UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF

MONUMENT MINING LIMITED

(Expressed in United States dollars)

Three Months Ended September 30, 2012

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed consolidated interim financial statements for the three months ended September 30, 2012.

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MONUMENT MINING LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(in United States dollars, except otherwise stated)

	Notes	September 30, 2012	June 30, 2012
		(Unaudited)	(Audited)
ASSETS			
Current assets			
Cash and cash equivalents		$ 25,371,189	$ 8,293,666
Restricted cash	4	109,833	105,905
Funds held in escrow	8 (f)	11,000,000	11,000,000
Gold forward purchase agreement	5	6,518,569	6,102,543
Trade and other receivables		6,372,080	466,303
Prepaid expenses and deposits		890,149	659,400
Inventories	6	22,892,139	23,551,984
		73,153,959	50,179,801
Non-current assets			
Restricted inventories	6, 11	5,125,078	3,036,956
Plant and equipment	7	40,326,707	43,429,281
Mineral properties	8	118,892,207	115,224,469
Deferred costs		91,425	78,468
		164,435,417	161,769,174
		$ 237,589,376	$ 211,948,975
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		$ 6,270,537	$ 8,033,259
Escrow fund payable	8 (f)	11,000,000	11,000,000
Finance lease obligations		16,684	15,862
Derivative warrant liabilities	13	-	3,809
Deferred Revenue		1,513,109	-
		18,800,330	19,052,930
Non-current liabilities			
Finance lease obligations		11,148	14,857
Gold forward sale contract	11	2,592,660	2,592,660
Convertible notes	10	6,388,506	5,914,982
Derivative warrant liabilities	13	4,405,427	3,551,664
Derivative liabilities – gold inducement	12	5,936,846	4,589,518
Asset retirement obligation	14	5,235,978	5,042,110
Deferred tax liabilities		706,842	682,298
		25,277,407	22,388,089
		44,077,737	41,441,019
Equity			
Share capital	15	80,873,772	68,695,295
Capital reserve – warrants		2,612,024	2,612,024
Capital reserve – options		6,438,583	6,400,244
Retained earnings		79,447,796	68,614,114
		169,372,175	146,321,677
Non-controlling interests	16	24,139,464	24,186,279
		193,511,639	170,507,956
		$ 237,589,376	$ 211,948,975
Subsequent events	23		

Approved on behalf of the Board:

"Robert Baldock" — Robert Baldock, Director

"Gerald Ruth" — Gerald Ruth, Director

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Unaudited
(in United States dollars, except otherwise stated)

	Notes	Three months ended September 30, 2012	Three months ended September 30, 2011
Revenue			
Revenue - gold sales		$ 20,805,397	$ 14,430,298
Production costs		(4,174,276)	(2,480,340)
Gross margin from mining operations		16,631,121	11,949,958
Depreciation and amortization		(2,222,245)	(806,061)
Gain on disposal of scrap material		-	2,126
Accretion of asset retirement obligations	14	(22,035)	(314,019)
		(2,244,280)	(1,117,954)
Income from mining operations		14,386,841	10,832,004
Corporate Expenses	17	1,205,565	906,901
		1,205,565	906,901
Income before other items		13,181,276	9,925,103
Other income (loss)			
Gain due to change in fair value of derivative warrant liabilities	13	(849,954)	2,214,219
Gain/(loss) due to change in fair value of derivative liabilities - gold inducement	12	(1,347,328)	(862,340)
Change in fair value of gold forward purchase agreements	5, 6	416,026	66,508
Foreign currency exchange gain (loss)		(827,691)	17,856
Interest income		461,145	36,178
Accretion expense on convertible note	10	(257,847)	(221,451)
Gain on disposal of assets		12,019	-
Impairment on investment in subsidiary		(779)	-
		(2,394,409)	1,250,970
Income before taxes		10,786,867	11,176,073
Current income tax		-	-
Deferred income tax recoveries		-	-
Net income and comprehensive income		10,786,867	11,176,073
Net income attributable to non-controlling interest		(46,815)	-
Net income attributable to common shareholders		10,833,682	11,176,073
Total comprehensive income		10,786,867	11,176,073
Comprehensive income attributable to non-controlling interest		(46,815)	-
Comprehensive income attributable to common shareholders		$ 10,833,682	$ 11,176,073
Earnings per share			
Basic	18	$ 0.05	$ 0.06
Diluted	18	$ 0.05	$ 0.05
Weighted average number of common shares			
Basic	18	205,735,747	178,836,156
Diluted	18	227,934,420	215,251,459

MONUMENT MINING LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGE IN EQUITY

Unaudited

(in United States dollars, except otherwise stated)

	Common shares	Capital reserve - warrants	Capital reserve - options	Retained earnings	Total	Non-controlling interest	Total equity
Balance, June 30 , 2011	$ 63,484,007	$ 2,612,024	$ 5,866,850	$ 9,052,810	$ 81,015,691	-	$ 81,015,691
Common shares issued on acquisition of properties	843,292	-	-	-	843,292	-	843,292
Warrants exercised, including cash	4,160,738	-	-	-	4,160,738	-	4,160,738
Share-based compensation	-	-	208,567	-	208,567	-	208,567
Net income for the period	-	-	-	11,176,073	11,176,073	-	11,176,073
Acquisition during the period	-	-	-	-	-	592,374	592,374
Balance, September 30, 2011	**$68,488,037**	**$2,612,024**	**$ 6,075,417**	**$20,228,883**	**$ 97,404,361**	**$ 592,374**	**$ 97,996,735**
Balance, June 30, 2012	$ 68,695,295	$ 2,612,024	$ 6,400,244	$ 68,614,114	$146,321,677	$24,186,279	$170,507,956
Warrants exercised, including cash	11,928,454	-	-	-	11,928,454	-	11,928,454
Stock options exercised	250,023	-	(98,268)	-	151,755	-	151,755
Share-based compensation	-	-	143,398	-	143,398	-	143,398
Stock options forfeited	-	-	(6,791)	-	(6,791)	-	(6,791)
Net income for the period	-	-	-	10,833,682	10,833,682	-	10,833,682
Non-controlling interest during the period	-	-	-	-	-	(46,815)	(46,815)
Balance, September 30, 2012	**$80,873,772**	**$2,612,024**	**$ 6,438,583**	**$79,447,796**	**$169,372,175**	**$24,139,464**	**$193,511,639**

MONUMENT MINING LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

Unaudited
(in United States dollars, except otherwise stated)

	Notes	Three months ended September 30, 2012	Three months ended September 30, 2011
Operating activities			
Net income for the period		$ 10,786,867	$ 11,176,073
Adjustments to reconcile net income to net cash provided from operating activities:			
Depreciation and amortization		2,250,563	876,391
Accretion expense on asset retirement obligations		22,035	314,019
Share-based compensation		124,366	206,270
(Gain)/loss on change in fair value of derivative liabilities – gold inducement	12	1,347,328	862,340
Gain on change in fair value of derivative warrant liabilities	13	849,954	(1,777,424)
Foreign exchange loss (gain)		428,084	(684,741)
Change in fair value of gold forward purchase agreement	5	(416,026)	(66,508)
Accretion expense on convertible notes	10	257,847	221,451
Impairment on investment in subsidiary		779	-
Cash provided from operating activities before change in working capital items		15,651,797	11,127,871
Change in non-cash working capital items			
Trade and other receivables		(4,392,668)	1,743,346
Prepaid expenses and deposits		(230,749)	77,361
Inventories		(572,538)	(1,341,647)
Accounts payable and accrued liabilities		(1,518,258)	(1,612,193)
Cash provided from operating activities		8,937,584	9,994,738
Financing activities			
Proceeds from exercise of stock options and warrants		12,080,209	4,141,661
Proceeds from gold forward contracts	5, 11	-	1,571,998
Payment of finance lease obligations		(2,887)	(6,253)
Cash provided from financing activities		12,077,322	5,707,406
Investing activities			
Expenditures on mineral properties, net of recoveries, Exploration & evaluation properties		(3,383,528)	(1,984,097)
Expenditures on plant and equipment		(543,892)	(2,699,907)
Reclamation of asset retirement obligation		(6,035)	-
Cash used in investing activities		(3,933,455)	(4,684,004)
Increase (decrease) in cash and cash equivalents		17,081,451	11,018,140
Cash and cash equivalents, beginning of the year		19,399,571	49,166,526
Cash and cash equivalents, end of the year		$ 36,481,022	$ 60,184,666
Cash and cash equivalents consist of:			
Cash		$ 25,371,189	$ 50,243,140
Funds held in escrow	8 (f)	11,000,000	-
Cash equivalents		-	9,843,651
Restricted cash	4	109,833	97,875
		$ 36,481,022	$ 60,184,666

Supplemental Cash Flow Information (Note 21)

1. Corporate Information and Nature of Operations

Monument Mining Limited ("Monument" or "the Company") is a natural resource company incorporated and domiciled under the Canada Business Corporations Act, engaged in the acquisition, exploration, development and operation of gold and Polymetalic mineral property interests. Its primary activities include open pit mining and operation of a gold treatment plant at the 100% owned Selinsing Gold Project ("Selinsing") and exploration and development on the 100% owned Damar Buffalo Reef, Famehub, Star Destiny, the 49% owned Mersing Project, and the 70% owned Mengapur project.

The head office, principal address and registered and records office of the Company are located at 688 West Hastings Street, Suite 910, Vancouver, British Columbia, Canada V6B 1P1. Its gold project operations, exploration and development activities are carried out in Malaysia through its wholly owned integrated subsidiaries.

During three month ended September 30, 2012, the Company generated net income before other item of $13,181,276 (Q1, 2012 - $9,925,103), and cash inflow of $8,937,584 from operations (Q1, 2012 - $9,994,738). As at September 30, 2012, the Company has positive working capital, excluding derivative liabilities, of $54,353,629 (Q1, 2012 – $74,971,500).

The condensed consolidated interim financial statements of the Company for the period ended September 30, 2012 comprise the Company and its subsidiaries. These consolidated financial statements are presented in United States (US) dollars and all values are rounded to the nearest dollar except where otherwise indicated. The Company is listed on the TSX Venture Exchange ("TSX-V: MMY").

2. Basis of preparation

These condensed consolidated interim financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated interim financial statements were prepared on a going concern basis under the historical cost method except for certain financial liabilities, which are measured at fair value.

A summary of significant accounting policies are presented in Note 3 and have been consistently applied in each of the periods presented. The financial statements should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2012, which have disclosed a detailed discussion of the Company's significant accounting policies along with significant accounting estimates and judgments used or exercised by management in the preparation of these financial statements.

3. Summary of Significant Accounting Policies

a) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries) from their respective date of acquisition. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Company elects whether it measures the non-controlling interest in the acquiree either at fair value or at proportionate share of the acquiree's identifiable net assets.

The consolidated financial statements include the financial statements of Monument and the subsidiaries. The subsidiaries and percentage of ownership are listed in the following table:

		Interests holding as at	
Entity	Location	September 30, 2012	June 30, 2012
Polar Potential Sdn. Bhd.	Malaysia	100%	100%
Able Return Sdn. Bhd.	Malaysia	100%	100%
Selinsing Gold Mine Manager Sdn. Bhd.	Malaysia	100%	100%
Damar Consolidated Exploration Sdn. Bhd.	Malaysia	100%	100%
Famehub Venture Sdn. Bhd.	Malaysia	100%	100%
Monument Mengapur Sdn. Bhd.	Malaysia	70%	70%
Cermat Aman Sdn. Bhd.	Malaysia	70%	70%
Star Destiny Sdn. Bhd.	Malaysia	100%	100%
Primary Mining Sdn. Bhd.	Malaysia	100%	-

b) Foreign Currencies

The Company's consolidated financial statements are presented in US dollars which is also the functional currency of the parent company and all of its subsidiaries.

Foreign currency transactions for the Company's subsidiaries are translated into the functional currency using the exchange rate at the dates of the transactions or the average rates prevailing the transaction periods. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

The Company's foreign operations are translated from their local currencies into US dollars on consolidation. Revenue, expenses, gains and losses are translated using an average exchange rate for the period. Monetary assets and liabilities are translated at the closing rate in effect at the end of the period. Non-monetary items that are measured at historical cost in a foreign currency are translated at the historical rates. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The exchange differences on translation of these foreign operations are recognized in profit or loss as foreign exchange gains or losses.

c) Plant & equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, and the initial estimation of asset retirement obligation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The amortization begins when the asset is available for use. Maintenance costs are expensed as incurred.

Mineral properties in production are amortized on a unit-of-production ("UOP") basis over the economically recoverable reserves of the estimated life of mine. Gold processing plant is amortized on a unit-of-production basis over the total tonnages of mill feed over the estimated life of mine. Amortization of various components of the gold processing plant and other capital assets are calculated on a straight-line basis over the assets' estimated useful lives over the following periods:

Buildings	10 years
Machinery, heavy equipment and components of plant	2 – 20 years
Administrative furniture and equipment	10 years
Computer	2-5 years
Vehicles (including vehicles under finance lease)	5 years

Amortization expenses from production property and plant are inventoried; amortization from equipment used for exploration is capitalized under associated exploration and evaluation mineral properties; amortization from administration capital assets are charged against operations.

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for property, plant and equipment items and any changes arising from the assessment are applied by the Company prospectively.

d) Mineral properties

Mineral property and development costs represent capitalized expenditures related to the acquisition, exploration and development of mineral properties and related equipment. Mineral property interest acquisition costs include the cash consideration, option payment under an earn-in arrangement, the fair value of common shares issued for mineral property interests and the fair value of warrants issued determined using the Black-Scholes option pricing model.

<u>Exploration and evaluation expenditures</u>

Exploration and evaluation expenditure relates to the initial acquisition costs of mineral properties and costs incurred for investigation and evaluation of potential mineral reserves and resources, including trenching, exploratory drilling, sampling, mapping and other activities in searching for ore bodies under the properties, and evaluate the technical and commercial viability of developing mineral properties identified through exploration. Exploration and evaluation expenditures, net of any recoveries, are recorded on a property-by-property basis and deferred until the property is placed into production, sold or abandoned or determined to be impaired. These deferred expenditures are reclassified to Property, Plant and Equipment following commencement of production and amortized on a UOP basis over the estimated useful life of the property based on proven and probable reserves.

<u>Mine development expenditures</u>

A mineral property is under the development stage once the development of the property becomes commercially and technically viable as a result of establishing proven and probable reserves. The costs incurred to design and engineer an open pit, to build access roads, camps and other infrastructure for mining, and to remove overburden and other mine waste materials in order to access the ore body at open pit operations (“stripping costs”) prior to the commencement of mining operations are categorized as mine development expenditures. Development expenditures, net of proceeds from incidental sale of ore extracted during the development stage, are capitalized to the related property. The mine development expenditures are reclassified to Property, Plant and Equipment following commencement of commercial production, and are amortized on a UOP basis over the productive life of the mine based on proven and probable reserves.

<u>Mine development costs incurred during production</u>

During the production stage of a mine, the Company incurs some new infrastructure costs for future probable economic benefit, and stripping costs that provide access to sources of reserves that will be produced in future periods and would not otherwise have been accessible, which are capitalized to the cost of mineral property interests and amortized on a UOP basis over the reserves that directly benefit from the stripping activity.

e) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases are classified at their inception as either operating or finance lease based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognized as an expense in profit or loss on a straight-line basis over the lease term. Contingent rentals are recognized as an expense when they are incurred.

Finance Leases

Leases which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recorded in profit or loss.

f) Impairment of long-lived assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The Company monitors the recoverability of long-lived assets, including property, plant and equipment, based on factors such as current market value, future asset utilization, business climate and future discounted cash flows expected to result from the use of the related assets. The impairment loss is recorded in the period when it is determined that the carrying amount of the asset may not be recoverable. The amount of impairment loss is measured as the excess of the carrying value of the asset over its fair value less costs to sell, or the discounted present value of the future cash flows associated with the use of the asset.

g) Asset retirement obligation (ARO)

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized to the corresponding assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The capitalized rehabilitation cost is depreciated on the same basis as the related asset of plant or mining property.

The Company's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates. The discounted liability is increased for the passage of time and adjusted for changes to the current discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation. The periodic unwinding of the discount is recognized in profit or loss as a finance cost.

Additional disturbances or changes in rehabilitation cost will be recognized as additions or charges to the corresponding assets and asset retirement obligation when they occur. The cost of ongoing current programs to prevent and control pollution is charged against profit and loss as incurred.

h) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and at hand and short-term deposits with an original maturity of three months or less.

i) Inventory

Inventory includes supplies, stockpiled ore, work in progress and finished goods. Gold bullion, gold in concentrate, metal in circuit and ore stockpiles are physically measured or estimated and valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling final product. Cost is determined by the weighted average method and comprises direct purchase costs and appropriate portion of fixed and variable overhead costs, including depreciation and amortization, incurred in converting materials into finished goods. Separately identifiable costs of conversion are specifically allocated.

<u>Supplies inventory</u> consists of consumables used in mining and processing operations and are valued at the lower of cost and net realizable value using the first-in-first-out method. Supplies used in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

<u>Stockpiled ore</u> represents material that has been extracted from the mine that is ready for further processing. Stockpiled ore is measured by estimating the number of tonnes added and removed from the stockpile and is verified based on period surveys. Stockpiled ore is valued based on the current mining costs (including depreciation and amortization) incurred up to the point of stockpiling the ore using the average cost method. Costs include direct labour, mine-site overhead, and depreciation and depletion on Selinsing mine equipment and mineral properties.

<u>Work in progress</u> (including the material discharged from gravity plant for Cyanide in Leach ("CIL") process) represents gold in the processing circuit that has not completed the production process. Work in progress is recorded at average cost. Costs include direct labour, mine-site overhead, and depreciation and depletion on Selinsing mine equipment and mineral properties.

<u>Finished goods</u> inventory is metal available for sale and is valued at the lower of average production cost and net realizable value.

Restricted inventory is valued at the lower of average production cost and net realizable value.

j) Financial instruments

The Company's financial instruments are classified as loans and receivables (cash and cash equivalents, restricted cash, accounts receivable), other financial liabilities (accounts payable, accrued liabilities, funds in escrow, liability component of convertible debt) and the financial liabilities at fair value through profit or loss (FVTPL) (forward contracts, foreign currency share purchase warrants, derivative warrant liabilities and other derivative liabilities).

Fair value of financial instruments
The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Derivative Instruments – Foreign currency share purchase warrants

The share purchase warrants with an exercise price in Canadian dollars, which is different to the Company's functional currency (US dollars), are considered derivative instruments. The Company re-measures the fair value of foreign currency denominated share purchase warrants at each reporting date using the Black-Scholes option pricing model over the remaining life of the warrants and translates it into US dollar using the exchange rates at the reporting date. Adjustments to the fair value of the foreign currency share purchase warrants as at the reporting date are recorded in profit or loss.

Derivative Instruments - Gold forward purchase agreement

As the terms of the gold forward purchase arrangements provide the Company with an option to receive payment in a known amount of cash or ounces of gold, the value of the arrangement fluctuates based on the commodity price. The Company classifies the gold forward purchase agreements as derivative financial instruments. The undelivered gold balance is re-measured at fair value based on the gold forward market price at the reporting date.

Derivative Instruments – Gold inducement

The gold inducement contractual arrangement (the "gold inducement") with third parties to sell a fixed amount of gold ounces at the fixed price in US dollar or Canadian dollars during the contractual period at the discretion of the third parties is classified as a derivative instrument. The gold inducement derivative instrument includes the gold price derivative component and a foreign exchange derivative component. During the vesting period of the gold inducement, the gold price derivative component is measured at fair value based on a valuation model, under which the fair value is calculated based on the aggregated future cash flow derived by the forward price of gold, the foreign currency forward exchange rate and discounted at a risk free rate of return. Subsequent to the vesting period, the inducement is measured at fair value based on the spot gold market price (London Fix PM) at each reporting date as well as the foreign exchange rate at the reporting period.

Derivative Instruments - Compound Instruments (Conversion Features)

On initial recognition, the Company allocates the proceeds between the debt and equity components by first allocating to the debt components based on their fair value, then residual value being allocated to the equity components. Transaction costs are allocated between the various components on a pro-rata basis.

Subsequent to initial recognition, the Company classifies the debt component as other financial liabilities measured at amortized cost using the effective interest method such that upon maturity, the debt balance recorded will equal the maturity value of the remaining outstanding debt. The corresponding transaction costs are recorded against the debt and are amortized over the term to maturity. The increase in the debt balance and amortization of related financing costs are reflected as interest and accretion expense in profit or loss.

k) Share-based payments

The Company uses the fair value method for accounting for stock-based awards to employees (including directors). Under the fair value method, compensation expenses attributed to the direct award of stock options to employees are measured at the fair value at the grant date for each tranche using an option pricing model and are usually recognized over the vesting period of the award. When the stock options are exercised, the cash proceeds received and the applicable amounts previously recorded in capital reserve - options are credited to share capital.

l) Share capital

Common shares are classified as equity. Incremental cost directly attributable to the issuance of common shares is recognized as a deduction from equity.

Share purchase warrants that are issued for goods and services are initially accounted for under IFRS 2 as equity instruments (their initial fair value would be recognized as share issuance costs). Subsequent to their issuance, share purchase warrants issued for goods and services are considered as equity for their entire life. The fair value of such share purchase warrants is not re-measured. When these share purchase warrants are exercised, the cash proceeds received and the applicable amounts of share purchase warrants are credited to share capital. Where share purchase warrants expire or are forfeited then these amounts are credited to share capital - warrants reserve within equity.

m) Earnings/(loss) per share

Earnings/(loss) per share are calculated based on the weighted average number of common shares issued and outstanding during the year. Diluted earnings/(loss) per common share are calculated using the treasury stock method for outstanding stock options and warrants. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted earnings per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and similar instruments that are “in the money” would be used to repurchase common shares of the Company at the average market price during the year. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

The incremental common shares issuable upon the exercise of stock options and warrants are excluded from the computation if their effect is anti-dilutive.

n) Revenue recognition

The Company’s operations produce gold in dorè form, which is refined to pure gold bullion as final product prior to sale primarily in the London spot market or under gold sale contracts. Revenue from the sale of metals is recognized in the financial statements when the following conditions have been satisfied:

- the significant risks and rewards of ownership have been transferred;
- neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold, has been retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Insignificant amount of revenue generated from by-product such as silver is credited to the cost of goods sold when its percentage of revenue is less than 5% of total revenue.

o) Gold forward sales transactions

The gold forward sale contracts are held for the purpose of delivery of gold in accordance with the Company’s expected sale requirements. The consideration received is deferred until such time as gold is delivered and revenue recognition conditions are satisfied.

p) Segmented Reporting

In identifying its operating segments, management generally follows the Company’s activities. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company’s other components. The activities are undertaken by the mine operating segment and the exploration & evaluation segment and are supported by the corporate segment, each segment is managed separately. The operating results of the segments are reviewed regularly by the Company's Chief Executive Officer (who is considered the chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

q) Related Party Transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

r) Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS as issued by the IASB requires management to make estimates and judgments that affect the amount reported in the financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and subject to measurement uncertainty. The effect on the financial statements of changes in such estimates in future reporting period could be significant.

Significant estimates and areas where judgment is applied that have significant effect on the amount recognized in the financial statements include:

Purchase Price Allocation and valuation of deferred consideration assets

Measuring asset acquisition transactions requires each identifiable asset and liability to be measured at its acquisition-date relative fair value. The determination of the acquisition-date relative fair values often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of mineral properties, plant and equipment acquired generally require a high degree of judgment, and include estimates of mineral reserves acquired, future metal prices and discount rates. Changes in any of the assumptions or estimates used in determining the relative fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and non-controlling interests in the purchase price allocation.

Determination of commencement of commercial production and completion of the gold processing plant upgrade

The Company determines a mining asset to be in commercial production and processing plants to be in use once the plant has been in intended operation for a consistent 30 days. Intended operation is determined by the Company. Estimations over processing grades and other mining factors impact this determination. This estimation impacts the timing of amortization, depletion and depreciation of plant & equipment and mineral properties.

Areas where critical accounting estimates include fair values applied to establish the amounts include:

Mineral Reserves

Proven and probable reserves are the economically mineable parts of the Company's measured and indicated mineral resources demonstrated by at least a preliminary feasibility study. The Company estimates its proven and probable reserves, measured, indicated and inferred mineral resources based on information compiled by appropriately qualified persons. The estimation of future cash flows related to proven and probable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the proven and probable reserves or measured, indicated and inferred mineral resources estimates may impact the carrying value of property, plant and equipment, reclamation and remediation obligations, recognition of deferred tax amounts and depreciation and amortization.

Depreciation and amortization and determining useful lives

Mineral properties in production are amortized on a unit-of-production basis over the economically recoverable reserves. Mobile and other equipment is depreciated, net of residual value, on a straight-line basis, over the useful life of the equipment but does not exceed the related estimated life of the mine based on proven and probable reserves. The calculation of the UOP rate, and therefore the annual depreciation and amortization expense could be materially affected by changes in the underlying estimates. Changes in estimates can be the result of actual future production differing from current forecasts of future production, expansion of mineral reserves through exploration activities, differences between estimated and actual costs of mining and differences in gold price used in the estimation of mineral reserves. Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation and amortization and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

Impairment of long-lived assets

The carrying value of property, plant and equipment is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in profit or loss.

Inventory Valuation

Expenditures incurred including depreciation and amortization of assets used in mining and processing activities are deferred and accumulated as the cost of ore in stockpiles, work in process, metal in circuit and finished metal inventories. These deferred amounts are carried at the lower of average cost or net realizable value ("NRV"). Write-downs of ore in stockpiles, in-process and finished metal inventories resulting from NRV impairments are reported as a component of current period costs. The primary factors that influence the need to record write-downs include prevailing and long-term metal prices and prevailing costs for production inputs such as labour, fuel and energy, materials and supplies, as well as realized ore grades and actual production levels. The allocation of costs to ore in stockpiles, ore on leach tanks and in-process inventories and the determination of NRV involve the use of estimates. There is a high degree of judgment in estimating future costs, future production levels, proven and probable reserves estimates, gold and silver prices, and the ultimate estimated recovery for ore on leach tanks. There can be no assurance that actual results will not differ significantly from estimates used in the determination of the carrying value of inventories.

Provision for reclamation and remediation obligations

The Company assesses its provision for asset retirement obligations on an annual basis or when new material information becomes available. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each mining operation. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation.

Deferred taxes

The Company recognizes the deferred tax asset to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. To the extent that future cash flows and taxable profit differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

Derivative liabilities

Management is required to determine assumptions used in financial fair value models to estimate derivatives liabilities raised from share purchase warrants, foreign currency forward exchange contracts, gold forward contracts and gold inducement where contractually applicable. The assumptions may be adjusted at each reporting period and the actual value of the derivative liability may differ from the amount currently provided.

Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and is expensed to profit or loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

s) Recent accounting pronouncements

The IASB issued the following suite of consolidation and related standards, all of which are effective for annual periods beginning on or after January 1, 2013. The Company has not yet determined the impact of these standards may have on its consolidated financial statements.

IFRS 10 ''Consolidated Financial Statements'' (''IFRS 10''), which replaces parts of IAS 27, ''Consolidated and Separate Financial Statements'' (''IAS 27'') and all of SIC-12 ''Consolidation – Special Purpose Entities'', changes the definition of control which is the determining factor in whether an entity should be consolidated. Under IFRS 10, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

IAS 27 ''Separate Financial Statements (2011)'' (''IAS 27 (2011)'') was reissued and now only contains accounting and disclosure requirements for when an entity prepares separate financial statements, as the consolidation guidance is now included in IFRS 10.

IFRS 11 ''Joint Arrangements'' (''IFRS 11''), which replaces IAS 31 ''Interests in Joint Ventures'' and SIC-13 ''Jointly Controlled Entities – Non-monetary Contributions by Venturers'', requires a venturer to classify its interest in a joint arrangement as either a joint operation or a joint venture. For a joint operation, the joint operator will recognize its assets, liabilities, revenue and expenses, and/or its relative share thereof. For a joint venture, the joint venturer will account for its interest in the venture's net assets using the equity method of accounting. The choice to proportionally consolidate joint ventures is prohibited.

IAS 28 ''Investments in Associates and Joint Ventures (2011)'' (''IAS 28'') was amended as a consequence of the issuance of IFRS 11. In addition to prescribing the accounting for investments in associates, it now includes joint ventures that are to be accounted for by the equity method. The application of the equity method has not changed as a result of this amendment.

IFRS 12 ''Disclosure of Interests in Other Entities'' (''IFRS 12'') is a comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, and structured entities. This standard carries forward the disclosures that existed under IAS 27, IAS 28 and IAS 31, and also introduces additional disclosure requirements that address the nature of, and risks associated with an entity's interests in other entities.

Fair value measurement

The IASB also has issued the following standard, which is effective for annual periods beginning on or after January 1, 2013, for which the Company has not yet determined the impact on its consolidated financial statements.

IFRS 13 ''Fair Value Measurement'' (''IFRS 13'') provides guidance on how fair value should be applied where its use is already required or permitted by other IFRS standards, and includes a definition of fair value and is a single source of guidance on fair value measurement and disclosure requirements for use across all IFRS standards.

4. Restricted Cash

The Company has restricted cash of $109,833 ($105,905 – 2012) which represents issued letters of credit for payment guarantee for equipment.

5. Gold Forward Purchase Agreement

On January 12, 2012, the Company entered into an "Agreement for Sale of Gold" (the "Second Gold Forward Purchase Agreement") with Queenstake Resources USA, Ltd. whereby $5,000,000 was paid in advance to purchase 3,665 troy ounces of gold to be delivered on the June 12, 2012 settlement date or, alternatively receive (at the Company's option) an amount of $6,000,000. On June 15, 2012, the Company signed an "Extension for Sale of Gold" with Queenstake Resources USA, Ltd. to extend the settlement date from June 12, 2012 to October 31, 2012 with the monthly penalty at the rate of 2.25% over $6,000,000, or $135,000 per month. The penalty amount becomes payable on the 7th day after the month; unpaid amount of penalty due, if any, shall be added to the principal amount, which in turn shall be used to calculate the penalty for the following month.

The Company classified the gold forward purchase agreement as a derivative financial instrument and re-measured the undelivered gold balance at fair value in the amount of $6,518,569 ($6,102,543-2012), which is based on the gold forward market price $1,779/oz ($1,665/oz - 2012) as at the reporting date. The difference, $416,026 (Q1, 2012 - $66,508), between the paid amount and the fair value was recorded in profit or loss.

(in United States dollars, except otherwise stated)

6. Inventories

	September 30, 2012	June 30, 2012
Mine operating supplies	$ 1,697,732	$ 1,611,707
Stockpiled ore	15,501,411	17,170,619
Material discharged from gravity plant for CIL process	1,884,169	1,892,919
Work in progress	3,808,827	1,894,541
Finished goods	5,125,078	4,019,154
	$ 28,017,217	$ 26,588,939
Less: restricted finished goods (Note 10)	(5,125,078)	(3,036,956)
Total inventories	$ 22,892,139	$ 23,551,984

7. Plant and Equipment

	Mineral Properties - Selinsing Gold	Buildings	Plant & Equipment	Construction in Progress	Other*	Total
Cost						
As at June 30, 2011	$22,078,871	$1,043,474	$17,940,095	$ 1,370,854	$2,014,266	$44,447,560
Acquisition (Note 8f)	-	-	4,972,487	-	27,513	5,000,000
Addition	2,887,587	52,839	1,855,837	7,345,847	297,124	12,439,234
Disposal	-	-	(8,714)	-	(5,103)	(13,817)
As at June 30, 2012	$ 24,966,458	$ 1,096,313	$ 24,759,705	$ 8,716,701	$ 2,333,800	$ 61,872,977
Transfer	260,247	-	8,456,454	(8,716,701)	-	-
Addition	239,167	28,451	235,461	-	89,412	592,491
As at September 30, 2012	$ 25,465,872	$ 1,124,764	$ 33,451,620	$ -	$ 2,423,212	$ 62,465,468
Accumulated depreciation						
As at June 30, 2011	$(7,054,083)	$(44,337)	$(1,919,008)	-	$(417,808)	$(9,435,236)
Charge for the period	(6,370,369)	(111,127)	(2,247,238)	-	(283,863)	(9,012,597)
Disposal	-	-	4,137	-	-	4,137
As at June 30, 2012	$ (13,424,452)	$ (155,464)	$ (4,162,109)	-	$ (701,671)	$ (18,443,696)
Charge for the period	(1,977,965)	(27,729)	(1,626,514)	-	(62,857)	(3,695,065)
As at September 30, 2012	(15,402,417)	(183,193)	(5,788,623)	-	(764,528)	(22,138,761)
Net book value						
As at June 30, 2011	$ 15,024,788	$ 999,137	$16,021,087	$ 1,370,854	$ 1,596,458	$ 35,012,324
As at June 30, 2012	$ 11,542,006	$ 940,849	$20,597,596	$ 8,716,701	$ 1,632,129	$ 43,429,281
As at September 30, 2012	$ 10,063,455	$ 941,571	$27,662,997	$ -	$ 1,658,684	$ 40,326,707

*Other includes vehicles, computers and software, furniture and office equipment, leasehold improvement.

(in United States dollars, except otherwise stated)

8. Mineral Properties

	Selinsing Gold Property	Buffalo Reef	Famehub	Mersing Gold Project	Mengapur Project	Star Destiny	Total
	(Note 8(a))	(Note 8(b))	(Note 8(c))	(Note 8(d))	(Note 8 (f))	(Note 8 (e))	
Balance, June 30, 2011	**$ 1,245,459**	**$ 13,845,695**	**$ 4,974,591**	**$ -**	**$ -**	**$ -**	**$ 20,065,745**
Acquisition of mineral properties	4,508	-	-	2,421,213	81,197,531	3,681,578	87,304,830
Assay and analysis	67,579	56,866	17,327	-	183,479	61,635	386,886
Drilling	1,190,421	540,140	-	-	389,361	1,827,290	3,947,212
Geological	278,229	410,212	11,895	-	265,175	574,401	1,539,912
Site Activities	607,065	358,585	59,212	-	254,955	409,237	1,689,054
Metallurgical	9,314	100,017	-	-	53,844	19,694	182,869
Property fees	-	86,471	-	-	-	-	86,471
Stock-based compensation	-	-	-	-	10,887	10,603	21,490
Balance, June 30, 2012	**$ 3,402,575**	**$ 15,397,986**	**$ 5,063,025**	**$ 2,421,213**	**$ 82,355,232**	**$ 6,584,438**	**$115,224,469**
Acquisition of mineral properties	-	-	-	4,784	-	-	4,784
Assay and analysis	130,943	15,614	-	-	11,115	33,974	191,646
Drilling	220,006	350,036	-	-	-	1,342,630	1,912,672
Geological	42,614	132,458	-	-	11,800	225,946	412,818
Site Activities	176,025	183,947	-	-	37,174	327,895	725,041
Metallurgical	31,446	96,660	-	-	44,302	38,768	211,176
Mine Development	-	200,757	-	-	-	-	200,757
Property fees	-	-	-	-	63	69	132
Stock-based compensation	-	-	-	-	-	8,712	8,712
Balance, September 30, 2012	**$ 4,003,609**	**$ 16,377,458**	**$ 5,063,025**	**$ 2,425,997**	**$ 82,459,686**	**$ 8,562,432**	**$118,892,207**

Title to mineral properties

Although the Company has taken steps to verify the title to its mineral properties, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defect. To the best of the Company's knowledge, titles to its properties are in good standing.

Realization of assets

The investment in and expenditures on mineral properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Mineral exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

Environmental

The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

a) Selinsing Gold Property

The property is located in Pahang State, Malaysia. The Company acquired a 100% interest in the Selinsing Gold Property in 2007 and since then has developed a producing mine including the first open pit and a 400,000 tonnes per annum ("tpa") capacity gold treatment plant. Commercial production started in September 1, 2010. During the three month ended September 30, 2012, the Phase III gold plant upgrade was completed at total cost of $8.7 million and placed into production bring up the total mill capacity to 1,000,000 tonnes per annum.

As at the year ended June 30, 2011, the Company acquired exploration rights from local settlers for consideration of $107,429, covering prospective land that lies adjacent to the Selinsing operating open pit, which allow for further exploration and mining to be carried to the depth of the current open pit. The exploration rights are subject to ultimate consent from the Federal Land Development Authority ("FELDA").

During the period ended September 30, 2012, exploration activities were carried on underneath of the ore body where the first open pit is located. Exploration expenditure incurred during fiscal 2013 totaled $601,034, including drilling – $220,006, geological – $42,614, site activities – $176,025, metallurgical activities - $31,446 and assay and analysis – $130,943.

b) Buffalo Reef Prospect

On June 25, 2007, the Company acquired 100% of the common shares of Damar Consolidated Exploration Sdn. Bhd., a wholly-owned subsidiary of Avocet Mining PLC ("Avocet"), incorporated under the laws of Malaysia, thereby effectively acquiring 100% of the Buffalo Reef Tenement property interests, which lie continuously and contiguously along the gold trend upon which the Selinsing Gold Property is located. This property is an exploration and evaluation stage property.

During the year ended June 30, 2011, the Company acquired exploration rights from local settlers for consideration of $35,090, covering prospective land that lies adjacent to Buffalo Reef. The exploration rights are subject to ultimate consent from the Federal Land Development Authority ("FELDA").

During the three months ended September 30, 2012 mine development activities including site clearing and waste removal in preparation for mining activities. The cost incurred in relation to mine development was $200,757.

During the period ended September 30, 2012, the Company spent $978,509 on exploration and mine development activities, including: drilling – $350,036, geological – $132,458, mine development – $200,757, site activities – $183,947, metallurgical activities - $96,660 and assay and analysis – $15,614.

c) Famehub Acquisition

On August 13, 2010, the parties entered into a formal "Agreement of Purchase and Sale of Shares" with Famehub Venture Sdn. Bhd. ("Famehub"), a company incorporated in Malaysia to purchase a land package consisting of approximately 32,000 acres of prospective exploration land as well as the associated data base. This land is located to the east of the Selinsing Gold Project and the Buffalo Reef exploration property. The transaction was closed on September 13, 2010 through its wholly owned subsidiary Damar Consolidated Exploration Sdn. Bhd, by acquiring 100% of the issued and outstanding shares of Famehub for cash of US$1,426,628 (CAD$1,450,000) and the issuance of 14,000,000 fully paid shares of the Company (the "Famehub Acquisition").

During the period ended September 30, 2012, there was no expenditure on exploration.

d) Mersing Gold Project Acquisition

On September 26, 2011, the Company acquired 49% of the Mersing Gold Project through its wholly owned Malaysian subsidiary, Damar Consolidated Exploration Sdn Bhd. The Company signed an Earn-In Agreement with a Malaysian company, Emas Kehidupan Sdn Bhd ("EK") and its 30% joint venture partners, under which Monument has the right to earn up to a 100% interest in the "Mersing Gold Project". Pursuant to the terms of the Earn-In Agreement, Monument has initiated a two-year earn-in period of the Mersing Gold Project by paying CAD $500,000 cash and issuing 1,500,000 fully paid Monument shares to the vendors in exchange for 70% of the shares in EK. As EK holds a 70% interest in the Mersing Gold Project, the Company's 70% interest in EK gives it a 49% interest in the Mersing Gold Project. During the first two-year earn-in period, the Company is obligated to complete CAD $2,000,000 in exploration on the Mersing Gold Project.

(in United States dollars, except otherwise stated)

Cash	$ 484,650
Common shares	843,292
Transaction costs	59,047
Purchase consideration	$ 1,386,989

The fair values of identifiable assets and liabilities at the date of acquisition were as follows:

	Fair value consideration
Cash	$ 1,564
Mineral properties	2,425,997
Accounts payable and accrued liabilities	(448,198)
	1,979,363
Non-controlling interests (Note 16)	(592,374)
Net assets acquired	$ 1,386,989

During the period ended September 30, 2012, $4,784 was spent for stamp duty for shares acquired.

e) Star Destiny Sdn Bhd acquisition

On November 21, 2011 the Company acquired 100% interests of Star Destiny Sdn. Bhd. ("Star Destiny") through its wholly owned Malaysian subsidiary, Monument Mengapur Sdn. Bhd. for consideration of $3,140,000 (Malaysian Ringgit 10,000,000) in cash. The property is granted an exploration permit covering a 750 hectare property in Pahang State, Malaysia, adjacent to the Mengapur Polymetalic Project.

The acquisition was accounted for as an asset acquisition. The aggregate purchase price for the acquisition was $3,636,590, paid as follows:

	November 21, 2011
Cash	$ 3,140,000
Transaction costs	496,590
Purchase consideration	$ 3,636,590

The fair values of identifiable assets and liabilities at the date of acquisition were as follows:

	November 21, 2011 Fair value consideration
Cash	$ 3
Mineral properties	3,681,578
Accounts payable and accrued liabilities	(44,991)
Net assets acquired	$ 3,636,590

The transaction costs include legal costs in the amount of $35,010 and consulting cost in the amount of $461,580 incurred in relation to performing technical due diligence.

During the period ended September 30, 2012, the Company spent $1,977,994 on exploration activities, including: drilling – $1,342,630 geological – $225,946, site activities – $327,895, metallurgical activities - $38,768, stock based compensation – $8,712, property fees - $69, and assay and analysis – $33,974.

The Star Destiny Prospecting Permit expired on 23 September 2012. An application for renewal was filed by the permit holder in November 2011 as required by the Malaysian Mineral Enactment 2001. The Company has also applied for three Mining Licenses over the prospecting permitting area in 2009, 2010 and 2012.

(in United States dollars, except otherwise stated)

f) Mengapur project acquisition

On February 16, 2012, through its wholly owned Malaysian subsidiary Monument Mengapur Sdn. Bhd. ("MMSB") the Company acquired a 100% interest in Cermat Aman Sdn. Bhd. ("CASB"), a Malaysian company holding 100% of the Mengapur Project. The consideration is comprised of a cash payment of $60,000,000 and 300 shares of MMSB. As a result, the Company holds a 70% indirect interest in the Mengapur Polymetalic Project located in Pahang State, Malaysia,

Of the aggregate $60 million cash consideration, $5,000,000 has been allocated to plant and equipment installed at the Mengapur site and $11,000,000 placed into an escrow fund held by the Company as per the acquisition agreement in order to settle any potential claims from the Vendors' creditors against the Mengapur Project and the Company.

The Mengapur Project Acquisition transaction was accounted for as an asset acquisition. The aggregated purchase price for the acquisition of the Mengapur Project was $62,633,185, paid as follows:

	February 16, 2012
Cash	$ 60,000,000
Transaction costs	2,633,185
Purchase consideration	$ 62,633,185

The allocation of the purchase price has been prepared on a preliminary basis and is a result of management's best estimates and assumptions after taking into account all relevant information available at the time of these annual consolidated financial statements.

The provisional fair values of identifiable assets and liabilities at the date of acquisition were as follows:

	Fair value consideration
Prepaid local taxes	$ 7,083
Plant and equipment	5,000,000
Mineral properties	81,197,531
	86,204,614
Non-controlling interests (Note 16)	(23,571,429)
Net assets acquired	$ 62,633,185

Transaction costs in the amount of $2,633,185 included technical due diligence – $1,091,138, consulting – $1,000,000, legal and financial due diligence – $374,329 and government stamp fees – $167,719.

During the period ended September 30, 2012, the Company had spent $104,454 on the Mengapur Project, comprised of geological study – $11,800, site activities – $37,174, metallurgical tests – $44,302, assays and analysis – $11,115 and tailing storage fees - $63.

9. Financial Instruments and Financial and Capital Risk Management

The Company's financial instruments primarily include loans and receivables - cash and cash equivalents, restricted cash, trade and other receivables; derivative instruments at FVTPL - gold forward purchase agreement, foreign currency warrant liabilities, convertible note contract inducement; other financial liabilities - convertible notes, accounts payable and accrued liabilities, funds in escrow.

a) Fair value measurement

The carrying amounts of cash and cash equivalents, restricted cash, trade and other receivables and other financial liabilities – accounts payable and accrued liabilities are considered reasonable approximations of their fair values due to the short-term nature of these instruments. The Gold forward purchase asset and derivative warrant and gold inducement liabilities are classified as Level 2 within the fair value hierarchy.

b) Capital and financial risk management

The Company manages its capital to ensure that it will be able to continue to meet its financial and operational strategies and obligations, while maximizing the return to shareholders through the optimization of equity financing. The Board of Directors has established a number of quantitative measures related to the management of capital. Management continuously monitors its capital position and periodically reports to the Board of Directors.

The Company is sensitive to changes in commodity prices and foreign exchange. The Company's policy is to not hedge gold sales.

Capital management

The Company's capital management policy has not changed in the 2013 financial year.

The Company's objectives when managing capital are to:

- Ensure the Company has sufficient cash available to support the mining, exploration, and other areas of the business in any gold price environment;
- Ensure the Company has the capital and capacity to support a long-term growth strategy; and
- Minimize counterparty credit risk.

Monument has the ability to adjust its capital structure by issuing new equity, issuing new debt, and by selling or acquiring assets. The Company can also control how much capital is returned to shareholders through dividends and share buybacks.

The Company is not subject to any externally imposed capital restrictions.

The Company's financial instruments are exposed to market risk, credit risk, and liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of risk: foreign currency risk, price risk and interest rate risk.

Foreign currency risk

The Company is exposed to foreign currency risk to the extent financial instruments held by the Company are not denominated in US dollars.

As at September 30, 2012 and June 30, 2012, the Company is exposed to foreign currency risk through the following assets and liabilities denominated in Malaysian ringgit (RM), United States dollars and Canadian dollar (CAD):

(in 000's, US dollar equivalent)	September 30, 2012		June 30, 2012	
	RM	CAD	RM	CAD
Financial instrument – assets				
Cash and cash equivalents	715	17,120	1,153	6,851
Restricted cash	110		106	-
Trade and other receivable	115	136	2	370
Financial instruments – liabilities				
Accounts payable and accrued liabilities	(3,561)	(486)	(5,988)	(2,084)
Convertible notes		(6,389)		(5,915)
Gold Inducement		(5,937)		(4,590)
Derivative warrant liabilities		(4,405)		(3,552)

The convertible notes (Note 10), gold forward inducement (Note 12) and foreign currency share purchase warrants (Note 13), contain a number of derivative components that would cause exposure to foreign currency risk. The Company has not hedged any of its foreign currency risks. The derivative components associated to foreign currency fluctuation are fair valued at each reporting date and gains or losses are recorded in profit or loss.

Based on the above net exposures as at September 30, 2012 and assuming that all other variables remain constant, a 5% depreciation or appreciation of the RM against the US dollar would result in an increase of approximately $124,813 (June 30, 2012 – increase $220,048) in the Company's net income, depreciation or appreciation of the CAD against US dollar would result in an decrease of approximately $8,312 (June 30, 2012 – increase $428,810) in net income.

<u>Other price market risk</u>

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk or foreign currency risk.

The Company values the warrant derivative liabilities at fair value using the Black-Scholes option pricing model and record gains and losses to other income. As at September 30, 2012 and assuming that all other variables remain constant, a 5% increase/decrease in the market price of the Company's shares would result in unrealized fair value loss/income of approximately $75,663 (June 30, 2012 - $68,948) in the Company's net income.

<u>Commodity price risk</u>

The Company values the contract inducement derivative liabilities (Note 12) at fair value, which is based, in part, on the gold forward market price discounted to the reporting date during the vesting period and at gold market spot price at the reporting date after the inducement option has been vested. The Company values the gold forward purchase agreement at the gold forward purchase price for undelivered gold ounces. As at September 30, 2012 and assuming that all other variables remain constant, a 5% increase/decrease in the gold market price would result in unrealized fair value loss/income of approximately $435,177 (June 30, 2012 - $377,517) in the Company's net income.

<u>Interest rate risk</u>

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Generally, the Company's interest income will be reduced during sustained periods of lower interest rates as higher yielding cash equivalents and short-term investments mature and the proceeds are reinvested at lower interest rates. The converse situation will have a positive impact on interest income.

To limit interest rate risk, the Company uses a restrictive investment policy. The fair value of the investments of financial instruments included in cash and cash equivalents is relatively unaffected by changes in short-term interest rates. The investments are generally held to maturity and changes in short-term interest rates do not have a material effect on the Company's operations.

Credit risk

The Company's credit risk on the trade receivable is negligible and the balances were collected subsequent to end of reporting period.

The Company is exposed to concentration of credit risk with respect to cash and cash equivalents in the amount of $5,328,612 (June 30, 2012 – $1,566,982) is held with a Malaysian financial institution. The amount of $31,152,411 (June 30, 2012 – $17,832,589) is held with a Canadian financial institution.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through budgeting and forecasting cash flows to ensure it has sufficient cash to meet its short-term requirements for operations, business development and other contractual obligations. The Company's cash and cash equivalents are highly liquid and immediately available on demand for the Company's use.

The table below summarizes the maturity profile of the Company's non-derivative and derivative financial liabilities as at September 30, 2012.

	Current Within 1 year	Non-current 1 to 3 years
Non derivative liabilities		
Accounts payable and accrued liabilities	6,270,537	-
Finance lease obligations	16,684	11,148
Convertible notes	-	6,388,506
Funds in Escrow	-	11,000,000
Total	**$ 6,287,221**	**$ 17,399,654**
Derivative liabilities		
Gold Inducement	-	5,936,846
Warrants	-	4,405,427
Total	**$ -**	**$ 10,342,273**

10. Convertible Notes

On August 11, 2010, the Company closed a financing for issuance of convertible notes for $7,653,600 (CAD 8,000,000) (the "Notes").

The Notes have a term of five years and one day from the date of issuance and are to be repaid by the Company at the end of the term in cash in the amount of $10,091,796 (CAD 9,733,600), representing 121.67% of the principal amount (the "Repayment Amount"). Any early repayments or conversions of the Notes will result in a pro-rata adjustment of the Repayment Amount. The holders of the Notes (the "Noteholders") may, at any time, convert the Notes into units at a price of $0.38 (CAD 0.40) per unit (the "Conversion Feature") with each unit comprising one common share of the Company and one common share purchase warrant (the "Units"). Each share purchase warrant is exercisable at $0.48 (CAD 0.50) per share, expiring five years from the date of issuance of the Notes. The conversion feature of the convertible notes meets the definition of a derivative liability given that it is subject to an adjustment down to $0.35 (CAD 0.365) per unit should the Company issue common shares for cash proceeds in an amount below $0.38 (CAD 0.40) per share during the term of the Notes. Upon conversion, the Company is required to make a cash payment on the converted amount to the holder equal to the difference between the principal converted and the Repayment Amount on the balance at the conversion date.

In addition, the Company granted to the Noteholders the option to purchase an aggregate of 5,714 ounces of gold at a price of $1,000 US dollar or CAD equivalent per ounce and 2,857 ounces of gold at a price of $1,250 US dollar or CAD 1,250 per ounce at the discretion of the Noteholders at any time during the term of the Notes commencing 18 months after closing (the "Gold Inducement") (Note 13). The Gold Inducement can be exercised in US dollar or CAD at the discretion of the holder.

In connection with the issuance of the Notes, the Company also entered into gold purchase option agreements with each of the Noteholders (the "Option Agreements") whereby the Noteholder has the option to acquire gold from the Company up to an amount equal to the balance of the Note outstanding at the greater of: (i) $1,000 per ounce; and (ii) the gold price in US dollars as set by the London PM Fix and converted to Canadian dollars at the noon rate of exchange published by the Bank of Canada on the maturity date of the Notes, less a 5% discount.

The Company's obligations under the Convertible Notes and Forward Gold Sale are secured by designated gold metal accounts. In connection with such security, the Company is required to deposit an aggregate of 400 ounces of gold per month, up to a maximum of 13,000 ounces of gold, from the end of the first month following the earlier of (i) commencement of commercial production of the gold treatment plant of the Company's Malaysian subsidiary for its gold production operation in Malaysia; and (ii) the date that is three months from the closing. As at September 30, 2012 a total of 10,000 ounces of gold (June 30, 2012 – 8,800 ounces) were transferred to restricted metal accounts and included in restricted inventory (Note 6).

The net proceeds from convertible notes amounted to $6,752,821 after subtracting transaction costs totaling $900,778, of which $765,360 was for commission and $135,418 was for legal and regulatory fees.

(in United States dollars, except otherwise stated)

Upon initial recognition, the Company allocated the proceeds and transaction costs between the components based on their fair values as follows:

Allocation	Proceeds	Transaction costs	Net proceeds
Convertible notes	$ 4,618,437	$ 543,560	$ 4,074,877
Conversion Feature	2,646,790	311,510	2,335,280
Gold Inducement (Note 12)	388,373	45,709	342,664
Total	$ 7,653,600	$ 900,779	$ 6,752,821

Subsequent to initial recognition, the Notes are carried at amortized cost using the effective interest method based on a five year plus one day period at a discount rate of 17%; the Conversion Feature is adjusted to the estimated fair value using the Black-Scholes option pricing model, and the inducement is adjusted to fair value as disclosed in Note 13.

The continuity schedule of the Convertible Notes is as follows:

	September 30, 2012	June 30, 2012
Balance, beginning of the year	$ 5,914,982	$ 5,290,009
Accretion expense	257,847	921,939
Foreign exchange (gain) loss	215,677	(296,966)
Balance, end of the year	$ 6,388,506	$ 5,914,982

11. Gold Forward Sale Contract

In conjunction with the issuance of convertible notes (Note 10) ("the Notes") the Company entered into a gold forward sale contract resulting in the advance of $4,783,500 (CAD 5,000,000) to the Company on August 11, 2010. Net proceeds amounted to $4,248,375 after subtracting transaction costs in the amount of $535,125, of which $479,335 was for commission and $55,790 for legal and regulatory fees. The advance will be settled for 5,000 ounces of gold subject to adjustment for fluctuations in the CAD/USD foreign exchange rate (the "Gold Forward Sale"). The Forward Sale has a term of five years plus one day.

In addition, 5,000,000 common share purchase warrants were issued to the Lender on closing of the Gold Forward Sale. Each share purchase warrant is exercisable at CAD 0.50 per share, expiring five years from the date of issuance of the Notes. The warrants must be either exercised or otherwise expire on a pro-rata basis within 30 days of the delivery of gold by the Company.

Upon initial recognition, the Company first allocated the proceeds to the liability component based on the estimated fair value with the residual value being allocated to the deferred revenue. Transaction costs were allocated to the various components pro-rata as follows:

Allocation	Proceeds	Transaction costs	Net proceeds
Deferred revenue	$ 2,919,231	$ 326,571	$ 2,592,660
Warrants (Note 13 (c))	1,864,269	208,554	1,655,715
Total	$ 4,783,500	$ 535,125	$ 4,248,375

12. Derivative Liabilities – Gold Inducement

The Company re-measured the fair value of the gold inducement (Note 12) at each reporting date. The gain or loss due to change in fair value is recognized in profit or loss.

Derivative liabilities – Gold Inducement	September 30, 2012	June 30, 2012
Balance, beginning of the year	$ 4,589,518	$ 4,636,523
Change in fair value of gold inducement	1,347,328	(47,005)
Balance, end of the year	$ 5,936,846	$ 4,589,518
Fair value assumptions:		
Forward gold price, $/oz.	n/a	n/a
Spot gold price, $/oz.	$ 1,779	$ 1,599
Forward CAD/$ foreign exchange rate	n/a	n/a
Spot CAD/$ foreign exchange rate	0.9837	1.0191
Risk free rate	n/a	n/a

13. Derivative Warrant Liabilities

The Company has the following outstanding foreign currency warrants, which have been classified as derivative liabilities and re-measured at fair value at each reporting date:

	September 30, 2012	June 30, 2012
Derivative warrant liability - private placement (note 13 (a))	$ -	$ 3,809
Derivative unit liability - convertible notes (note 13 (b))	3,659,760	2,943,900
Derivative warrant liability - Gold Forward Sale Contract (note 13 (c))	745,667	607,764
Total	4,405,427	3,555,473
Current liabilities	-	(3,809)
Non-current liabilities	$ 4,405,427	$ 3,551,664

a) Derivative warrant liability – private placement

The Company closed a $26,345,486 (CAD$28,048,000) private placement on July 21, 2008 by issuing of 70,120,000 units at a price of $0.38 (CAD$0.40) per unit, which is comprised of one common share of the Company and one common share purchase warrant. Each of these warrants entitles the holder to purchase one additional common share of the Company for a price of CAD 0.50 until July 21, 2011.

On February 3, 2011, the TSX Venture Exchange consented for the Company to extend the term of 68,055,000 common share purchase warrants for another 12 months, from an expiry date of July 21, 2011 to an expiry date of July 21, 2012. The Company's functional currency is in United States Dollars, therefore Canadian dollar denominated common share purchase warrants were considered derivative instruments and were measured at fair value on the date of modification and subsequently at each reporting date, with subsequent changes in fair value recognized in profit or loss. As at February 3, 2011, the fair value of the extended warrants in the amount of $17,095,542 was estimated using the Black-Scholes option pricing model.

On July 12, 2012, 24,112,500 share purchase warrants were exercised at a price of CAD$0.50 per share, resulting in cash proceeds of $11,928,454 (CAD$12,056,250) and a $1,364 gain charged against earnings. The remaining 43,212,500 share purchase warrants expired on July 21, 2012, resulting in a gain of $2,445 charged against earnings.

(in United States dollars, except otherwise stated)

A summary of the changes in the Company's share purchase warrants for the period ended September 30, 2012 and the year ended June 30, 2012 is set out below:

	Period ended September 30, 2012		Year ended June 30, 2012	
	Number of warrants	Fair value Assigned	Number of warrants	Fair value Assigned
Balance, beginning of the year	67,325,000	$ 3,809	67,440,000	$ 11,291,935
Exercised during the period	(24,112,500)	(1,364)	(115,000)	(19,077)
Expired during the period	(43,212,500)	(2,445)	-	-
Fair value re-measured during the year	-	-	-	(11,269,049)
Balance, end of the year	-	-	67,325,000	$ 3,809
Exercise price, CAD		Expired		CAD 0.50
Expiry date		Expired		July 21, 2012
Fair value assumptions:				
Risk free rate		Expired		0.97%
Expected dividends		Expired		Nil
Expected life (years)		Expired		0.06
Volatility		Expired		39.47%

b) Derivative unit liability – convertible note

A summary of the changes in derivative unit liability in conjunction with Convertible Notes (Note 10) for the period ended September 30, 2012 and the year ended June 30, 2012 is set out below:

	Period ended September 30, 2012		Year ended June 30, 2012	
	Number of Units	Fair value assigned	Number of Units	Fair value assigned
Balance, beginning of the year	20,000,000	$ 2,943,900	20,000,000	$ 8,087,040
Fair value re-measured during the year	-	715,860	-	(5,143,140)
Balance – end of the year	20,000,000	$ 3,659,760	20,000,000	$ 2,943,900
Exercise price, CAD		CAD 0.40		CAD 0.40
Expiry date		Aug 11, 2015		Aug 11, 2015
Fair value assumptions:				
Risk free rate		1.30%		1.25%
Expected dividends		Nil		Nil
Expected life (years)		2.86		3.12
Volatility		51.05%		56.37%

(in United States dollars, except otherwise stated)

c) Derivative warrant liability – Gold Forward Sale contract

A summary of the changes in derivative warrant liability in conjunction with Gold Forward Sale contract (Note 11) for the period ended September 30, 2012 and the year ended June 30, 2011 is set out below:

	Period ended September 30, 2012		Year ended June 30, 2012	
	Number of Warrants	Fair value assigned	Number of Warrants	Fair value assigned
Balance, beginning of the year	5,000,000	$ 607,764	5,000,000	$ 1,906,185
Fair value re-measured during the year	-	137,903	-	(1,298,421)
Balance, end of the year	5,000,000	$ 745,667	5,000,000	$ 607,764
Exercise price, CAD		CAD 0.50		CAD 0.50
Expiry date		Aug 11, 2015		Aug 11, 2015
Fair value assumptions:				
Risk free rate		1.30%		1.25%
Expected dividends		Nil		nil
Expected life (years)		2.86		3.12
Volatility		51.05%		56.37%

14. Asset Retirement Obligation

The Company's asset retirement obligation consists of reclamation and closure costs for mine development and exploration activities. Although the ultimate amount of reclamation costs to be incurred cannot be predicted with certainty, the total undiscounted cash flows required to settle the Company's obligations is estimated to be $5.7 million (June 30, 2012 - $5.7 million) and is expected to be settled over the next ten years. This amount has been discounted using a pre-tax rate of 1.75% as at September 30, 2012 (June 30, 2012 – 1.72%). Significant reclamation and closure activities include land rehabilitation, decommissioning of tailing storage facilities, mined waste dump, road bridges, buildings and mine facilities. The following is an analysis of the asset retirement obligation:

	September 30, 2012	June 30, 2012
Balance, beginning of the year	$ 5,042,110	$ 4,249,810
Additions	-	193,746
Accretion expense	22,035	104,564
Reclamation performed	(6,035)	(9,130)
Reassessment of liabilities	(9,995)	705,056
Foreign exchange (gain) loss	187,863	(201,936)
Balance, end of the year	$ 5,235,978	$ 5,042,110

The reassessment of asset retirement obligations in credit amount of $9,995 (June 30, 2012 - $705,056) was caused by the change in discount rate from 1.72% as at June 30, 2012 to 1.75% as at September 30, 2012, the changes of the amount and timing of the underlying cash flows needed to settle the obligation. There are no additions for the period ended September 30, 2012. The additions in amount of $193,746 during the year ended June 30, 2012 is a result of the revised estimated cash outflows due to additional land disturbance and dismantle activities caused by the plant Phase III and Tailing Storage Facility construction work. The changes in the estimated cash outflows and the change in the discount rate are capitalized and added to the costs of corresponding assets in accordance with Company's accounting policy.

15. Share Capital

a) Authorized

Unlimited common shares without par value.

b) Common shares

Issued and outstanding:

	Number of shares	Value assigned
Balance, June 30, 2011	174,246,861	$ 63,484,007
Issued shares on acquisition of mineral properties (Note 8 (d))	1,500,000	843,292
Issued for exercised warrants	8,240,003	4,160,738
Issued for exercised stock options	558,666	207,258
Balance, June 30, 2012	184,545,530	$ 68,695,295
Issued for exercised warrants	24,112,500	11,928,454
Issued for exercised stock options	500,000	250,023
Balance, September 30, 2012	209,158,030	$ 80,873,772

c) Share purchase warrants

Due to the Company's functional currency being the US dollar, the issued and outstanding warrants that have an exercise price denominated in Canadian dollars are derivative instruments. The warrants have been recognized as a liability in the statement of financial position with changes in fair value recorded in profit or loss.

The continuity of the number of share purchase warrants is as follows:

Warrants issued in conjunction with:	**Private placement**	**Gold forward contract**	**Ball mill purchased**	**Total**	**Derivative warrant liabilities $**
Expiry date	July 21, 2012	Aug 11, 2015	Aug 12, 2011		
Exercise price	CAD 0.50 (Note 13(a))	CAD 0.50 (Note 11,13(c))	CAD 0.49		
	# of warrants	# of warrants	# of warrants	# of warrants	
Balance, June 30, 2011	67,440,000	5,000,000	8,125,003	80,565,003	$ 13,198,120
Exercised	(115,000)	-	(8,125,003)	(8,240,003)	(19,077)
Change in fair value					(12,567,470)
Balance, June 30, 2012	67,325,000	5,000,000	-	72,325,000	$ 611,573
Exercised	(24,112,500)	-	-	(24,112,500)	(1,364)
Expired	(43,212,500)			(43,212,500)	(2,445)
Change in fair value					137,903
Balance, September 30, 2012	-	5,000,000	-	5,000,000	$ 745,667

d) Convertible units

Due to the Company's functional currency being the US dollar, the issued and outstanding convertible units that have an exercise price denominated in Canadian dollars are derivative instruments. The convertible units have been recognized as a liability in the statement of financial position with changes in fair value recorded in profit or loss.

The continuity of the number of convertible units is as follows:

Convertible Units issued in conjunction with:	**Convertible Notes**	**Derivative unit liabilities $**
Expiry date	Aug 11, 2015	
Exercise price	CAD 0.50	
	(Note 10,13 (b))	
	# of units	
Balance, June 30, 2011	20,000,000	$ 8,087,040
Change in fair value		(5,143,140)
Balance, June 30, 2012	20,000,000	$ 2,943,900
Change in fair value		715,860
Balance, September 30, 2012	20,000,000	$ 3,659,760

e) Stock options

A new 10% Rolling Stock Option Plan (the "New Plan") was approved at the 2011 Annual General and Special Meeting to replace the existing Fixed Stock Option Plan with other terms intact. A total of 28,941,000 common shares are reserved under the Fixed Plan. Upon implementation of the New Plan, all existing stock options will forthwith be governed by the New Plan; however any vesting schedule imposed by the Fixed Plan in respect of the Existing Options will remain in full force and effect. The New Plan will not be made effective unless and until there is a sufficient number of shares of the Company issued and outstanding such that the number of outstanding options will not exceed 10% of the number of issued and outstanding shares.

Stock option activity is as follows:

	Number of common shares under option plan	Weighted average exercise price, CAD
Balance, June 30, 2011	24,799,167	CAD 0.40
Granted	1,550,000	CAD 0.46
Exercised	(558,666)	CAD 0.25
Forfeited	(115,000)	CAD 0.64
Balance, June 30, 2012	25,675,501	CAD 0.41
Granted	1,000,000	CAD 0.455
Exercised	(500,000)	CAD 0.30
Forfeited	(2,970,000)	CAD 0.50
Balance, September 30, 2012	23,205,501	CAD 0.40

(in United States dollars, except otherwise stated)

During the period ended September 30, 2012, 1,000,000 options were granted to directors and employees.
The following table summarizes the stock options outstanding at September 30, 2012:

	Options outstanding			Options exercisable	
Exercise Price, CAD	Number of common shares	Expiry date	Weighted average life (years)	Number of common shares	Weighted average exercise price
CAD 0.40	13,160,000	Aug 15, 2013	0.87	13,160,000	CAD 0.40
CAD 0.25	915,501	Dec 05, 2013	1.18	915,501	CAD 0.25
CAD 0.40	230,000	Dec 05, 2013	1.18	230,000	CAD 0.40
CAD 0.50	400,000	Dec 05, 2013	1.18	400,000	CAD 0.50
CAD 0.25	300,000	Feb 09, 2014	1.36	300,000	CAD 0.25
CAD 0.30	1,600,000	Jun 08, 2013	0.69	1,300,000	CAD 0.30
CAD 0.30	500,000	Jun 10, 2015	2.69	500,000	CAD 0.30
CAD 0.42	3,000,000	Sep 29, 2015	3.00	3,000,000	CAD 0.42
CAD 0.60	600,000	Nov 30, 2015	3.17	300,000	CAD 0.60
CAD 0.68	20,000	Jan 27, 2016	3.33	10,000	CAD 0.68
CAD 0.62	150,000	Jul 28, 2016	3.83	75,000	CAD 0.62
CAD 0.61	150,000	Aug 29, 2016	3.92	75,000	CAD 0.61
CAD 0.42	1,000,000	Jan 11, 2017	4.28	-	-
CAD 0.45	180,000	Mar 7, 2017	4.44	-	-
CAD 0.455	1,000,000	Sep 17, 2017	4.97	-	-
Total	23,205,501		1.65	20,265,501	CAD 0.39

The general terms of stock options granted under the amended plan include a maximum exercise period of 5 years and a vesting period of 3 years with one-third of the grant vesting on the first anniversary of the grant, one-third vesting on the second anniversary of the grant and one-third vesting on the third anniversary of the grant. The exercise prices of all stock options granted during the period were equal to the closing market prices at the grant date.

Using the Black-Scholes option pricing model the weighted average assumptions noted below were used to estimate fair value of all options recognized during the period ended September 30, 2012 as follows:

	For the period ended September 30, 2012
Risk-free interest rate	1.46%
Expected life	5 years
Expected volatility	73%
Expected dividends	nil

The weighted average fair value of options granted during three months ended September 30, 2012 is $0.455 (June 30, 2012 – $0.31).
The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

(in United States dollars, except otherwise stated)

16. Non-controlling Interests

Balance, June 30, 2011	$ -
Acquisition of Mersing Gold Project (Note 8 (d))	592,374
Acquisition of Mengapur Project (Note 8 (f))	23,571,429
(Loss) attributable to Mersing Gold Project (Note 8 (d))	(3,080)
Gain attributable to Mengapur Project (Note 8 (f))	25,556
Balance, June 30, 2012	$ 24,186,279
(Loss) attributable to Mersing Gold Project (Note 8 (d))	(711)
(Loss) attributable to Mengapur Project (Note 8 (f))	(46,104)
Balance, September 30, 2012	$ 24,139,464

17. Corporate Expenses

	September 30, 2012	September 30, 2011
Office and General Expenses	$ 41,819	$ 73,771
Rent & Utilities	50,301	31,902
Salaries & Wages	484,756	287,505
Share-based payments	124,366	206,270
Legal, consulting and audit	257,006	98,761
Shareholders communication	78,309	67,178
Travel	125,873	65,533
Regulatory compliance and filing	14,817	2,096
Project investigation	-	3,555
Amortization charge	28,318	70,330
	$ 1,205,565	$ 906,901

18. Earnings Per Share

The calculation of basic and diluted earnings per share for the relevant periods is based on the following:

	Three months ended	
	September 30, 2012	September 30, 2011
Net income for the period attributable to common shareholders	$ 10,833,682	$ 11,176,073
Basic weighted average number of common shares outstanding	205,735,747	178,836,156
Effect of dilutive securities:		
Warrants	-	7,737,627
Options	2,198,673	6,537,993
Convertible notes warrants	-	2,139,683
Convertible notes shares	20,000,000	20,000,000
Diluted weighted average number of common share outstanding	227,934,420	215,251,459
Basic earnings per share	$ 0.05	$ 0.06
Diluted earnings per share	$ 0.05	$ 0.05

All warrants and options are potentially dilutive in the period ended September 30, 2012 and the period ended September 30, 2011, but excluded from the calculation of diluted earnings per share are those for which the average market prices below the exercise price.

(in United States dollars, except otherwise stated)

19. Related Party Transactions

a) Entities with common key management personnel

During the three month period ended September 30, 2012 the Company did not have any entities with common key management personnel. The amount of transactions which have been entered into with related parties during the period ended September 30, 2011 as well as balances with related parties as at June 30, 2012:

Transactions with Related Parties -	Period ended	
	September 30, 2012	September 30, 2011
Veris Gold Corp. (formerly Yukon Nevada Gold Corp.)		
Reimbursement of expenses from related party	-	$ 104,364
Reimbursement of expenses to related party	$ 175,873	162,371

The sales to and purchases from related party represent the compensation for management, travel and administrative services and are priced on a cost basis.

Closing balances	September 30, 2012	September 30, 2011
Veris Gold Corp. (Yukon Nevada Gold Corp.)		
Receivable balance	$ 170,747	$ 65,280
Payable amount	35,198	128,623

Transactions with Related Parties - Gold forward purchase (*)		
	September 30, 2012	June 30, 2012
Queenstake Resources USA, Ltd.	$ 406,823	$ 6,102,543

(*) the balance of undelivered gold is measured at fair value based on the gold forward market price.

b) Key management personnel

Key management includes directors – executive and non-executive. The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel:

	Period ended	
	September 30, 2012	September 30, 2011
Salaries and directors' fees	$ 328,211	$ 208,432
Share-based payments	105,713	167,565
Total	$ 433,924	$ 375,997

c) Transaction with Director

For the three month period ended September 30, 2012, a Director of the Company earned $10,274 (September 30, 2011 - $21,420) for general consulting services to the Company, of which $2,846 was outstanding and included in accounts payable at September 30, 2012 (September 30, 2011 - $6,678).

(in United States dollars, except otherwise stated)

20. Commitments and Contingencies

	2013	2014	2015	2016	2017	Total
Operating leases	95,024	20,164	2,878	-	-	118,066
Purchase commitments	4,491,946	-		-	-	4,491,946
Financing commitments	-	-	13,215,800	-	-	13,215,800
Mineral property fees	5,283	7,043	7,043	7,043	7,043	33,455
Total	$ 4,592,253	$ 27,207	$ 13,225,721	$ 7,043	$ 7,043	$ 17,859,267

Operating leases are for premises and vehicle lease. Purchase commitments are primarily for mining operations. The Company also has Financing commitments through its Convertible note and Gold forward sale instruments. The Convertible note is discussed in note 10 and the Gold forward sale contract is discussed in note 11.

21. Supplemental Cash Flow Information

	Period ended September 30, 2012	Period ended September 30, 2011
Interest Received	$ 404,999	$ 35,513
Non cash financing and investing activities:		
Share-based compensation charged to mineral property interests	8,578	-
Expenditures on Mineral Properties included in accounts payable	1,481,750	107,119
Plant and equipment costs included in accounts payable	461,587	232,026
Fair value of exercise of stock options and warrants	99,632	19,077
Shares issued for Mersing acquisition	-	843,292

22. Segment Disclosures

The Company operates primarily in the gold mining industry and its major product is gold. Its activities include gold production, acquisition, exploration and development of gold and polymetalic properties. The Company's mining operations are in Malaysia.

The Company's reportable operating segments reflect the Company's individual mining interests and are reported in a manner consistent with the internal reporting used by the Company's management to assess the Company's performance.

Non-mining, corporate and other operations are reported in "Corporate".

a) Operating segments

September 30, 2012	Current Assets	Plant & Equipment	Mineral Properties	Liabilities
Mine Operations	34,457,155	33,952,227	-	10,251,436
Exploration & Evaluation	625,682	6,326,451	118,892,207	13,102,222
Corporate	38,071,122	48,029	-	20,724,079

June 30, 2012	Current Assets	Plant & Equipment	Mineral Properties	Liabilities
Mine Operations	24,810,421	37,002,921	-	9,992,864
Exploration & Evaluation	919,867	6,370,714	115,224,469	12,067,532
Corporate	24,449,513	55,646	-	19,380,623

(in United States dollars, except otherwise stated)

For the period ended September 30, 2012	Revenue	Depreciation & Amortization	Earnings/(Losses) from operations
Mine Operations	20,805,397	(2,242,673)	11,071,268
Exploration & Evaluation	-	-	(397,077)
Corporate	-	(7,890)	112,676
Total	**$ 20,805,397**	**$ (2,250,563)**	**$ 10,786,867**

For the period ended September 30, 2011	Revenue	Depreciation & Amortization	Earnings/(Losses) from operations
Mine Operations	14,430,298	(870,533)	17,202,068
Exploration & Evaluation	-	(127)	(3,143)
Corporate	-	(5,731)	(6,022,852)
Total	**$ 14,430,298**	**$ (876,391)**	**$ 11,176,073**

b) Geographic segments

The Company's reportable segments operate within two geographic segments – Malaysia and Canada.

	Revenue	
	Three months ended September 30, 2012	Three months ended September 30, 2011
Geographic information:		
Malaysia	20,805,397	14,430,298
Canada	-	-
Total	$ 20,805,397	$ 14,430,298

September 30, 2012	Current Assets	Plant & Equipment	Mineral Properties	Liabilities
Malaysia	35,082,837	40,278,678	118,892,207	23,353,658
Canada	38,071,122	48,029	-	20,724,079

June 30, 2012	Current Assets	Plant & Equipment	Mineral Properties	Liabilities
Malaysia	25,730,288	43,373,636	115,224,469	22,060,396
Canada	24,449,513	55,646	-	19,380,623

23. Subsequent Events

a) Stock option exercise

In October 2012, subsequent to the end of the reporting period, 100,000 stock options were exercised at an exercise price of CAD$0.40 per share, bringing up the total numbers of options and shares outstanding to 23,105,501 and 209,258,030 respectively.

b) Private placement

On October 17, 2012, the Company announced that its Board of Directors has approved a non-brokered private placement to Tulum Corporation ("Tulum") of up to 52,000,000 shares at a price of CAD0.45 per share for net proceeds of up to CAD23,400,000 to the Company. There are no warrants issued or finder's fees paid in connection with the private placement. The transaction remains subject to the approval of the TSX Venture Exchange. Proceeds of the placement will be used to fund the continuing development of the Mengapur Project.