized to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Diamond (DD) core and stope face channel samples are the two main sample types. Diamond (DD) core samples: Half core samples for DD core sizes LTK60, NQ and HQ, and whole core samples for DD core sizes TT46. Stope and Development samples: 1.5 to 3m stope face channel samples are submitted for analytical analysis. DD drilling is carried out to industry standard to obtain drill core samples, which are split longitudinally in half along the core axis using a diamond saw, except for TT46 core. Half core or whole core samples are then taken at 1m intervals or at lithological boundary contacts (if >20cm), whichever is least. The sample is crushed with a 1kg split taken for pulverization to obtain four (4) 250g pulp samples. A 30g charge is taken from one of the 250g pulp packets for fire assay gold analysis. The remaining pulp samples are retained in a secure storage for future reference.
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> For underground drilling, larger rigs including LM-55 and Diamec U6, collar holes using HQ/HQ3 drill bits (core diameter 61mm/63mm) until ground conditions require casing off, then reduce to NQ/NQ3 drill bits (core diameter 45mm/47mm). For the smaller portable rigs, drill holes are collared using TT46 drill bits (core diameter 35mm) or LTK60 drill bits (core diameter 44mm). For surface holes, drillholes are collared using PQ3 drill bits (core diameter 83mm) until competent bedrock (typically <50 metres). The holes are then completed using either HQ3 or NQ3 drill bits depending on ground conditions. A core orientation trial commenced during September 2013 with limited success, using the Ezy-Mark™ front-end core orientation tool. Prior to September 2013, no core orientation was 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. Measure taken to maximize sample recovery and ensure representative nature of the samples. Whether a relationship exists between 	<ul style="list-style-type: none"> For each core run, total core length is measured with the recovery calculated against drilled length. Recovery averaged 95%, which is considered acceptable by industry standards. Sample recovery is maximised by monitoring and adjusting drilling parameters (e.g. mud mix, drill bit series, rotation speed). Core

Criteria	JORC Code explanation	Commentary
	<p><i>sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></p>	<p>sample integrity is maintained using triple tube coring system.</p> <ul style="list-style-type: none"> 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"> <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> <i>Whether logging is qualitative or quantitative in nature. Core (or core, channel, etc) photography.</i> <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> Core samples have been logged geologically and geotechnically to a level of sufficient detail to support appropriate mineral resource estimation, mining and metallurgical studies. Lithology, mineralisation, alteration, oxidation, sulphide mineralogy, RQD, fracture density, core recovery are recorded by geologists, then entered into a digital database and validated. Qualitative logging is carried out on all drill core. More detailed quantitative logging is carried out for all zones of interest, such as in mineralised zones. Since July 2010, all drill core has been photographed. The drill core obtained prior to July 2010 has a limited photographic record.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <i>If core, whether cut or sawn and whether quarter, half or call core taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> <i>Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples.</i> <i>Measures taken to ensure that the sampling is representative of the in situ material collected including for instance results for field duplicate/second-half sampling.</i> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> Except for TT46 drill core, all drill core is sawn longitudinally in half along the core axis using a diamond saw to predetermined intervals for sampling. Cutting is carried out using a diamond saw with the core resting in a specifically designed cradle to ensure straight and accurate cutting. No non-core drill hole sampling has been carried out for the purposes of this report. Development and stope samples are taken as rock chips by channel sampling of the mining face according to geological boundaries. The sample preparation techniques are to industry standard. For all sample submissions to Philsaga's site laboratory, a CRM (Certified Reference Material) sample, a Blank Material sample (<0.005ppm Au), and a sample duplicate are inserted into every batch of 20 pulp samples. For PQ/PQ3, HQ/HQ3, NQ/NQ3 and LTK60 core, the remaining half core is retained for reference. The TT46 drill core is whole core sampled. Core sample submission sizes vary between 2-5kg depending on core size, sampling interval, and recovery. The assay sample sizes are considered to be appropriate for the style of mineralisation.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> <i>Nature of quality control procedures</i> 	<ul style="list-style-type: none"> All samples are submitted to the Philsaga's laboratory located at the processing plant site. Gold analysis is by fire assay technique using 30g charge and AAS finish. For samples with gold results of >5 g/t Au, FA-grav (gravimetric) method is applied. Since Oct 2010, drill sample duplicate pulps were resubmitted for Ag, Cu, Pb, Zn analysis by the aluminium black metal method. All sample preparation and analysis techniques are appropriate for this style of mineralisation. The quality of sample preparation and analysis is to international

Criteria	JORC Code explanation	Commentary
	<p><i>adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i></p>	<p>standard.</p> <ul style="list-style-type: none"> The company's laboratory employs industry standard QA/QC procedures during sample preparation and analysis by using internal CRMs, blanks and duplicates. The laboratory undergoes regular audits by independent consultants. As a laboratory procedure, occasional batches of crushed core sample rejects and/or duplicate pulps are selected for re-submission to an independent laboratory (Intertek Philippines, Manila) for gold analysis.
<p>Verification of sampling and assaying</p>	<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"> No independent sampling has been undertaken by Cube, however 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.
<p>Location of data points</p>	<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 control is maintained using located SCS, which are located relative to the national network of geodetic control points within 10km of the project area. The company's SCS have been audited by independent licensed surveyors in August 2011 and accuracy is $\pm 5\text{mm}$.
<p>Data spacing and distribution</p>	<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"> Exploration drillholes are located initially on a 50m and 100m grid spacing. For resource definition drilling the sectional spacing is at least 50m with 25m sectional spacing for underground holes. Sufficient drilling has been completed to support the Mineral Resource and Ore Reserve estimation procedures. Sample compositing has not been applied.
<p>Orientation of data in</p>	<ul style="list-style-type: none"> <i>Whether the orientation of sampling achieves unbiased sampling of possible</i> 	<ul style="list-style-type: none"> Mineralisation is hosted within narrow, typically <2m wide quartz veins. The orientation of the

Criteria	JORC Code explanation	Commentary
relation to geological structure	<p><i>structures and the extent to which this is known, considering the deposit type.</i></p> <ul style="list-style-type: none"> <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> 	<p>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.</p> <ul style="list-style-type: none"> Due to the nature of this style of mineralisation and the limited underground access for drilling, drilling may not always intersect the mineralisation or structures at an optimum angle, however this is not considered to be material. A good understanding of the deposit geometry has been developed through mining such that it is considered that any sampling bias is recognised and accounted for in the interpretation.
Sample security	<ul style="list-style-type: none"> <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 consulting advice for the onsite laboratory upgrades and QA/QC. These regular reviews form part of the continual improvement for the site laboratory. Cube has undertaken an independent review of available QA/QC data and concluded that the sample data is of a high standard and appropriate for Mineral Resource estimation. Sampling techniques and database management is to industry standard.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> <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.

Criteria	JORC Code explanation	Commentary
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 Philsaga Mining Corporation (“PMC”) in 2000. PMC recommissioned the Co-O mine and began small-scale mining operations. Medusa Mining Ltd (“MML”) listed on the ASX in December 2003, and in December 2006, completed the acquisition of all of PMC’s interests in the Co-O mine and other assets including the mill and numerous tenements and joint ventures. MML has since been actively exploring the Co-O tenements.
Geology	<ul style="list-style-type: none"> <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 deposit is located in the Eastern Mindanao Volcano-plutonic belt of the Philippines.
Drill hole Information	<ul style="list-style-type: none"> <i>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:</i> <ul style="list-style-type: none"> <i>Easting and northing of the drill hole collar</i> <i>Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> <i>Dip and azimuth of the hole</i> <i>Down hole length and interception depth</i> <i>Hole length</i> <i>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.</i> 	<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 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. 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"> <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade result, the procedure used for aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly</i> 	<ul style="list-style-type: none"> No top cutting of assays was done for the reporting of exploration results. Short lengths of high-grade (≥ 20 g/t Au) assays are included within composited intercepts. Metal equivalent values are not reported.

Criteria	JORC Code explanation	Commentary
	<i>stated.</i>	
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i> 	<ul style="list-style-type: none"> • The 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"> • <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported these should include but not limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> • A longitudinal section is included in this announcement showing significant assay results locations. 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 to 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.
Balanced reporting	<ul style="list-style-type: none"> • <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> • All DD drillholes that form the basis of the Mineral Resource estimate have been reported previously.
Other substantive exploration data	<ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater; geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> • No other substantive exploration data has been acquired or considered meaningful and material to this announcement.
Further work	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions of depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling area, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • Mineralisation is still open to the east, and west and at depth. Underground exploration and development drilling will continue to test for extensions along strike and at depth to the Co-O vein system.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	<ul style="list-style-type: none"> Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. Data validation procedures used 	<ul style="list-style-type: none"> The data entry form has an underlying validation system in the form of lookup codes. Data transfer of drillhole records and all other related records are done electronically. The data is managed through a relational database management system (RDBMS) based on Access. The data repository has an underlying data model consisting of inter-related tables with defined data structure to ensure restrictive referential integrity. The database has defined validation codes aligned to its relationship to the tables with ordered referential keys to trap errors during data entry and data import. Philsaga performs daily backup of the database. Only nominated staff are given access permission to do data maintenance. All geological logs are collated on paper and reviewed by the end user before electronic data entry. All entered records are imported into the master database with error detection mechanisms in place. The records will not be copied to database until errors are corrected. Cube completed independent validation checks prior to exploratory data analysis for resource estimation. The drilling data was found to be well structured and no obvious material discrepancies were detected in the collar, survey, assay or geology data.
Site visits	<ul style="list-style-type: none"> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits undertaken indicate why this is the case. 	<ul style="list-style-type: none"> The Competent Person has undertaken site visits annually since 2006 with the last site visit completed in May 2014. Each site visit was approximately 7 to 14 days in duration focusing on the mineralisation interpretation with the site geologists, reviewing the recent drilling results and the underground mining activities.
Geological interpretation	<ul style="list-style-type: none"> Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. Nature of the data used and of any assumptions made. The effect, if any, of alternative interpretations on Mineral Resource estimation. The use of geology in guiding and controlling Mineral Resource estimation The factors affecting continuity both of grade and geology. 	<ul style="list-style-type: none"> The geological confidence is moderate to high in the western and central areas where drilling, mining and development are currently active. The geological confidence is moderate to low in the eastern area that is defined by relatively wide spaced drilling. Mineralised wireframes were constructed using a combination of different data sources. Drillhole logging and assay grade data plus geological mapping and face sampling from mine development were the main data sources. Typically the mineralisation outlines compared well to a nominal grade cut-off of 1g/t Au. The final geological interpretation was completed in consultation with the Philsaga geological group.
Dimensions	<ul style="list-style-type: none"> The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource. 	<ul style="list-style-type: none"> The overall Co-O project area comprises numerous anastomosing veins generally orientated east-west with steep and flat dipping inter-connected veins within a 0.5km x 2.0km area. Mineralisation extends from surface to approximately 850m below surface.

Criteria	JORC Code explanation	Commentary
Estimation and modeling techniques	<ul style="list-style-type: none"> <i>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</i> <i>The availability of check estimate, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</i> <i>The assumptions made regarding recovery of by-products.</i> <i>Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).</i> <i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i> <i>Any assumptions behind modeling of selective mining units.</i> <i>Any assumptions about correlation between variables.</i> <i>Description of how the geological interpretation was used to control the resource estimates.</i> <i>Discussion of basis for using or not using grade cutting or capping.</i> <i>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</i> 	<ul style="list-style-type: none"> A 2D modelling approach using Ordinary Kriging was used to estimate accumulation and horizontal width. This was back calculated to derive the final gold grades. Intercept composites were used. Gold grades had top-cuts applied based on the natural assay population breaks typically between the 95th - 99th percentile. Estimation was constrained within 3D interpretation wireframes. Estimates were based on a minimum number of composites being 3 and the maximum number of composites being 12. The search ellipse varied from 50 to 100m, with the average being 75m. Surpac v6.3 and v6.4 software was used for the estimation. No by-product recoveries were considered. No deleterious elements are known. 2D block sizes were 25m along strike, 25m down dip and 1m thickness, with sub-blocking to 6.25m along strike, 6.25m down dip and no sub-blocking in the thickness. This block size was adopted to account for exploration drilling data typically spaced on 25m and 50m sections and stope face samples which were taken every 1.5 to 3m. No assumptions of selective mining units were made. Only gold was modelled and no correlation between other elements was investigated. Mineralised domains acted as hard boundaries to control the mineral resource estimates. A soft boundary was applied as a halo around the presence of clustered face sample data. Visual comparisons were also made between the accumulation variable from the input composites and the estimated accumulation block values. A similar visual comparison was made for the input composite gold grade and the back-calculated block grade. Mineralised domains acted as hard boundaries to control the mineral resource estimates. A soft boundary was applied as a halo around the presence of clustered face sample data. Block model validation was undertaken using the comparison of model data to intercept composite drillhole data.
Moisture	<ul style="list-style-type: none"> <i>Whether the tonnages are estimated on a dry basis or with natural moisture content.</i> 	<ul style="list-style-type: none"> Moisture was not considered in the density assignment and all tonnage estimates are based on dry tonnes.
Cut-off parameters	<ul style="list-style-type: none"> <i>The basis of the adopted cut-off grade(s) or quality parameters applied.</i> 	<ul style="list-style-type: none"> A cut-off grade of 3.0g/t Au for mineral resource reporting was used in line with previous mineral resource statements.
Mining factors or assumptions	<ul style="list-style-type: none"> <i>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always</i> 	<ul style="list-style-type: none"> The Co-O project area is currently an active underground mine. Narrow vein mining techniques using hand held equipment allows mining to be achieved to a minimum width of

Criteria	JORC Code explanation	Commentary
	<p><i>necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</i></p>	<p>1.2m.</p> <ul style="list-style-type: none"> No external mining dilution was applied to the mineral resource model.
Metallurgical factors or assumptions	<ul style="list-style-type: none"> <i>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</i> 	<ul style="list-style-type: none"> All ore associated with the mineral resource is currently treated in Philsaga's owned and operated Carbon-in-Leach (CIL) plant located approximately 6.7km NNW of the Co-O mine.
Environmental factors or assumptions	<ul style="list-style-type: none"> <i>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</i> 	<ul style="list-style-type: none"> The Co-O project is an operating gold mine with all of the appropriate regulatory permits to allow underground mining, haulage and processing of ore material, and storage of tailings.
Bulk density	<ul style="list-style-type: none"> <i>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</i> <i>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.</i> <i>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</i> 	<ul style="list-style-type: none"> A program of over 1,000 specific gravity measurements was completed on vein samples from drill core and rock, prior to June 2010, with an additional 61 density determinations undertaken during June 2012. Measurements were completed using weight in air/weight in water methodology on lengths of cut core. The June 2012 density measurements confirmed the use of 2.62 g/cm³ as being appropriate for all vein mineralisation, with all background material assigned a density of 2.45 g/cm³.
Classification	<ul style="list-style-type: none"> <i>The basis for the classification of the Mineral Resources into varying confidence categories.</i> <i>Whether appropriate account has been taken of all relevant factors (ie relative</i> 	<ul style="list-style-type: none"> The criteria used for resource classification include: geological continuity and vein volume, data quality and spacing, mining information and modelling technique. In addition the following economic

Criteria	JORC Code explanation	Commentary
	<p><i>confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</i></p> <ul style="list-style-type: none"> • <i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i> 	<p>parameters were considered as a requirement for reasonable prospects for economic extraction: gold price of \$1,500 USD, minimum mining width of 1.2m, minimum diluted grade of 2.7g/t Au or minimum diluted grade x width of 3.2gm/t Au. As a result, there are areas within the interpreted mineralisation model which do not satisfy these requirements and are therefore not included within the reported mineral resource.</p> <ul style="list-style-type: none"> • No Measured Resources have been estimated due to the short scale variability in volume and grade plus the moderate risks identified in the data quality, data spatial location and mined volume definition. • The Indicated Resource boundary was defined by blocks with higher estimation confidence , typically within areas defined by drillhole data closer than 50m x 50m and usually approaching 25m x 25m and/or coincident with the underground mine development where geological and volume continuity is well established. • Areas of Inferred Resource reflect identified veins where there was no mining information with limited drillhole data. • The Mineral Resource estimate appropriately reflects the Competent Person's view of the deposit.
Audits or reviews	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of Mineral Resource estimates.</i> 	<ul style="list-style-type: none"> • Block models were validated by visual and statistical comparison of drillhole and block grades. Drillholes and block grades were compared using basic statistical analysis by domain and Swath Plots by Easting.
Discussion of relative accuracy /confidence	<ul style="list-style-type: none"> • <i>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</i> • <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i> • <i>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i> 	<ul style="list-style-type: none"> • The relative accuracy of the Mineral Resource estimation in the Co-O project area of Philsaga Mining Corporation is reflected in the resource classification in accordance with the guidelines set out in the JORC Code 2012. • The mineral resources constitute a global resource estimate. • An accurate resource to mine and mill reconciliation is difficult to quantify given the numerous working faces at any one time and the mixing of ore during mining and hoisting. However small local reconciliation studies suggest a reasonable reconciliation between the resource and mine claimed with generally more tonnage at a lower grade for the same contained metal.

Section 4. Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	<ul style="list-style-type: none"> <i>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</i> <i>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</i> 	<ul style="list-style-type: none"> The reported Reserve is based on the Resource model produced by Mr. M Zammit of Cube Consulting (June 2014). This model has also been updated and modified in parts to reflect current observations in the mine, where they are relevant to the Ore Reserve study. Mineral Resources are reported inclusive of Ore Reserves.
Site visits	<ul style="list-style-type: none"> <i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i> <i>If no site visits have been undertaken indicate why this is the case.</i> 	<ul style="list-style-type: none"> The Competent person Dr. S Carras has been a continuous visitor to the Co-O site for the past 3 years. He has worked in conjunction with the mine staff at site and has a very thorough knowledge of the mining practices. He has worked consistently on estimation of narrow underground gold mining since 1976.
Study status	<ul style="list-style-type: none"> <i>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</i> <i>The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.</i> 	<ul style="list-style-type: none"> The Ore Reserve and mine design to extract the Reserve were established for an operating mine that has been developing and stoping the Co O vein system for over ten years by means of narrow vein mining practices. Following definition of a Mineral Resource with diamond core drilling intercepts below or adjacent to the existing workings and physical definition of the vein system, narrow vein mining practices require level development along the vein system at 50 vertical metre intervals with rise or winze development at horizontal intervals to define the vein in three dimensions and the Reserve as stope panels. The mine plan applies physical dimensions to the stope panels that are technically viable being as they are drawn from drill hole intercepts, actual exposure of the veins and proven stoping practice, appropriate dilution allowances that reflect actual conditions and cut off grades that reflect actual costs incurred for same mining practices. The mine plan has been developed to better than Pre-Feasibility Study level of work. As an operating mine extracting extensions of a defined mineralised vein system, there are no material Modifying Factors required.
Cut-off parameters	<ul style="list-style-type: none"> <i>The basis of the cut-off grade(s) or quality parameters applied.</i> 	<ul style="list-style-type: none"> The cut-off grades used are 2.0g/t for development ore, 3.8g/t for developed stopes and 4.3g/t for undeveloped stopes. For Levels 1, 2 and 3 where haulage is very minimal, lower cut-off grades are used, consistent with the lower haulage costs. The costs used to arrive at cut-off grades are based on actual validated mine costs as achieved to date. Cut-off grade estimates include: <ul style="list-style-type: none"> Mining and haulage, surface haulage, milling, administration, royalty, development and an extra development factor for mining outside of Reserves as well as the cost of underground drilling. When development passes through lower grade stopes to reach higher grade stopes, the lower grade stopes are included in the Reserve

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<p>Mining factors or assumptions</p>	<ul style="list-style-type: none"> • <i>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</i> • <i>The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.</i> • <i>The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.</i> • <i>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</i> • <i>The mining dilution factors used.</i> • <i>The mining recovery factors used.</i> • <i>Any minimum mining widths used.</i> • <i>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</i> • <i>The infrastructure requirements of the selected mining methods.</i> 	<p>estimate providing the costs of development and stoping are covered by the grade of the higher grade stopes.</p> <ul style="list-style-type: none"> • The Resource was converted to Reserve by carrying out detailed design following the application of minimum mining widths (MMW), dilution and cut-off grades to panels of size 30m x 50m high based on the Cube blockmodel. Costs were then applied to determine those panels in the Indicated category, which were economic. If economic, they were included in the Probable Reserve. • Mining at Co-O utilises both Shrink and Slot stope mining. These methods have been used at the mine since 1989 and are well understood. • The MMW and mining dilution factors used are: <ul style="list-style-type: none"> • MMW : 1.25m (for panels with a dip ≥ 60 degrees). Where the MMW was equal to 1.25m a further 0.25m dilution was added to the HangingWall. • MMW : 1.50m (for panels with a dip < 60 degrees). Where the MMW was equal to 1.50m a further 0.25m dilution was added to the HangingWall. Also a further 10% dilution was allowed for slabbing in the mining of these low angle stopes under draw (when they are being emptied). (Currently new support methods are being considered which should minimise these dilution effects, however the impact has not been factored into the current dilutions used.) • A shape dilution factor of 8% of extra tonnage at 2g/t has been added to the Reserve. This is to reflect the pinch and swell nature of the Co-O veins, which occurs along strike and down dip, making them discontinuous at times. This results in a component of overdevelopment at low grade. • For stopes < 10g/t gold an 85% mining recovery was used. For stopes ≥ 10g/t gold a 90% mining recovery was used. • For empty stopes where Pillar recovery was occurring, 50% of the Pillars are included in the Reserve and these are diluted 200%. • Inferred Resources (6%) are only utilised in the Ore Reserve estimation when Inferred panels need to be developed in order to access higher grade Indicated Ore (which must be able to carry all costs of the Inferred material). This also includes a small component of development beyond the Indicated Resource as an exploration component. • Underground Level development is continuous with all other required infrastructure in place. There is a proposed 15E shaft, which will be utilised for hoisting materials and men. It is intended to initially develop the shaft to Level 8. The total cost of all additional infrastructure over a period of 20 months has been included in the mine plan and schedule.

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Metallurgical factors or assumptions	<ul style="list-style-type: none"> <i>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</i> <i>Whether the metallurgical process is well-tested technology or novel in nature.</i> <i>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</i> <i>Any assumptions or allowances made for deleterious elements.</i> <i>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.</i> <i>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?</i> 	<ul style="list-style-type: none"> Material is trucked to the Co-O mill, which is a conventional CIL plant with gravity circuit. It is a well-tested technology. The metallurgical recovery is placed at 92%, which is the current recovery being experienced There are no deleterious elements.
Environmental	<ul style="list-style-type: none"> <i>The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.</i> 	<ul style="list-style-type: none"> The Co-O mine is an operating narrow-vein underground mine. The Co-O processing plant is a conventional CIL plant. The Co-O mining and processing operations have been operating since 1989, with several upgrades to the mine and processing plant since then. All Philippine national and local government regulatory permits are valid and subsisting for the current operations. Where possible, waste rock is retained underground and used to backfill mined-out stopes, or when hauled to the surface, used for roadworks, retaining walls, landfill, etc.
Infrastructure	<ul style="list-style-type: none"> <i>The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.</i> 	<ul style="list-style-type: none"> Co-O is an operating underground mine and processing plant and has all the necessary infrastructure in place for its continued operation. The Ore Reserve estimate requires some additional infrastructure and allowances have been made for this when preparing the estimate, including capital for underground development and a new services shaft (15E shaft) initially down to Level 8.
Costs	<ul style="list-style-type: none"> <i>The derivation of, or assumptions made, regarding projected capital costs in the study.</i> <i>The methodology used to estimate operating costs.</i> <i>Allowances made for the content of deleterious elements.</i> <i>The source of exchange rates used in the study.</i> <i>Derivation of transportation charges.</i> <i>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</i> <i>The allowances made for royalties</i> 	<ul style="list-style-type: none"> The projected capital costs are based on quotes and factored costs from existing mining operations. The operating costs are based on actual historical data from 2013/2014 and the projected budget costs of 2014. There are no deleterious elements. An exchange rate of 42 Philippine Pesos to US\$1.00 has been used. Transportation costs are fixed under contract and includes road maintenance. Historical data has been used for treatment and refining charges. A royalty of 3% of revenue has been allowed.

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	<i>payable, both Government and private.</i>	
Revenue factors	<ul style="list-style-type: none"> <i>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.</i> <i>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</i> 	<ul style="list-style-type: none"> A gold price of US\$1,250 has been used, consistent with the short term price.
Market assessment	<ul style="list-style-type: none"> <i>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</i> <i>A customer and competitor analysis along with the identification of likely market windows for the product.</i> <i>Price and volume forecasts and the basis for these forecasts.</i> <i>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</i> 	<ul style="list-style-type: none"> All product sold at market prices.
Economic	<ul style="list-style-type: none"> <i>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.</i> <i>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</i> 	<ul style="list-style-type: none"> All costs are based on historical costs. A 7% discount rate has been applied. An analysis was carried out in respect of decreased grade, decreased recovery, decreased gold price and increased costs and the results indicate that the project remains profitable at the acceptable NPV value.
Social	<ul style="list-style-type: none"> <i>The status of agreements with key stakeholders and matters leading to social licence to operate.</i> 	<ul style="list-style-type: none"> There are agreements in place with landowners of lands on which some infrastructure are sited. There are community and compensation agreements in place with landowners at Co-O minesite and Co-O plant, including the indigenous people, for the purposes of current and future operations.
Other	<ul style="list-style-type: none"> <i>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</i> <i>Any identified material naturally occurring risks.</i> <i>The status of material legal agreements and marketing arrangements.</i> <i>The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.</i> 	<ul style="list-style-type: none"> None of the identified risk areas mentioned below are believed to have a material impact on the Co-O project and/or the estimation of the Ore Reserves. Naturally occurring risks in the Co-O region include seismic events, flooding, land-slides. Naturally occurring risks are not believed to be significant, and therefore not considered to be material. The Co-O operations have not been materially affected by naturally occurring events since its beginnings in 1989. The Co-O operations are currently compliant with all legal and regulatory requirements, and there is no reason to believe any further required government permits, licenses or statutory approvals will not be granted. Executive Order 79 is not considered to have a material effect on the Co-O operations since it is already operating under an approved Mineral Production Sharing Agreement with the Philippine national government.

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Classification	<ul style="list-style-type: none"> <i>The basis for the classification of the Ore Reserves into varying confidence categories.</i> <i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i> <i>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</i> 	<ul style="list-style-type: none"> All Reserve categories are based on the Resource classification provided by Cube Consulting. The Reserve result reflects the Resource as produced by the Cube Consulting geological interpretation (reported in accordance with JORC 2012). However, it is the Competent Person's experience that these types of multiple narrow vein orebodies invariably result in more ore than is in the Reserve as a result of underground development uncovering veins which may either be from the Inferred category or undiscovered. Typically this results in more ounces than is stated by the Ore Reserve based on current drilling and development. It is not possible to allow for this in the Reserve estimate (in accordance with JORC 2012) and as such it is the Competent Person's view that the Reserve may be conservative. No Proven Ore Reserve has been derived from Measured Resources.
Audits or reviews	<ul style="list-style-type: none"> <i>The results of any audits or reviews of Ore Reserve estimates.</i> 	<ul style="list-style-type: none"> There have been no other external audits carried out on the Ore Reserve estimates.
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> <i>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.</i> <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i> <i>Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</i> <i>It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i> 	<ul style="list-style-type: none"> Vein gold orebodies represent the most difficult family of orebodies for which to state a relative local accuracy of Reserves. However it is the Competent Person's opinion that the ounces stated in the Reserve are achievable at the global level and may be somewhat conservative. Co-O mineralisation is a very large gold system and as such there is the potential for additional veins within the global estimate. Furthermore veins which cross-cut the orebody, such as the Don Pedro vein, have been understated by the current drilling orientation. Due to a significant amount of mining occurring outside of Reserve, accurate reconciliation has only been possible for some local areas of the mine. Co-O is an operating mine and there are no perceived modifying factors that would have a material impact on the global Ore Reserve viability. Mine performance has been considered and factored into the Ore Reserve parameters used in this study.