MEDUSA MINING LIMITED

ABN 60 099 377 849

and Controlled Entities

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2013

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This report should be read in conjunction with Medusa's Annual Report for the year ended 30 June 2013 and any announcements made by the Company during the interim reporting period, as it does not include all the notes of the type normally included in an annual financial report.

Appendix 4D

Half year report
For the 6 months ended 31 December 2013

Name of entity			
MEDUSA MINING LIMITED			
ABN or equivalent company reference	Half yearly (tick)	Preliminary final (tick)	Half year/ financial ended ("current period")
60 099 377 849	√		**31 December 2013**

Results for announcement to the market

Revenues and profits:		US$'000		US$'000
Revenues from ordinary activities	Down 35%	52,363	to	33,998
Profit from ordinary activities after tax attributable to members	Down 55%	28,598	to	13,020
Net profit for the period attributable to members	Down 55%	28,598	to	13,020

(All comparisons to the previous period ended 31 December 2012)

Dividends:

Interim dividend	Amount per security	Franked amount per security
- current period (half year ended 31 Dec 2013)	Nil	Nil
- previous period (half year ended 31 Dec 2012)	Nil	Nil

No dividend will be paid in the current period.

Net tangible assets per share:

The net tangible assets per share as at 31 Dec 2013 was US$2.006 (31 Dec 2012: US$ 1.854)

Change in control of entities:

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

Associates and Joint Venture entities:

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

MANAGING DIRECTOR'S ADDRESS

For the half year ended 31 December 2013, I am pleased to report that the mill is in the final phase of commissioning and that mining operations are able to meet the increased throughput requirements for the ensuing periods ahead.

The six month period to 31 December 2013 proved challenging to get the new Co-O SAG Mill fully operational. The start-up of the new mill was delayed due to the installation of faulty powercells which were repaired and re-installed in early December. The SAG mill operated for the rest of December without any interruptions and is currently running at approximately 2,000 tonnes per day.

The detoxification circuit, thickener, CIL tanks, gold room and associated equipment for "wet" processing are all fully operational. Planning for additional tailings storage facilities is completed and construction is planned to commence after the wet season in the March 2014 quarter.

Complementary infrastructure construction completed includes a new junior staff accommodation, assay laboratory and metallurgy offices.

At the Co-O Mine, the L8 Shaft is pulling ore and waste from Level 8 (350 metres below surface). Rock passes from Levels 6 and 7 to Level 8 are operating and allow ore and waste from these levels to be hoisted from Level 8. Level development continued on Level 8 and all veins in the resource model were intersected and are being developed. The Don Pedro veins near the L8 Shaft are being developed and stoped while development continues on Levels 1 to 7 concurrent with production stoping.

The Baguio Shaft has been deepened to Level 5 to access additional ore on the west side of the mine and to reduce double handling.

The Bananghilig area has continued to progress well with drilling re-commenced between the Bananghilig Deposit and the B2 discovery with the view of combining the two areas. Sterilisation and geotechnical drilling and associated technical work were completed.

The extreme wet weather during December 2013 and January 2014 caused damage to the haul road between the mine and mill. A works program is in place to repair the haul road after the wet season as well as to develop alternative road access.

There were no Lost Time Incidents between July and December 2013, however as advised to the market on 13 February 2014, regretfully a fatality happened in a stope underground. The Lost Time Incidents Frequency Rate ("LTIFR") for the past 4 years to 31 December 2013 stands at 0.10 compared to the Western Australian LTIFR for the mining industry of 2.0 for 2012-13.

The Company has provided rescue and relief efforts in response to natural disasters that struck the Philippines last calendar year. The Co-O Mine Rescue Team provided rescue aid to the Bohol earthquake victims and relief support to the local communities on the island of Leyte after the devastation caused by Typhoon Haiyan (Yolanda).

The company continues to support the local communities through employment, (99% Filipino workforce), education (scholarships, school expenditure and adopt-a-school supporting over 5,500 students), health and essential infrastructure.

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2013 and the review report thereon:

DIRECTORS:

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

Name	Period of Directorship
Non-Executives:	
Mr Andrew Boon San Teo (Non-Executive Chairman) (1)	since 15 February 2010
Dr Robert M Weinberg	since 01 July 2006
Mr Ciceron A Angeles	since 28 June 2011
Mr Gary Powell	since 24 January 2013
Mr Geoffrey J Davis (2)	retired 22 November 2013
Executives:	
Mr Peter Hepburn-Brown (Managing Director)	since 15 September 2009
Mr Raul C Villanueva	since 24 January 2013

Notes:

(1) Mr Teo was appointed Non-Executive Chairman on 22 Nov 2013

(2) Mr Davis was Non-Executive Chairman from 09 Jun 2011 to 22 Nov 2013. Prior to that Mr Davis was Managing Director from 05 Feb 2002 to 09 Jun 2011

HIGHLIGHTS FOR THE SIX MONTHS:

Financials

Description	Unit	Dec 2013	Dec 2012	Variance	(%)
Revenues	US$	$34.0 M	$52.4 M	($18.4 M)	(35%)
EBITDA	US$	$19.4 M	$35.3 M	($15.9 M)	(45%)
NPAT	US$	$13.0 M	$28.6 M	($15.6 M)	(55%)
EPS (basic)	US$	$0.067	$0.152	($0.085)	(56%)

Revenues of US$34.0 million compared to US$52.4 million for the corresponding period in the previous year, a decrease of 35% due to a decrease in both gold production and a lower average price received on sale of gold. Medusa is an un-hedged gold producer and received an average gold price of US$1,304 per ounce from the sale of 27,334 ounces of gold for the half-year to December 2013 (corresponding period to December 2012: 43,492 ounces at US$1,676 per ounce).

Earnings before interest, tax, depreciation and amortisation ("EBITDA") of US$19.4 million, (US$35.3 million in the prior corresponding period), a decrease of 45%.

Earnings per share ("EPS") of US$0.067 on a weighted average basis is based on NPAT of US$13.0 million (six months to December 2012: EPS of US$0.152 based on NPAT of US$28.6 million), a decrease of 56%.

The Company had total cash, cash equivalent in gold on metal account and bullion on hand of US$20.8 million at 31 December 2013 (corresponding period to 31 December 2012: US$15.8 million), an increase of 32%.

Dividends

No dividend will be payable for the half year to 31 December 2013 (No dividend was payable for the previous half year to 31 December 2012).

Operations

Description	Unit	Dec 2013	Dec 2012	Variance	(%)
Production	ounces	26,089	32,580	(6,491)	(20%)
Cash costs	US$/oz	$422	$300	($122)	(41%)
Gold price received	US$/oz	$1,304	$1,676	($372)	(22%)

The Company produced 26,089 ounces of gold for the half-year, compared to 32,580 ounces from the previous corresponding period, at an average recovered grade of 5.07 g/t gold (six months to December 2012: 7.82 g/t gold).

Average cash cost for the half-year of US$422 per ounce, was higher than the previous corresponding period's costs of US$300 per ounce due to delayed new mill commissioning and previously highlighted operational issues with the old plant.

Production Guidance

The revised forecast gold production for the fiscal year to 30 June 2014 after taking into account current year to date production of 26,089 is now between 70,000 to 80,000 ounces at anticipated cash costs of US$400 per ounce.

The production guidance for FY 2015 is between 140,000 to 160,000 ounces and from FY 2016 onwards, 160,000 to 200,000 ounces per annum.

OPERATIONS OVERVIEW

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

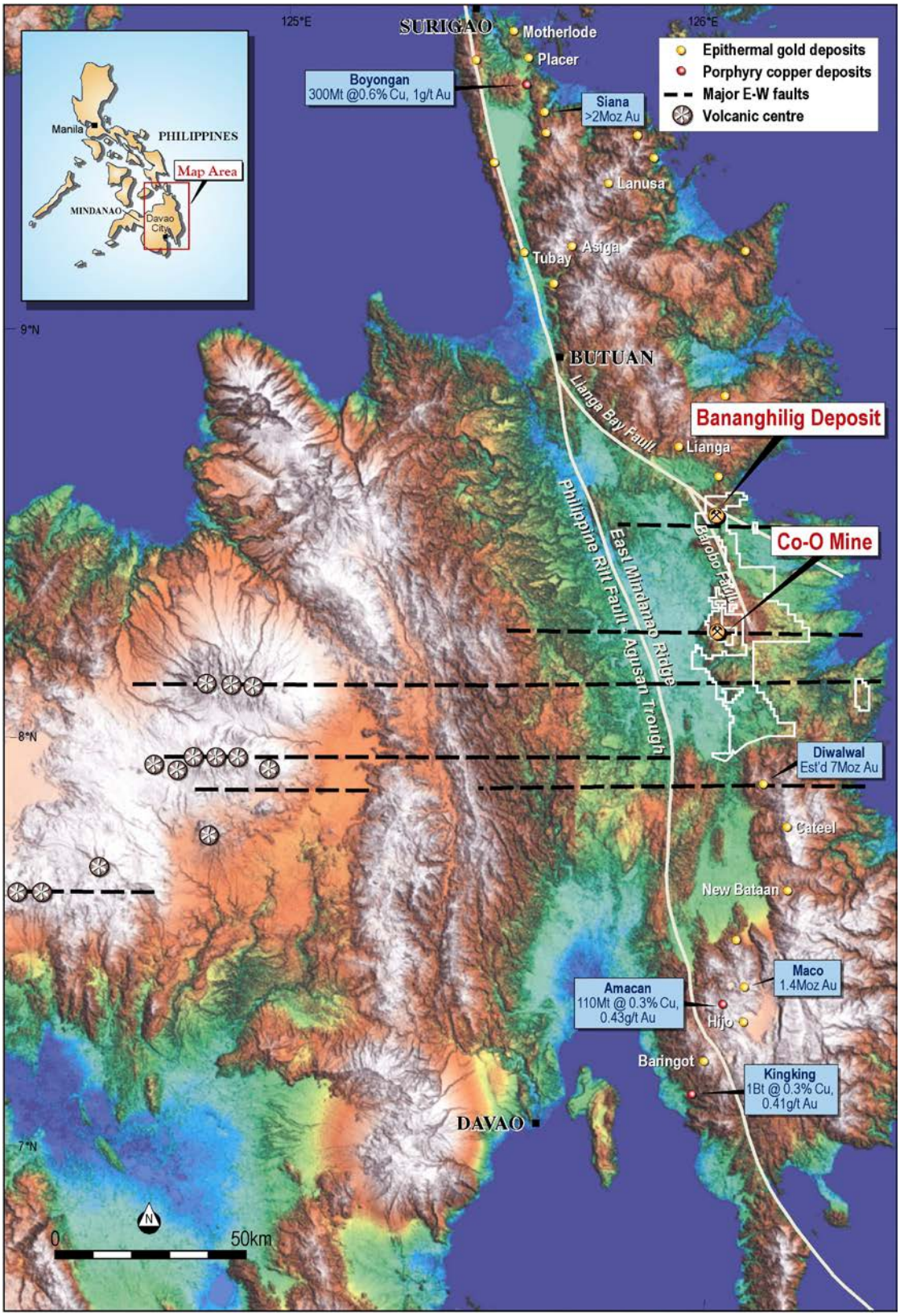

Figure 1. Location diagram

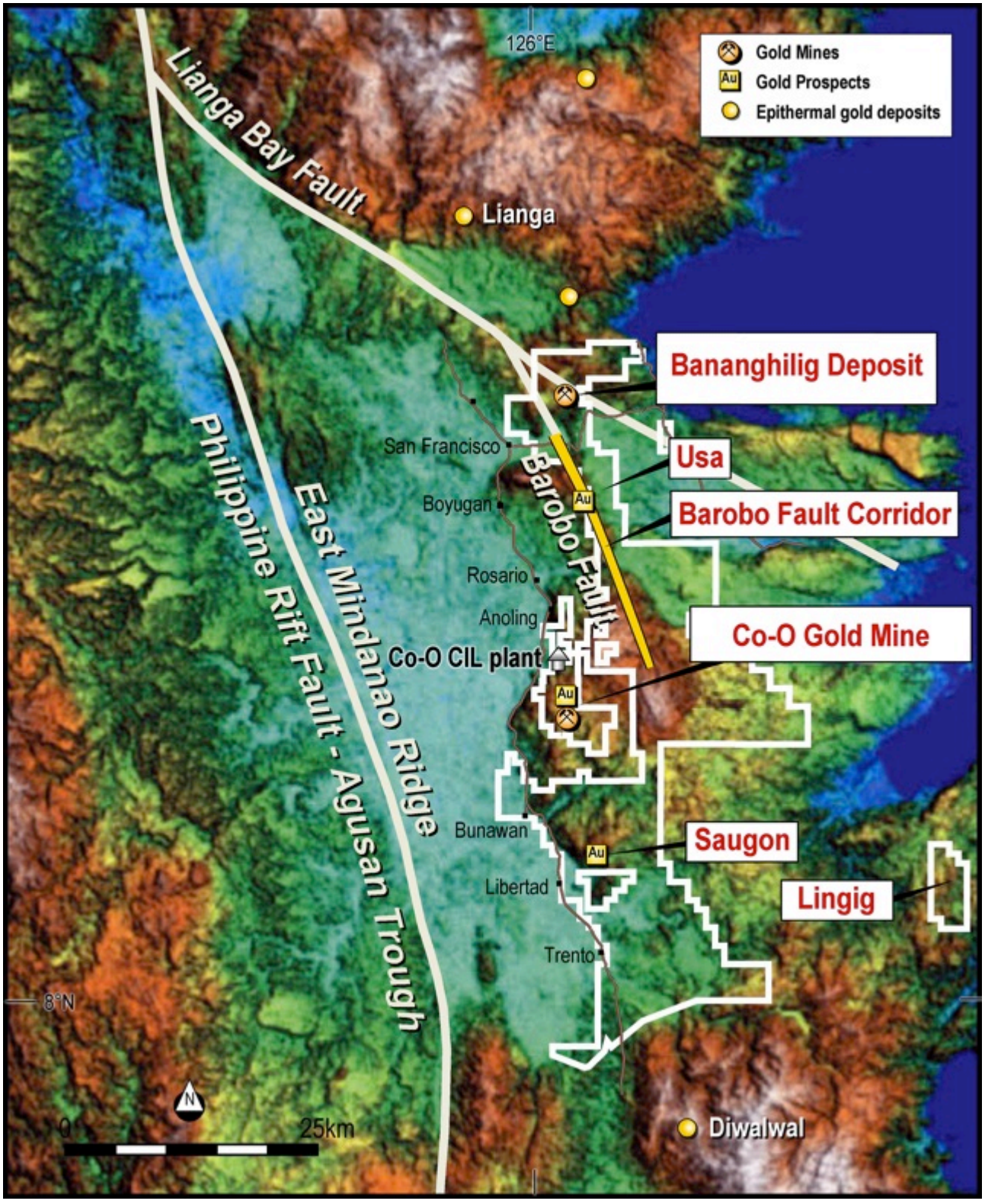

Figure 2. Regional tenement map showing mines and prospects.

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 07 March, 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, interpretations and revised mineral resource and ore reserve estimations in accordance with the guidelines of the recently adopted JORC Code 2012. Since there may be material changes to the mineral resources and ore reserves, due to changes in gold price, mining dilution and so forth, the Company will not be reporting the resources and reserves until the revised estimations have been completed and signed off by the independent Competent Persons. The revised resources and reserves for Co-O and Bananghilig are expected to be reported during the September 2014 quarter.

GOLD PRODUCTION

The production statistics for the six months to 31 December 2013 with comparatives for the December 2012 half year are summarised in Table I.

Table I. Gold production statistics

Description	Unit	Half-year ended 31 Dec 2013	Half-year ended 31 Dec 2012	Variance	(%)
Tonnes mined	WMT	222,644	160,095	62,549	39%
Ore milled	DMT	190,051	143,808	46,243	32%
Recovered grade	gpt	5.07	7.82	(2.75)	(35%)
Recovery	%	86%	90%	(4%)	(4%)
Gold produced	ounces	26,089	32,580	(6,491)	(20%)
Cash costs (1)	US$	$422	$300	($122)	(41%)
Gold sold	ounces	27,334	43,492	(16,158)	(37%)
Average gold price received	US$	$1,304	$1,676	($372)	(22%)

Note:

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

Gold production for the six months to 31 December 2013 was 26,089 ounces of gold at an average grade of 5.07 g/t gold was lower than last year's production of 32,580 ounces of gold at recovered grades averaging 7.82 g/t gold.

The average cash costs of US$422 per ounce, inclusive of royalties and local business taxes are higher than the previous period's average cash costs of US$300 per ounce.

Medusa, an un-hedged gold producer, sold 27,334 ounces of gold at an average price of US$1,304 per ounce during the period (corresponding period last year 43,492 at average price received of US$1,676 per ounce).

The revised production guidance for the fiscal year to 30 June 2014, following production of 26,089 ounces of gold for the half year to December 2013 is now between 70,000 to 80,000 ounces at anticipated cash costs of US$400 per ounce.

The production guidance for FY 2015 is 140,000 to 160,000 ounces and from FY 2016 onwards is 160,000 to 200,000 ounces per annum.

Co-O MINE and MILL

Co-O Mine

Mine development and expansion achievements include:

- The L8 Shaft is operating at 1,500 tonne per day. (Photo 1) hauling from Level 8 (350 metres below surface). The current mine combined shaft haulage capacity is now 2,500 tonnes per day from the L8, Baguio, Agsao and Ventilation Shafts;
- The rock-passes from Levels 6 and 7 to Level 8 have been completed allowing broken material to move from both Levels to the L8 haulage shaft;
- The upgrade to the Baguio Shaft has been completed allowing material to be hauled from Level 5, thus opening up new mining areas in the western side of the mine;
- Development is progressing at 1,500 metres per month and will continue at approximately 1,500 metres per month for the foreseeable future, resulting in a continuing high percentage of development ore in the mill feed, and;
- A winze is being sunk from Level 8 to Level 9 to expose and gain access to the ore on Level 9

Photo 1. L8 Shaft and ore stockpile area

Co-O Mill

The new SAG Mill commenced operation on the 6th December 2013. The delay in starting the SAG Mill was due to manufacturing defects in the Powercells, which were repaired and re-installed. Production for FY 2014 has been revised to 70,000 to 80,000 ounces and 140,000 to 160,000 ounces in FY 2015.

Photo 2. SAG Mill

Photo 3. Primary Crusher

Tailings Storage

Planning and design for tailings storage facility number 5 has been completed with construction planned when the “Wet” season finishes.

Health and Safety

Lost time incident frequency rate (LTIFR) for the six months to 31 December 2014 is 0.1 including exploration. There were no breaches of any of the project’s operating regulations during the period.

Co-O RESOURCE DRILLING

Diamond drilling has continued since the last resource model update was announced on 08 August 2013 and has focused on extending the Co-O Vein system along the eastern and western sides of the resource model. Since the 2013 resource estimation, 41 underground drill holes totalling 11,412 have been completed using two large and two smaller portable diamond drilling rigs.

The Company has recently purchased six additional portable underground diamond drill rigs to be deployed at 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 ≥ 3g/t gold
(Refer Appendix A for JORC Code 2012 Edition)

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 EXLORATION DRILL HOLES - LEVEL 3									
L3-64W-005	613338.9	913032.8	61.4	194.7	+3	317	167.20	0.40	16.57
L3-64W-008	613339.3	913027.7	59.8	503.3	-60	219	42.75	1.50	4.45
L3-64W-010	613348.2	913026.6	60.5	492.0	-25	124	335.60	1.10	20.30
L3-64W-011	613341.2	913031.9	61.4	255.4	+3	331	223.65	0.90	3.47
							241.65	1.00	3.20
L3-64W-012	613343.1	913032.7	61.4	256.8	+3	013	65.50	1.40	5.19
L3-64W-014	613344.3	913032.9	61.3	327.4	+3	020	74.50	2.20	3.70
UNDERGROUND EXLORATION DRILL HOLES - LEVEL 8									
L8-19E-001	614207.3	913105.2	-192.0	487.1	+3	247	62.85	1.00	5.88
L8-29E-002	614275.5	912915.7	-190.8	403.4	0	047	2.00	0.75	3.49
							61.95	0.55	6.45
							175.10	0.50	5.70
L8-29E-003	614276.4	912912.9	-190.6	393.4	0	057	60.15	1.00	5.27
							86.60	0.50	8.90
							100.50	1.10	6.48
							168.20	2.80	16.88
						includes	*169.20*	*0.80*	*26.47*
L8-29E-004	614270.0	912909.8	-190.7	115.6	+3	219	53.65	2.20	19.45
						includes	*53.65*	*1.00*	*23.60*
							97.80	1.00	5.77
L8-29E-005	614270.6	912908.6	-190.7	475.9	+3	213	47.65	0.60	14.57
							55.00	0.90	16.60
							87.50	1.00	5.62
							108.70	0.90	14.52
							156.60	1.00	20.43
							180.35	1.15	30.27
							181.50	0.90	34.90
							183.40	0.60	57.83
							185.75	1.00	5.31
							192.95	1.00	5.22
							203.35	1.00	5.91
L8-29E-006	614270.6	912908.6	-190.6	411.9	+3	068	16.50	1.00	3.00
							54.10	0.90	3.67
							90.70	1.65	4.17
L8-29E-007	614276.1	912909.8	-190.6	464.3	+3	116	0.40	0.90	6.70
							92.40	0.60	6.20
L8-29E-008	614274.0	912908.3	-190.6	473.4	+3	174	57.80	0.65	47.77
							85.95	1.00	4.60
							169.30	1.20	5.30
							203.80	0.50	3.78
L8-29E-009	614276.3	912912.8	-190.6	452.2	+3	093	80.65	0.85	16.77
							186.60	5.80	5.62
							236.55	1.00	78.50
							326.60	0.40	5.33
							338.25	4.15	16.51
						includes	*340.40*	*1.00*	*43.77*
L8-29E-010	614274.0	912908.3	-190.7	474.3	+3	142	194.50	1.00	13.53
							292.00	1.70	40.50
						includes	*292.00*	*0.75*	*73.73*

Notes:

1. Composited intercepts' 'weighted average grades' calculated by using the following parameters:
   (i) no upper gold grade cut-off applied;
   (ii) lower cut-off grade of 3.0 g/t gold,
   (iii) high-grade samples (>20g/t gold) within composited interval are individually reported ;and
   (iv) ≥ 0.5 metres down hole intercept width at ≥ 3.0 g/t gold, or
   (v) ≥ 6 gram.metres.
   (vi) maximum of 1.0 metre of down-hole internal dilution at , 3g/t gold
2. Intersection widths are downhole drill widths not true widths;
3. Assays are by Philsaga Mining Corporation's laboratory; and
4. Grid coordinates based on the Philippine Reference System 92.RL is elevation in metres relative to Mine Datum

Co-O EXPLORATION

IP Survey

The ground Induced Polarisation (“IP”) and Resistivity (“RES”) survey is ongoing within the Co-O tenements including the Co-O mine environs. During the six months to December 2013, approximately 127 line kilometres of IP and RES surveys were completed. Heavy rain has hampered the survey and it is now expected that the balance (of approximately104 line kilometres) will be completed in the June 2014 quarter, with interpretations undertaken during the June and September 2014 quarters.

Ground Magnetics Survey

A Ground Magnetics survey is ongoing, using the same grid as the IP survey. A total of approximately 162 line kilometres were completed during the six months to December 2013. Approximately 94 line kilometres remains to be surveyed, and are expected to be completed and interpreted concurrent with the IP interpretation.

Reconnaissance Programmes

Reconnaissance mapping and sampling programmes are ongoing.

TAMBIS REGION

BACKGROUND

The Tambis Project, which includes the Bananghilig Gold Deposit as shown on (Fig. 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.

REGIONAL GEOLOGICAL SETTING

The announcement of 12 September 2011 summarises the Tambis regional geological setting, local geological setting, deposit description and mineralisation.

BANANGHILIG GOLD DEPOSIT

Additional information with respect to the Bananghilig gold deposit 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-interpretation and revised mineral resource and estimation in accordance with the guidelines of the recently adopted JORC Code 2012. Consequently the project's revised mineral resources are expected to be completed by the independent consultants and 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 Study[1] 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 9 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 quarter to temporarily suspend the feasibility study given the mineralisation being encountered at the new B2 discovery area, as well as given consideration to the depressed gold price and commissioning of the new Co-O milling circuit.

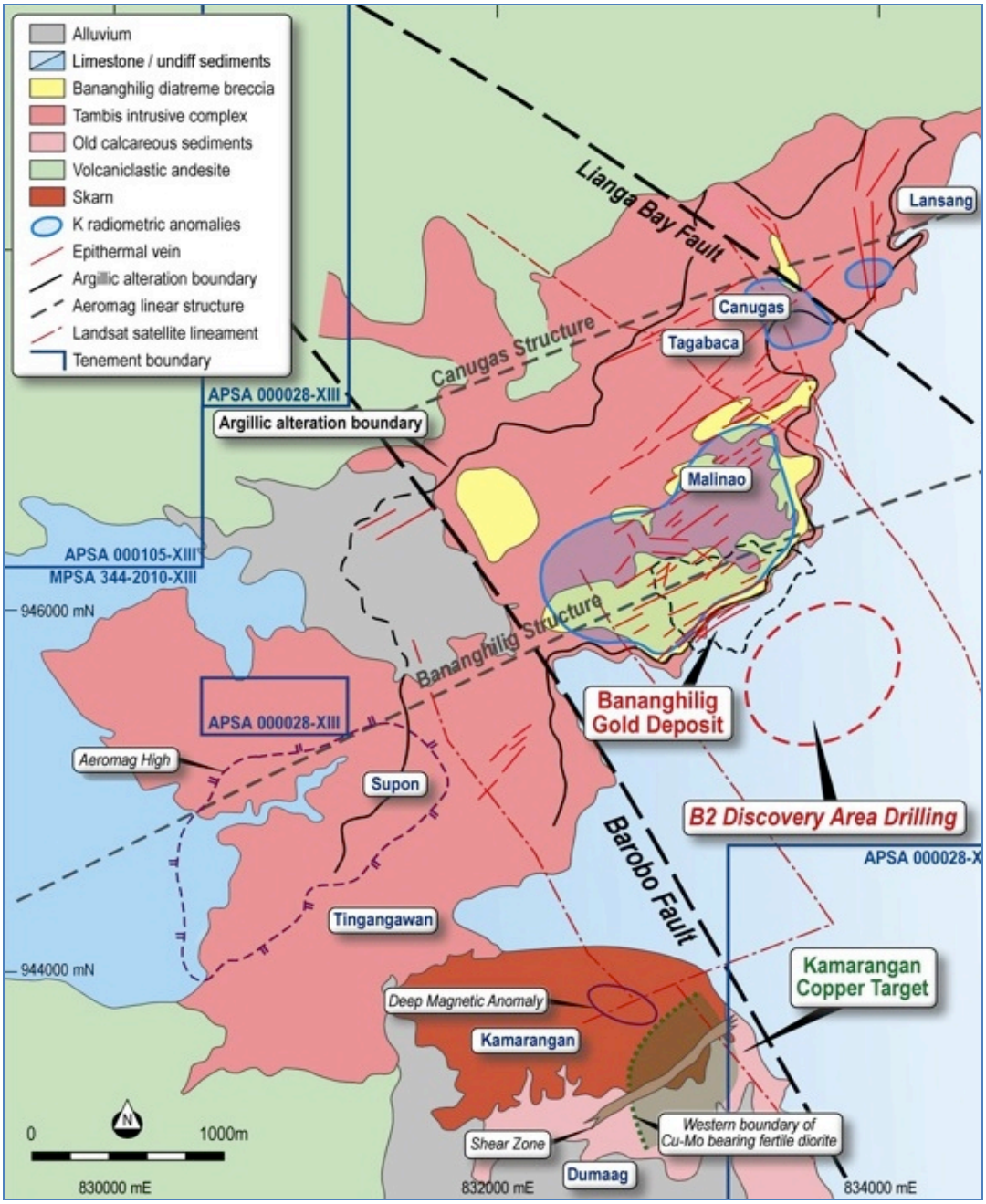

Figure 3. Tambis Project geology showing location of Bananghilig resource relative to the B2 mineralisation discovery area & other prospect areas

Figure 4 shows the drill hole projection plan of the B2 drill holes relative to the Bananghilig 2013 resource model.

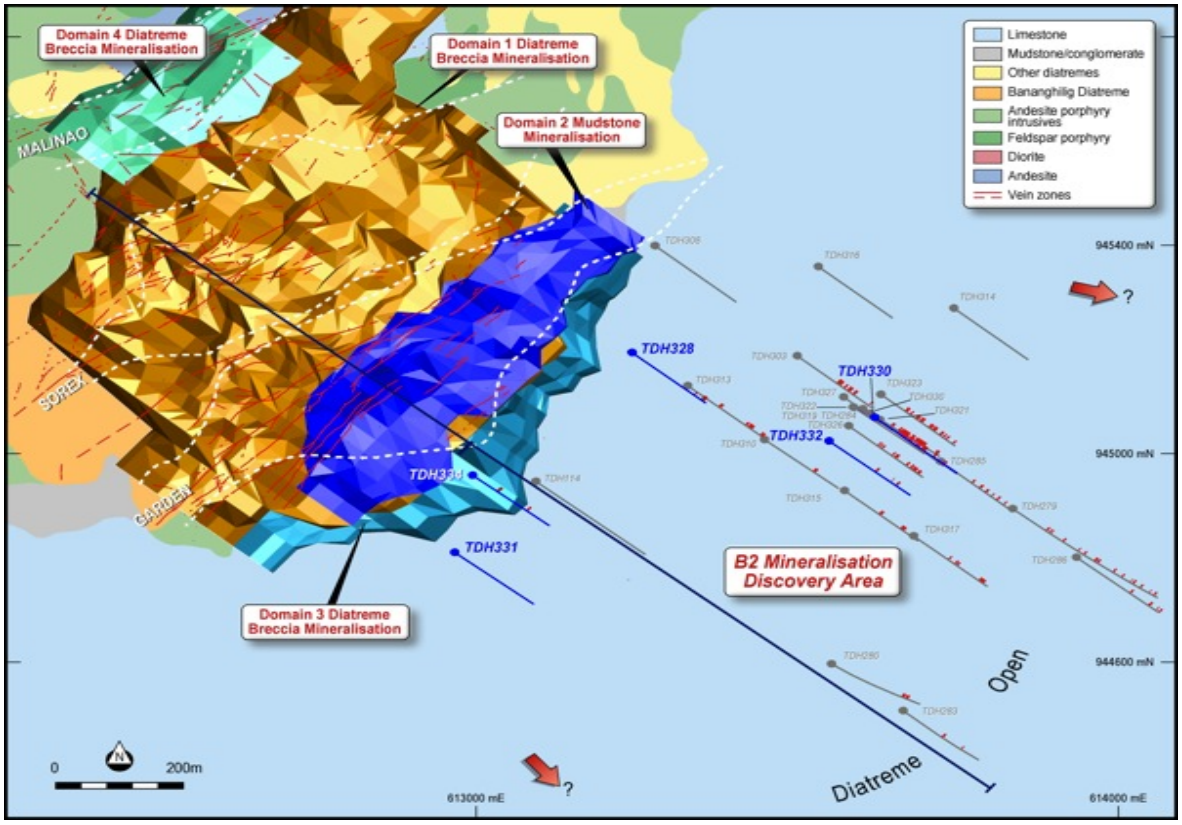

Figure 4. Plan of the Bananghilig resource block model and the B2 drill hole locations.

BANANGHILIG EXPLORATION

B2 Discovery Area

During the September 2013 quarter, two large capacity diamond drilling rigs completed two diamond drill holes (TDH332 and TDH334) within the B2 area for a total advance of 622.6 metres.

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

B2 Drilling Results

Results of diamond drilling at B2 were announced on 2 April 2013 and 8 July 2013, in the March 2013, June 2013 and September 2013 Quarterly Reports, and the September 2013 Annual Report. Results have subsequently been received for all outstanding sample submissions as well as for the holes completed during this quarter. Significant intercepts for completed drill holes are shown in Table III below.

Geotechnical and Sterilisation Drilling Programmes

Geotechnical drilling and test pitting programmes were completed in first week of October with one last diamond drill hole completed for a total of 60 metres. Drilling was carried out to investigate sites suitable for infrastructure associated with the potential development of the Bananghilig Deposit, including plant site, waste, tailings and process water storage facilities. A sterilisation drilling programme was successfully completed with no significant drill hole assay results received in these areas.

Regional Exploration

Reconnaissance mapping and sampling is on-going within the Tambis Region.

Table III. Bananghilig B2 Discovery Area drill hole results ≥ 1 g/t gold.
(Refer Appendix A for JORC Code 2012 Edition)

Hole Number	East [4]	North [4]	RL [4]	Depth (metres)	Dip (°)	Azimuth (°)	From (metres)	Width [2] (metres)	Gold Grade [1,3] (g/t gold)
BANANGHILIG – B2 DISCOVERY AREA									
TDH308	613278	945405	156.0	359.10	-60	130	84.10	3.50	1.02
							245.45	5.00	2.88
						includes	*246.65*	*1.00*	*11.25*
							312.10	7.30	3.23
						includes	*315.45*	*0.35*	*38.08*
TDH310	613435	944948	143.7	309.50	-60	130	198.65	13.45	1.38
TDH313	613331	945128	178.9	302.13	-60	130	116.15	8.90	1.17
							226.20	5.95	5.54
						includes	*231.05*	*1.10*	*25.90*
							237.95	16.40	2.04
							286.35	12.00	1.33
TDH314	613745	945277	116.9	312.63	-60	130	65.75	1.00	18.58
							140.50	1.50	4.21
							168.85	6.70	1.22
							255.45	3.25	3.89
							282.60	2.30	2.70
TDH316	613537	945355	128.8	303.15	-60	130	186.45	3.50	2.37
TDH317	613681	944841	170.1	302.10	-60	130	137.10	3.60	1.86
							162.05	4.55	2.71
							170.35	8.05	3.17
						includes	176.10	0.70	11.28
							262.25	21.55	2.34
						includes	*277.05*	*0.55*	*18.39*
TDH321	613616	945073	117.7	297.65	-59	130	115.85	20.70	2.26
						includes	*125.60*	*1.00*	*29.48*
							151.55	4.25	1.78
							179.20	6.90	2.47
						includes	*185.10*	*1.00*	*10.03*
							246.65	2.25	5.87
						includes	*248.55*	*0.35*	*17.36*
TDH322	613591	945089	111.3	300.62	-61	130	198.60	6.65	1.24
							211.25	1.75	2.88
							235.60	6.30	1.14
							248.30	11.35	3.18
						includes	*249.50*	*1.00*	*12.62*
TDH323	613631	945114	118.8	307.60	-60	130	116.00	3.85	1.40
							159.30	12.45	2.98
						includes	*170.40*	*1.35*	*10.44*
							197.75	13.85	1.41
						includes	*197.75*	*0.45*	*13.51*
							215.40	11.80	1.23
							245.10	8.10	1.55
						includes	*246.85*	*0.65*	*12.31*
							262.20	3.65	1.76
							272.05	7.20	1.34
							303.20	2.45	2.22
TDH325	613575	944927	199.1	300.55	-60	130	135.15	8.55	1.27
						includes	225.55	13.40	2.73
							228.65	*0.90*	*21.69*
TDH326	613583	945050	130.0	304.40	-60	130	108.30	2.75	4.86
						includes	*108.30*	*1.00*	*10.12*
							114.25	5.70	2.42
						includes	*117.95*	*1.00*	*10.48*
							169.30	4.40	1.71
							181.35	8.65	1.29
							228.95	7.75	1.24
							248.10	4.75	4.34
						includes	*248.10*	*1.00*	*14.06*
							279.10	8.70	2.79
						includes	*280.10*	*0.55*	*10.44*

Hole Number	East [4]	North [4]	RL [4]	Depth (metres)	Dip (°)	Azimuth (°)	From (metres)	Width [2] (metres)	Gold Grade [1,3] (g/t gold)
BANANGHILIG – B2 DISCOVERY AREA									
TDH327	613577	945103	112.6	303.60	-64	130	216.10	0.35	34.80
TDH328	613241.7	945191.7	214.6	312.50	-60	130	260.20	1.45	8.82
							289.20	15.60	1.51
TDH330	613626.8	945064.5	123.7	294.50	-56	130	154.85	16.50	3.78
						includes	*159.05*	*0.55*	*40.64*
						includes	*161.05*	*0.75*	*16.71*
							197.85	5.80	0.93
TDH332	613554.7	945020.3	142.1	320.50	-60	130	170.35	7.00	7.27
						includes	*174.70*	*1.00*	*45.49*
							236.30	0.70	22.40
							254.50	7.55	5.79
						includes	*254.50*	*1.00*	*21.90*
						includes	*259.70*	*1.00*	*14.69*
TDH334	613001.7	944955.1	147.5	302.10	-60	130	80.30	9.50	2.77
							200.15	6.85	1.26

Notes:

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

LINGIG

The Lingig prospect is located in Mineral Production Sharing Agreement 343-2010-XIII with an area of 3,824 hectares over which the Company has an operating agreement.

Activities completed include Induced Polarisation, Resistivity and ground magnetics surveys, Data processing and interpretation of the geophysical data by an independent geophysical consultant and detailed geological mapping.

Data compilation from the mapping, soil sampling, and geophysical surveys will commence during the March 2014 quarter. Interpretations will be reviewed prior to planning drill targets.

USA PROJECT

A Memorandum of Agreement with Corplex Resources Inc. covers the Usa prospect, which is located within MPSA application XIII-00077. Processing of the tenement application is progressing.

SAUGON PROJECT

Detailed and reconnaissance geological mapping, trenching and sampling programmes are on-going.

FINANCIALS

Medusa recorded a net profit after tax ("NPAT") of US$13.0 million and earnings before interest, tax depreciation and amortisation ("EBITDA") of US$19.4 million for the half year to 31 December 2013, compared to US$28.6 million and US$35.3 million respectively in the previous corresponding period.

The Company recorded Revenues of US$34.0 million compared to US$52.4 million in the previous corresponding period. Medusa is an un-hedged gold producer and received an average price of US$1,304 per ounce from the sale of 27,334 ounces of gold for the half-year to December 2013 (previous corresponding period: 43,492 ounces at US$1,676 per ounce).

The decrease in NPAT, EBITDA and Revenues is directly linked to a decrease in gold production (26,089 ounces compared to 32,580 ounces) and a lower average price received on sale of gold (US$1,304 per ounce compared to US$1,676 per ounce). As at 31 December 2013, the Company had total cash, cash equivalent in gold on metal account and bullion on hand of approximately US$20.8 million (Dec 2012: US$15.8 million).

During the half-year:

- The Company recorded Revenue of US$33.9 million from gold and silver sales (Dec 2012 half-year: gold and silver sales of US$52.3 million and interest of US$0.3 million);
- Depreciation and amortisation was lower at US$6.3 million, compared with US$6.7 million in the December half of 2012;
- US$8.5 million outlay on exploration expenditure, including US$5.3 million on the Co-O Mine (Dec 2012 half-year: US$14.6 million, including US$9.8 million for the Co-O Mine);
- US$11.6 million was spent on sustaining capital at mine and mill and capital works associated with the new mill construction and infrastructure (Dec 2012 half-year: US$23.5 million); and
- Incurred US$17.5 million on general and accelerated mine development costs, inclusive of shaft sinking costs (Dec 2012 half-year: on general and accelerated mine development costs, inclusive of shaft sinking costs of US$15.8 million).

CORPORATE

Dividend

No dividend will be payable for the half year to 31 December 2013 (No dividend was payable for the previous half year to 31 December 2012).

CAPITAL RAISING

During the quarter, the Company raised gross proceeds of A$34,002,702 via the issue of 18,890,390 shares at A$1.80 each to clients of Euroz Securities Limited.

BOARD CHANGES

Mr Geoff Davis (Founding Managing Director of Medusa) retired as Non-executive Chairman on 22 November 2013 and was succeeded by Non-Executive Director, Mr Andrew Teo.

JORC CODE 2012 COMPLIANCE - CONSENT OF COMPETENT PERSONS

Medusa Mining Limited

Information in this report relating to Exploration Results 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 of the Board of Medusa Mining Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which 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" and is a "Qualified Person" as defined in "National Instrument 43-101" of the Canadian Securities Administrators. 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.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 21 for the half-year ended 31 December 2013.

ROUNDING OF AMOUNTS

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

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

PETER HEPBURN-BROWN
Managing Director

Dated this 27th day of February 2014.

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Medusa Mining Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P W Warr
Partner - Audit & Assurance

Perth, 27 February 2014

FINANCIALS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2013

	Note	Consolidated Group 31 Dec 2013 US$ 000	Consolidated Group 31 Dec 2012 US$ 000
Revenue	2	33,998	52,363
Cost of sales		(15,775)	(18,175)
Administration expenses		(3,905)	(4,665)
Other expenses		(1,298)	(925)
Profit before income tax expense		13,020	28,598
Income tax expense		-	-
Profit for the period after income tax expense		13,020	28,598
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations (net of tax)		(11,073)	7,507
Total comprehensive income		1,947	36,105
Overall operations:			
Basic earnings per share		0.067	0.152
Diluted earnings per share		0.067	0.152

The accompanying condensed notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the half-year ended 31 December 2013

	Note	Consolidated Group 31 Dec 2013 US$ 000	Consolidated Group 30 June 2013 US$ 000
CURRENT ASSETS			
Cash & cash equivalents		19,909	4,698
Trade & other receivables		20,308	29,617
Inventories		20,666	18,339
Other current assets		992	662
Total Current Assets		61,875	53,316
NON-CURRENT ASSETS			
Trade & other receivables		10,924	2,600
Property, plant & equipment		107,873	101,549
Exploration, evaluation and development expenditure		235,113	219,962
Deferred tax assets		1,603	1,603
Total Non-Current Assets		355,513	325,714
TOTAL ASSETS		417,388	379,030
CURRENT LIABILITIES			
Trade & other payables		20,621	18,616
Borrowings		1,125	1,725
Provisions		622	1,017
Total Current Liabilities		22,368	21,358
NON-CURRENT LIABILITIES			
Borrowings		5,936	528
Provisions		723	753
Deferred tax liability		141	141
Total Non-Current Liabilities		6,800	1,422
TOTAL LIABILITIES		29,168	22,780
NET ASSETS		388,220	356,250
EQUITY			
Issued capital	5	102,902	73,070
Reserves		7,204	18,087
Retained profits		278,114	265,093
TOTAL SHAREHOLDERS' EQUITY		388,220	356,250

The accompanying condensed notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2013

	Share Capital Ordinary	Retained Profits	Other Reserves (refer note 6)	Foreign Currency Translation Reserve	Total
	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000
Balance at 01.07.2012	73,070	218,837	3,740	20,020	315,667
Net profit after tax	-	28,598	-	-	28,598
Other comprehensive income	-	-	-	7,507	7,507
Total comprehensive income for the period	-	28,598	-	7,507	36,105
Shares issued during the period	-	-	-	-	-
Transfer from Option Reserve	-	-	-	-	-
Share options recognised during the period in accordance with AASB 2 - share based payments	-	-	1,100	-	1,100
Sub-total	73,070	247,435	4,840	27,527	352,872
Dividends paid or provided for (refer note 3)	-	(3,925)	-	-	(3,925)
Balance at 31.12.2012	73,070	243,510	4,840	27,527	348,947
Balance at 01.07.2013	73,070	265,093	4,448	13,639	356,250
Net profit after tax	-	13,020	-	-	13,020
Other comprehensive income	-	-	-	(11,073)	(11,073)
Total comprehensive income for the period	-	13,020	-	(11,073)	1,947
Shares issued during the period	29,832	-	-	-	29,832
Transfer from Option Reserve					
Share options and performance rights recognised during the period in accordance with AASB 2 - share based payments	-	-	191	-	191
Sub-total	102,902	278,113	4,639	2,566	388,220
Dividends paid or provided for (refer note 3)	-	-	-	-	-
Balance at 31.12.2013	102,902	278,113	4,639	2,566	388,220

The accompanying condensed notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2013

	Consolidated Group	
	31 Dec 2013	31 Dec 2012
	US$ 000	US$ 000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	35,929	73,330
Payments to suppliers and employees	(11,398)	(18,504)
Interest received	43	29
Net cash provided by operating activities	24,574	54,855
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets	(13,600)	(24,360)
Payments for exploration expenditure and tenements	(3,853)	(5,906)
Payments for development activities	(22,689)	(18,658)
Net cash (used in) investing activities	(40,142)	(48,924)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	31,684	-
Transaction costs from issue of shares	(1,851)	-
Payments for dividends	-	(3,925)
Proceeds from borrowings	4,808	-
Net cash provided by (used in) financing activities	34,641	(3,925)
Net (increase) in cash held	19,073	2,006
Cash at beginning of period	4,698	12,468
Exchange rate adjustments	(3,862)	(5,640)
Cash at end of period	19,909	8,834

The accompanying condensed notes form part of these financial statements

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

for the half-year ended 31 December 2013

Note 1: Basis of preparation

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

The consolidated interim financial report of the Company as at and for the six months ended 31 December 2013 comprises the Company and its subsidiaries (together referred to as (the "Group") and the consolidated group's interests in associates and jointly controlled entities.

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

The consolidated annual financial report of the consolidated group as at and for the year ended 30 June 2013 is available on the company's website.

(a) Statement of compliance

These general purpose financial statements for the interim half-year reporting period ended 31 December 2013 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Consolidated Group as at and for the year ended 30 June 2013.

This consolidated interim financial report was approved by the Board of Directors on 26 February 2014.

(b) Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2013, except for the application of the following standards as of 1 January 2013:

- AASB 10 *Consolidated Financial Statements*;
- AASB 11 *Joint Arrangements*; and
- AASB 119 *Employee Benefits* (September 2013)

The effects of applying these standards are described below.

AASB 10 Consolidated Financial Statements

AASB 10 supersedes AASB 127 *Consolidated and Separate Financial Statements* and Interpretation 112 *Consolidation – Special Purpose Entities*. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

AASB 11 Joint Arrangements

AASB 11 supersedes AASB 131 *Interests in Joint Ventures* and Interpretation 113 *Jointly Controlled Entities – Non-Monetary-Contributions by Venturers*. It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method, which is currently used for investments in associates.

The application of AASB 11 has no impact on the Group as there are no joint arrangements in place.

AASB 119 Employee Benefits (September 2013)

AASB 119 makes a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. AASB 119:

- eliminates the 'corridor method' and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income
- changes the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest cost based on the net defined benefit asset or liability

(c) Significant events and transactions

During the six months the Company experienced a decrease in Revenues which is directly linked to a decrease in gold production (26,089 ounces compared to 32,580 ounces) and a lower average price received on sale of gold.

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

During the quarter, the Company raised gross proceeds of A$34,002,702 via the issue of 18,890,390 shares at A$1.80 each to clients of Euroz Securities Limited.

(d) Comparative figures

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

(e) Rounding of amounts

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

	Consolidated Group	
	31 Dec 2013	31 Dec 2012
	US$ 000	US$ 000
Note 2: Profit for the period		
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Revenue items:		
Interest revenue	65	27
Gold and silver sales	33,926	52,327
Other	7	9
	33,998	52,363
Expense items:		
Depreciation	3,263	3,203
Amortisation	3,041	3,507
Employee benefits expense	3,958	2,933
Recognition of share based payments	191	1,100
Note 3: Dividends		
No dividend was declared (2012: 2 cents a share, declared on 29 August 2012 and paid on 4 October 2012).	-	3,925

Note 4: Segment Information

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

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

	Mining	Exploration	unallocated	Total
	US$ 000	US$ 000	US$ 000	US$ 000
Segment Revenue and Result				
6 months to December 2013:				
Segment revenue	33,926	-	72	33,998
Segment result	15,937	(10)	(2,907)	13,020
6 months to December 2012:				
Segment revenue	52,327	-	36	52,363
Segment result	32,069	(16)	(3,455)	28,598
Segment Assets and Liabilities				
31 December 2013:				
Segment assets	397,069	3,762	14,954	415,785
Reconciliation of segment assets to group assets				
add -				
Deferred tax assets				1,603
Total group assets				417,388
Segment liabilities	24,807	1	4,219	29,027
Reconciliation of segment liabilities to group liabilities				
add -				
Deferred tax liabilities				141
Total group liabilities				29,168
30 June 2013:				
Segment assets	371,846	3,943	1,638	377,427
Reconciliation of segment assets to group assets				
add -				
Deferred tax assets				1,603
Total group assets				379,030
Segment liabilities	18,674	10	3,955	22,639
Reconciliation of segment liabilities to group liabilities				
add -				
Deferred tax liabilities				141
Total group liabilities				22,780

	Consolidated Group			
	31 Dec 2013	30 Jun 2013	31 Dec 2013	30 Jun 2013
	(shares)	(shares)	US$ 000	US$ 000
Note 5: Issued Capital				
Ordinary shares on issue	207,794,301	188,903,911	102,902	73,070
Opening balance	188,903,911	-	73,070	73,070
add -				
Shares issued during the period	18,890,390	-	29,832	-
Transfer from option Reserve				
	207,794,301	188,903,911	102,902	73,070
Movement in ordinary shares during the half-year:				
- Balance at beginning of the period	188,903,911	188,903,911	73,070	73,070
- Ordinary shares issued – 7 November 2013	9,445,195	-	14,916	-
- Ordinary shares issued – 25 November 2013	9,445,195	-	14,916	-
	207,794,301	188,903,911	102,902	73,070

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

	Consolidated Group			
	31 Dec 2013	30 Jun 2013	31 Dec 2013	30 Jun 2013
	(options)	(options)	US$ 000	US$ 000
Note 6: Option and Performance Rights Reserve				
Option and Performance Rights Reserve	1,715,000	1,715,000	4,638	4,448
Opening balance	1,715,000	1,965,000	4,448	3,740
less -				
Options forfeited	(140,000)	(250,000)	-	-
add -				
Share options and performance rights recognised during the period in accordance with AASB 2 - share based payments	-	-	191	708
	1,575,000	1,715,000	4,639	4,448

Note 7: Contingent Liabilities

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

Note 8: Commitments

There has been no change to the commitments as disclosed in the Group's 30 June 2013 annual report.

Note 9: Related Parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the Company's annual report for the year ended 30 June 2013.

Note 10: Events subsequent to reporting date

There has not arisen in the interval between the half-year ended 31 December 2013 and the date of this report any other item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Consolidated Group, the results of those operations, or the state of affairs of the Consolidated Group, in subsequent financial periods.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 22 to 31:

   (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and

   (b) give a true and fair view of the Consolidated Group's financial position as at 31 December 2013 and of its performance for the half year ended on that date.

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Peter Hepburn-Brown
Managing Director

Dated this 27th day of February 2014

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

We have reviewed the accompanying half-year financial report of Medusa Mining Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Medusa Mining Limited consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Medusa Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P W Warr
Partner - Audit & Assurance

Perth, 27 February 2014

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	• *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.*	• 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 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.
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• 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®.
	• *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.*	• 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	• *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).*	• 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	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• 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.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• 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.
	• *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.*	• 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	• *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.*	• 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.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	• 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 photographed. Limited photographic records exist for drill core obtained prior to July 2010.
	• *The total length and percentage of the relevant intersections logged.*	• All drill core is logged.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• 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.
	• *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.*	• No non-core sampling carried out for the purposes of this report.
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• The nature, quality and appropriateness of the sample preparation techniques are to industry standard practice.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• 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.
	• *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.*	• 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.
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• 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	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• All samples are submitted to the company's laboratory located at the processing plant site. • Sample Preparation Protocol o Dry entire sample at 105° C for approximately 6-8 hours; o Jaw-crush entire sample to 95% passing 3 mm; o Homogenize and riffle split 700-800 grams of -3 mm material; o Pulverize 700-800 subsample to 95% passing 200 mesh (75 micron), and o Riffle split four (4) 175-200 gram subsamples of -200 mesh material for analyses. • Sample Analysis Protocol o Gold analysis is by classical fire assay technique with Atomic Absorption Spectrometer (AAS) finish on a 30g charge; o Since Oct 2010, all sample pulps are resubmitted for silver and base metal analysis by wet geochem method; o Samples with gold assay results ≥5 g/t Au are re-analysed using Fire Assay and gravimetric finish

Criteria	JORC Code explanation	Commentary
		• All sample preparation and analysis techniques are appropriate for this style of mineralisation. The quality of sample preparation and analysis is of international standard.
	• *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.*	• The Company used no geophysical or other analytical tools for the purposes of this report.
	• *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.*	• 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	• *The verification of significant intersections by either independent or alternative company personnel.*	• Independent and alternative company personnel on a regular basis verify significant intersections.
	• *The use of twinned holes.*	• All drilling is by diamond coring. Drill holes are not twinned.
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• 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.
	• *Discuss any adjustment to assay data.*	• There is no adjustment to assay data.
Location of data points	• *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.*	• 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.
	• *Specification of the grid system used.*	• UTM PRS92 (Philippine Reference System of 1992).
	• *Quality and adequacy of topographic control.*	• 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 ±5mm
Data spacing and	• *Data spacing for reporting of Exploration Results.*	• 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.

Criteria	JORC Code explanation	Commentary
distribution		• Drill core sampling is carried out on maximum of one (1) metre down-hole intervals
	• *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.*	• 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.
	• *Whether sample compositing has been applied.*	• Sample compositing has not been applied.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• 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.
	• *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.*	• 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	• *The measures taken to ensure sample security.*	• 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	• *The results of any audits or reviews of sampling techniques and data.*	• 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	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	• The 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.
	• *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.*	• 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	• *Acknowledgment and appraisal of exploration by other parties.*	• 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	• *Deposit type, geological setting and style of mineralisation.*	• 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	• *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:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length*	• Refer to Table II in the main body of this report.

Criteria	JORC Code explanation	Commentary
	• *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.*	• No drill hole information has been excluded from Table II.
Data aggregation methods	• *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.*	• Composited intercepts' 'weighted average grades' calculated by using the following parameters: o no upper gold grade cut-off applied; o lower cut-off grade of 3.0 g/t gold; o high grade samples (≥ 20 g/t gold) within composited interval are individually reported; o ≥ 0.5 metres down hole intercept width at ≥ 3.0 g/t gold, or o ≥ 6 gram.metres composited down hole intercept width, and o maximum of 1.0 metre of down hole internal dilution at ≤ 3.0 g/t gold.
	• *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.*	• Short lengths of high-grade (≥ 20 g/t Au) gold assays, within composited intercepts, are included and reported within Table II as individual results.
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Metal equivalent values are not reported.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.*	
	• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	• 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.
	• *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').*	• Intersection widths are down hole drill widths not true widths;
Diagrams	• *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.*	• Refer to Table II located in the main body of this report.

Criteria	JORC Code explanation	Commentary
Balanced reporting	• *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.*	• Short lengths of high-grade (≥ 20 g/t Au) gold assays, within composited intercepts, are included and reported within Table II as individual results.
Other substantive exploration data	• *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.*	• No other substantive exploration data has been acquired for the purposes of this report.
Further work	• *The nature and scale of planned further work (e.g tests for lateral extensions or depth extensions or large-scale step-out drilling).*	• 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.
	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• 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	• *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.*	• 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 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.
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• 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®.
	• *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.*	• 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	• *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).*	• 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.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• 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.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• 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.
	• *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.*	• 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	• *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.*	• 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.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	• 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 photographed. Drill core obtained prior to July 2010 have no photographic record.
	• *The total length and percentage of the relevant intersections logged.*	• All drill core is logged.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• 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.
	• *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.*	• No non-core sampling carried out for the purposes of this report.
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• The nature, quality and appropriateness of the sample preparation techniques are to industry standard practice.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• 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.
	• *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.*	• 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.
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• 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	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• 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.
	• *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.*	• The Company used no geophysical or other analytical tools for the purposes of this report.
	• *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.*	• 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.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• Independent and alternative company personnel on a regular basis verify significant intersections.
	• *The use of twinned holes.*	• All drilling is by diamond coring. Drill holes are not twinned.
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• 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.
	• *Discuss any adjustment to assay data.*	• There is no adjustment to assay data.
Location of data points	• *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.*	• 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.
	• *Specification of the grid system used.*	• UTM PRS92 (Philippine Reference System of 1992).
	• *Quality and adequacy of topographic control.*	• 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 ±5mm
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	• 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
	• *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.*	• 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.
	• *Whether sample compositing has been applied.*	• Sample compositing has not been applied.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• 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.

Criteria	JORC Code explanation	Commentary
	• *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.*	• 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.
Sample security	• *The measures taken to ensure sample security.*	• 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	• *The results of any audits or reviews of sampling techniques and data.*	• 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	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	• The 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.
	• *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.*	• 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	• *Acknowledgment and appraisal of exploration by other parties.*	• 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	• *Deposit type, geological setting and style of mineralisation.*	• 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	• *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:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.*	• Refer to Table 4 in the main body of this report.

Criteria	JORC Code explanation	Commentary
	• *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.*	• No drill hole information has been excluded from Table 4.
Data aggregation methods	• *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.*	• Composited intercepts' 'weighted average grades' calculated by using the following parameters: o no upper gold grade cut-off applied; o lower cut-off grade of 0.5 g/t gold; o high grade samples (>10 g/t gold) within composited interval are individually reported; o ≥ 5 metres down hole intercept width at ≥ 1.0 g/t gold, or o ≤ 5 metres down hole intercept width at ≥ 5 gram per metres, and o maximum of 3 metres of down hole internal dilution at ≤0.5 g/t gold.
	• *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.*	• Short lengths of high-grade (>10 g/t Au) gold assays, within composited intercepts, are included and reported within Table 4 as individual results.
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Metal equivalent values are not reported.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.*	
	• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	• 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.
	• *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').*	• Intersection widths are down hole drill widths not true widths;
Diagrams	• *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.*	• Refer to Figures 3 & 4 located in the main body of this report.
Balanced reporting	• *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.*	• 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	• *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.*	• 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	• *The nature and scale of planned further work (e.g tests for lateral extensions or depth extensions or large-scale step-out drilling).*	• 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.
	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• 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 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		