Consolidated Financial Statements of

MONUMENT MINING LIMITED

(Expressed in US dollars)

Years ended June 30, 2011 and 2010

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Monument Mining Limited have been prepared by management in accordance with Canadian generally accepted accounting principles. The financial information contained elsewhere in this report has been reviewed to ensure consistency with the financial statements.

Management maintains systems of internal controls designed to provide reasonable assurance that the assets are safeguarded, all transactions are authorized and duly recorded, and financial records are properly maintained to facilitate the preparation of financial statements in a timely manner. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee of the Board of Directors has reviewed the consolidated financial statements with management and the external auditors. Smythe Ratcliffe LLP, an independent firm of chartered accountants appointed as external auditors by the shareholders, have audited the consolidated financial statements and their report is included herein.

"Robert Baldock"	"Cathy Zhai"
___________________________	________________________________
Robert Baldock,	Cathy Zhai,
President and Chief Executive Officer	Chief Financial Officer

Vancouver, British Columbia
September 27, 2011

SmytheRatcliffe
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MONUMENT MINING LIMITED

We have audited the accompanying consolidated financial statements of Monument Mining Limited, which comprise the balance sheets as at June 30, 2011 and 2010, and the statements of operations, earnings and accumulated other comprehensive loss, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Monument Mining Limited as at June 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Smythe Ratcliffe LLP

Chartered Accountants

Vancouver, British Columbia
September 27, 2011

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MONUMENT MINING LIMITED

Consolidated Balance Sheets (note 1)

(Expressed in U.S. dollars)

		June 30, 2011		June 30, 2010
Assets				
Current				
Cash and cash equivalents	$	49,063,026	$	3,722,746
Restricted cash (note 4)		103,500		174,400
Gold bullion (note 5)		1,505,490		-
Accounts receivable		1,924,131		1,843,755
Prepaid expenses and deposits		492,994		88,585
Inventory (note 6)		15,027,143		4,769,981
		68,116,284		10,599,467
Restricted inventory (notes 6 and 11(c))		1,109,619		-
Property, plant and equipment (note 8)		31,052,036		16,982,912
Mineral properties (note 9)		20,065,745		35,724,585
Deferred costs (note 14)		216,287		226,522
		52,443,687		52,934,019
	$	120,559,971	$	63,533,486
Liabilities and Shareholders' Equity				
Current				
Accounts payable and accrued liabilities	$	4,903,751	$	3,624,057
Current portion of capital lease obligations (note 10)		15,746		13,882
		4,919,497		3,637,939
Capital lease obligations (note 10)		32,257		44,771
Convertible notes (note 11(a))		5,290,009		-
Gold forward contract (note 11(b)		2,896,772		-
Derivative liabilities (note 11(a))		8,087,040		-
Asset retirement obligation (note 19)		2,583,970		2,419,940
Future income tax (note 20)		720,900		672,633
		24,530,445		6,775,283
Shareholders' equity				
Share capital (note 12)		64,518,798		58,923,649
Contributed surplus (note 12(e))		13,002,921		7,625,229
Accumulated other comprehensive loss (note 3)		(1,326,894)		(1,326,894)
Retained earnings (deficit)		19,834,701		(8,463,781)
		96,029,526		56,758,203
	$	120,559,971	$	63,533,486

(1) Commitments (note 16)

(2) Subsequent Events (note 22)

Approved on behalf of the Board:

"Robert Baldock" — Robert Baldock, Director

"George Brazier" — George Brazier, Director

See accompanying notes to consolidated financial statements.

MONUMENT MINING LIMITED

Consolidated Statements of Operations, Earnings and Accumulated Other Comprehensive Loss
(Expressed in U.S. dollars)

	For the years ended June 30, 2011	2010
Revenue		
Gold sales	$ 52,379,851	$ -
Cost of goods sold	9,134,079	-
	43,245,772	-
Depletion and amortization	2,528,611	-
Income from mining operations	40,717,161	-
Expenses		
General and administration	2,681,055	965,190
Stock-based compensation (note 12(d))	1,058,329	1,163,594
Legal, accounting and audit	627,034	222,929
Travel	343,146	114,030
Shareholder communications	222,500	123,991
Project investigation	190,104	-
Amortization	163,091	17,323
Regulatory compliance and filing	57,553	28,333
	5,342,812	2,635,390
Income (loss) before other items	35,374,349	(2,635,390)
Other income (loss)		
Interest income	104,946	28,131
Foreign currency exchange gain (loss)	40,426	(418,714)
Change in fair value of forward contract	-	(14,647)
Gain on forward contract (note 5)	1,602,306	
Gain on disposal of fixed assets	14,862	-
Accretion expense (note 11)	(1,145,509)	-
Gain (Loss) on derivative liabilities (note 11)	(4,759,797)	-
Income (loss) before taxes	31,231,583	(3,040,620)
Current income tax	(1,023)	(759)
Future income tax recoveries	21,600	6,541
Net income (loss) for the year	31,252,160	(3,034,838)
Other comprehesive loss		
Unrealized loss on translation to U.S. dollar reporting currency	-	(1,326,894)
Net income (loss) and comprehensive income (loss) for the period	$ 31,252,160	$ (4,361,732)
Earnings (loss) per share, basic (note 13)	$ 0.19	$ (0.02)
Earnings (loss) per share, diluted (note 13)	0.17	(0.02)
Deficit, Beginning of the year	(8,463,781)	(5,428,943)
Warrant extension (note 12(c))	(2,953,678)	-
Net income (loss) for the year	31,252,160	(3,034,838)
Retained earnings (deficit), End of the year	$ 19,834,701	$ (8,463,781)
Accumulated other comprehensive loss, Beginning of the year	(1,326,894)	-
Other comprehensive loss for the year (note 3)	-	(1,326,894)
Accumulated other comprehensive loss, End of the year	$ (1,326,894)	$ (1,326,894)

MONUMENT MINING LIMITED

Consolidated Statements of Cash Flows
(Expressed in U.S. dollars)

	For the years ended June 30, 2011	2010
Operating Activities		
Net income (loss) for the year	$ 31,252,160	$ (3,034,838)
Items not involving cash		
Unrealized foreign exchange loss (gain)	929,774	(14,685)
Unrealized foreign exchange loss (gain) on cash	(40,426)	15,279
Stock-based compensation	1,058,329	1,163,594
Gain on forward contract	(1,602,306)	9,578
Accretion expense on convertible notes	841,397	-
Accretion expense on gold forward sale	304,112	-
Loss on derivative liabilities	4,759,797	-
Accretion expense on asset retirement	259,463	-
Provision (recovery) for future income tax	48,267	(6,541)
Amortization	2,481,554	17,323
	40,292,121	(1,850,290)
Change in non-cash working capital items		
Accounts receivable	(80,376)	(3,876)
Prepaid expenses and deposits	(404,409)	(44,875)
Inventory	(4,964,811)	(4,568,032)
Deferred business development costs	101,217	-
Accounts payable and accrued liabilities	3,984,094	256,280
	(1,364,285)	(4,360,503)
Cash provided by (used in) operating activities	38,927,836	(6,210,793)
Financing Activities		
Proceeds from exercise of stock options and warrants	1,866,578	-
Cost of share issuance for debt settlement	-	(1,109)
Proceeds from convertible notes	7,653,600	-
Proceeds from forward gold sale	4,783,500	-
Transaction costs on convertible notes and forward gold sale	(1,435,904)	(133,604)
Payment of capital lease obligation	(10,650)	(13,878)
Cash provided by (used in) financing activities	12,857,124	(148,591)
Investing Activities		
Expenditures on mineral properties, net of recoveries	(3,332,827)	11,964,118
Expenditures on property, plant and equipment, net of recoveries	(3,587,145)	(7,782,350)
Purchase of gold bullion	(5,000,800)	-
Proceeds from disposition of gold bullion	5,365,575	-
Reclamation of asset retirment obligation	(809)	-
Cash provided by (used in) investing activities	(6,556,006)	4,181,768
Foreign exchange effect on U.S. currency reporting translation	-	282,723
Foreign exchange effect on cash	40,426	(15,279)
Increase in cash and cash equivalents	45,269,380	(1,910,172)
Cash and cash equivalents, beginning of the year	3,897,146	5,807,318
Cash and cash equivalents, end of the year	$ 49,166,526	$ 3,897,146
Cash and cash equivalents consist of:		
Cash	$ 39,219,375	$ 3,520,594
Cash equivalents	9,843,651	202,152
Restricted cash	103,500	174,400
	$ 49,166,526	$ 3,897,146

Supplemental Cash Flow Information (note 17)

See accompanying notes to consolidated financial statements.

1. Organization and Nature of Operations

Monument Mining Limited (the "Company") is a natural resource company engaged in the acquisition, exploration, development and operation of gold mineral property interests. Its primary activities include gold production on the open pit mine at the 100% owned Selinsing Gold Project ("Selinsing") and exploration on the 100% owned Selinsing, Damar Buffalo Reef gold mineral properties and Famehub prospects (note 9). The Company's head office is located in Vancouver, BC, Canada. Its gold project operations, exploration and development activities are carried out in Malaysia through its wholly owned integrated subsidiaries.

Effective September 1, 2010, the Company completed commissioning of a gold treatment plant and achieved commercial production at the Selinsing Gold Mine, and subsequently closed the acquisition of the Famehub properties and initiated new exploration programs on all its Malaysian mineral properties.

Upon the attainment of commercial production, the Company started to record proceeds from the sale of gold as revenues and associated expenses as cost of goods sold against operations instead of charging them against mineral properties and construction in progress. Further, given the Company achieved commercial production, the Company reclassified construction in progress costs to their respective property, plant and equipment classes, reclassified accumulated exploration and development costs on the Selinsing Gold Property from mineral properties to property, plant and equipment and started to amortize the corresponding amounts in accordance with the Company's amortization policy.

2. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

a. Basis of presentation

The consolidated financial statements include the accounts of the Company and its wholly-owned integrated Malaysian subsidiaries: Polar Potential Sdn. Bhd., Able Return Sdn. Bhd., Selinsing Gold Mine Manager Sdn. Bhd., Damar Consolidated Exploration Sdn. Bhd., Famehub Ventures Sdn. Bhd. and Monument Mengapur Sdn. Bhd. All material intercompany balances and transactions have been eliminated on consolidation.

<u>Change in functional and reporting currency</u>

Effective July 1, 2010, the Company changed its reporting currency and functional currency for its all operations to the United States dollar (US) from Canadian Dollar (CAD). The adoption of the US dollar as the unit of measure of the Company's operations reflects the transition from an exploration company to a mine operator and the resulting shift in operational exposure to the US dollar as the Company's sales are of products quoted in US dollars.

Prior to July 1, 2010, the Company reported its annual and quarterly consolidated financial statements with notes in CAD which also was used as the unit of measure of its all foreign and Canadian operations. In making the change in reporting and functional currency, the Company follows the recommendations of the Emerging Issues Committee (EIC) of the Canadian Institute of Chartered Accountants (CICA) set forth in EIC–130 – "Translation Method when the Reporting Currency Differs from the Measured Currency or there is a Change in the Reporting Currency."

In accordance with EIC – 130, the Company is required to translate all amounts presented for comparative purposes into US dollars using the current rate method whereby all revenues, expenses and cash flows are translated at average rates that were in effect during these periods and all assets and liabilities are translated at the closing rate in effect at the end of these periods. Equity transactions have been translated at historic rates. The exchange difference resulting from the translation is included in accumulated other comprehensive income (loss) presented in shareholders' equity.

The change in functional and reporting currency resulted in the following impact on the July 1, 2010, opening consolidated balance sheet with $1,326,894 foreign exchange loss on consolidation charged to accumulated other comprehensive loss in equity:

2. Significant Accounting Policies (continued)

a. Basis of presentation (continued)

	Reported at July 1, 2010, in CAD	Functional currency change	Reported at July 1, 2010 in US dollar functional currency
Total current assets	10,999,920	(400,453)	10,599,467
Total assets	64,585,598	(1,052,112)	63,533,486
Total current liabilities	3,859,014	(221,075)	3,637,939
Total liabilities	7,189,033	(413,750)	6,775,283
Equity	57,396,565	(638,362)	56,758,203

b. Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the balance sheet date, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on the management's experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Significant estimates made in the preparation of these financial statements include ore reserves and resource estimates, unit-of-production depreciation, exploration and evaluation expenditures determining accrued liabilities, valuation of inventory, to determine the carrying value of mineral property interests, estimates of useful lives of plant and equipment, estimates required to determine whether impairment of long lived assets is required, determination of asset retirement obligations and environmental obligations, estimations made in determining fair value of gold forward contracts, assumptions used in calculating fair-value of Agents' options, share purchase warrants and stock-based compensation, allocation of proceeds between common shares and warrants in unit offerings, valuation allowance for future income tax assets and determination of fair values of financial instruments. While management believes the estimates are reasonable, actual results could differ from those estimates used in the preparation of the financial statements and could impact future results of operations and cash flows.

c. Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments, with an original term to maturity of three months or less, that are readily convertible to known amounts of cash.

d. Gold bullion

Investments in gold bullion held are valued at the lower of average cost and net realizable value.

e. Inventory

Inventory components include supplies, stockpiled ore, work in progress and finished goods. All inventories are recorded at the lower of cost and net realizable value determined by reference to current resource pricing. The stated value of all inventories includes direct mining and processing costs, and attributable overhead and depreciation. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

Supplies inventory consists of consumables and spare parts used in mining and processing operations and are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business less applicable selling costs.

Stockpiled ore represents material that has been extracted from the mine and 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 and materials, mine-site overhead, and depreciation and depletion on Selinsing mine equipment, and mineral properties.

2. Significant Accounting Policies (continued)
e. Inventory (continued)

Work in progress 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, processing plant and mineral properties.

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

f. Property, plant and equipment
Property, plant and equipment are recorded at cost less accumulated depreciation and related 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, 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 substantially put into service.

Mineral properties in production are amortized on a unit-of-production 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	50 years
Machineries, heavy equipment and components of plant	2 – 20 years
Administrative furniture and equipment	10 years
Computers	2-5 years
Vehicles (including vehicles under capital lease)	5 years

Amortization expenses from production property and plant are inventoried; amortization from equipment used in exploration and development of mineral property interests are capitalized under mineral properties in development; amortization from administration capital assets are charged against operations.

g. Impairment of long-lived assets
The Company reviews and evaluates the carrying value of its operating mine, development and exploration properties for impairment whenever events or changes in circumstances indicate that the carrying amounts of related assets or group of assets might not be recoverable. Whenever the total estimated future cash flows on an undiscounted basis of a property is less that the carrying amount of the property, the impairment loss is recorded. The amount of loss is measured as the excess of the carrying value of the asset over its fair value. All long-lived assets at a particular operation are combined for purpose of estimated future cash flows.

Fair value may be determined based on values of recent transactions involving sale of similar properties for exploration properties or through a discounted cash flow analysis based on a life-of-mine plan.

h. Mineral property interests
The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property interest acquisition costs and exploration and development expenditures, net of any recoveries. These deferred expenditures will be amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse, abandoned or when impairment in value is determined to have occurred.

Mineral property interest acquisition costs include the cash consideration, 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.

2. Significant Accounting Policies (continued)
e. Mineral property interests (continued)

During the development of a mine, prior to the commencement of production, costs incurred to remove overburden and other mine waste materials in order to access the ore body at Selinsing open pit operations ("stripping costs") are capitalized to the related property and depleted over the productive life of the mine using the unit-of-production method. During the production phase of a mine, stripping costs are accounted for as variable production costs and included in the cost of inventory produced during the period except for stripping costs incurred to 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 depleted on a unit-of-production method over the reserves that directly benefit from the stripping activity.

When a mine construction project moves into the production stage, the capitalization of certain mine costs ceases and costs are either charged to inventory or expensed. Mining costs incurred to stockpile ores for production are charged to inventory.

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As such options are exercisable entirely at the discretion of the optionees, the amounts payable or receivable are not recorded at the time of the agreement. Option payments are recorded as property costs or recoveries when the payments are made or received.

i. Income taxes
Income taxes are accounted for using the liability method. Under this method, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax bases. The amount of future income tax assets recognized is limited to the extent that they are considered, more likely than not, to be realized. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

j. Earnings (loss) per share
Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year.

Diluted earnings (loss) per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted earnings (loss) per share assumes that the deemed proceeds received from the exercise of stock options, agents' 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. The dilutive effect of convertible securities is determined using the "if converted" method. Common share equivalents consisting of stock options, warrants and convertible securities are not considered in the computation of diluted earnings (loss) per share where their effect would be anti-dilutive.

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.

k. Stock-based compensation
The Company accounts for stock purchase options granted to directors, employees and consultants and other stock-based payments using the fair value based method. Under this method, compensation expense for options granted is determined based on estimated fair values of the options using the Black-Scholes option pricing model. For employees and directors, the fair value of the options is measured at the time of grant. For non-employees the fair value of the options is measured at the time of grant if they are fully vested and non-forfeitable, or the earlier of the date the performance is completed or the performance commitment is reached. The cost is recognized over the vesting or service period of the respective options and, with a corresponding increase to contributed surplus, is either capitalized to mineral property interests for grants to individuals working directly on mineral projects, capitalized to construction costs for grants to individuals working directly on construction of Selinsing, charged to inventory for grants to individuals working directly on mining or processing activities, or charged against operations otherwise. When stock options are exercised, the corresponding fair value is transferred from contributed surplus to share capital.

2. Significant Accounting Policies (continued)

l. Asset retirement obligation ("ARO")

The Company recognizes an estimate of the liability associated with an ARO in the financial statements at the time the liability is incurred. The estimated fair value of the ARO is initially recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on the basis and at rates consistent with the corresponding asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period or capitalized to the cost of the corresponding assets until the assets are substantially put into use. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded.

m. Revenue recognition

The Company's operations produce gold in dore form, which is refined to pure gold bullion 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 are met: persuasive evidence of an arrangement exists; title and risk passes to buyer, the price is fixed or determinable; and collectability is reasonably assured.

Revenue from gold sales is charged against construction when generated from commissioning of the plant; to mineral properties when generated from pre-commercial production; and to operations when generated from commercial production. Revenue generated from by-product such as silver is recognized in the same manner, however, is credited to the cost of goods sold when its percentage of revenue is less than 5% of total revenue.

n. Foreign currency translation

Monetary assets and liabilities are translated into US dollars at exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rates prevailing at the time of acquisition or assumption unless such items are carried at market, in which case they are translated at the exchange rates in effect at the balance sheet date. Interest income and operating expenses are translated at the exchange rates prevailing on the transaction date. Gains or losses on translation are recorded in the statement of operations.

o. Financial instruments

The Company's financial instruments consist of cash and cash equivalents, restricted cash, forward contracts, accounts receivable (excluding refundable taxes), accounts payable and accrued liabilities, convertible notes and derivative liabilities.

The Company's financial instruments are classified into one of five categories: held-for-trading (cash and cash equivalents, restricted cash, derivative liabilities), held-to-maturity investments, loans and receivables (accounts receivable (excluding refundable taxes)), available-for-sale financial assets or other financial liabilities (accounts payable and accrued liabilities, convertible notes). The conversion feature of convertible notes and its foreign exchange component are classified as derivative liability. All financial instruments are measured at fair value on initial recognition and recorded on the balance sheet. Subsequent measurement and changes in fair value depend on their initial classification as follows: held-for-trading financial assets and liabilities are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial assets are measured at fair value with changes in fair value recorded in other comprehensive income. The Company does not have any financial instruments classified as available-for-sale financial assets. Receivables and other financial liabilities are measured at amortized cost.

Transaction costs that are directly attributable to the acquisition or issuance of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments.

On initial recognition of convertible notes, the Company allocates the proceeds on hybrid instruments between the debt and equity components by first allocating the proceeds to the debt components with any residual value being allocated to the equity components. Where an instrument includes multiple debt components, proceeds are allocated amongst those components using the relative fair value method. Transaction costs are allocated between the various components pro-rata consistent with proceeds.

2. Significant Accounting Policies (continued)

o. Financial instruments (continued)

Subsequent to initial recognition, convertible notes are carried at amortized cost using the effective interest method, Conversion Feature is adjusted to fair value estimated using the Black Scholes option pricing model, and FX Component is adjusted to fair value using indicative foreign exchange forward contract spot rate.

Derivatives are adjusted to fair value at each reporting period with the corresponding gain or loss reported in the consolidated statement of operations. The corresponding transaction costs are expensed against operations during the period the transaction closed.

The value of any equity component remains unchanged in future periods except upon the exercise of warrants when the value is reclassified to share capital. The corresponding transaction costs are recorded against the equity component.

The carrying amounts of cash and cash equivalents, restricted cash, investments, accounts receivable and accounts payable and accrued liabilities are considered to be reasonable approximations of their fair values due to the short-term nature of these instruments

The Company employs foreign exchange forward contracts from time to time to mitigate the risk of changes in currency exchange rates. The Company does not apply hedge accounting and accordingly changes in fair value of the contracts are recorded in net income in the period they occur. The fair value of those contracts is estimated by reference to quoted market prices for actual or similar instruments where available.

p. Warrants

Unit issuances that include a common share and warrant are bifurcated into the share and warrant component for accounting purposes. The share and warrant components are bifurcated by allocating unit proceeds equal to the market price of the Company's stock to the share component and the residual amount of the unit proceeds to the warrant component. The warrant component is recorded in contributed surplus and is transferred to capital stock upon exercise of the underlying warrant.

q. Leases

The determination whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date.

Capital leases, which transfer to the Company substantially all rights and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction in lease liabilities so as to achieve a constant rate of interest of the remaining balance of liability. Finance charges are recognized in cost of goods sold in statement of operations.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainly that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating lease payments are recognized as an operating expense in the statement of operations on a straight-line basis over the lease term.

3. Recent pronouncements

Business combinations

In January 2009, the CICA issued Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-Controlling Interests". These sections replace former Section 1581," Business Combinations", and Section 1600, "Consolidated Financial Statements", and establish a new section for accounting for a non-controlling interest in a subsidiary.

For the years ended June 30, 2011 and 2010 (in United States dollars)

3. Recent pronouncements (continued)

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value. In addition, the definition of a business is expanded and is described as an integrated set of business activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

In August 2009, the CICA issued certain amendments to Section 3251 "Equity". The amendments apply to entities that have adopted Section 1602. The amendments require separate presentation on the statement of operations and comprehensive income of income attributable to owners of the Company and those attributable to non-controlling interests. The amendments also require that non-controlling interests be presented separately as a component of equity.

The Company early adopted these sections as of July 1, 2010 with no significant impact on the consolidated financial statements.

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Board has confirmed January 1, 2011 as the date that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises. As a result, the Company will report under IFRS for interim and annual periods beginning July 1, 2011, with comparative information for the year ended June 30, 2011 restated under IFRS. Adoption of IFRS as Canadian GAAP requires the Company to make certain accounting policy choices and could materially impact its reported financial position and results of operations.

4. Restricted Cash

	June 30, 2011	June 30, 2010
Bank Guarantee for customs clearance (a)	$ -	$ 15,394
Letter of Credit and payment guarantee for equipment (b)	103,500	159,006
	$ 103,500	$ 174,400

As at June 30, 2011:

a. The Company fulfilled the bank guarantee obligation during fiscal 2011 that was held to meet customs clearance requirements (June 30, 2010 - $15,394).

b. The Company has entered into agreements restricting cash of $103,500 (June 30, 2010 - $159,006) for payment on supplies and equipment.

5. Gold Bullion

On January 28, 2011, the Company entered into an "Agreement for Sale of Gold" (the "Gold Forward Contract") with Queenstake Resources USA, Ltd. a wholly owned subsidiary of Yukon Nevada Gold Corp. to pay $5,000,800 in advance to purchase 4,465 ounces of gold with a settlement date of June 30, 2011. Alternatively, the Company may require a cash payment of $6,000,960 instead of delivery in gold. The Gold Forward Contract was further guaranteed by "Escrow Agreement" under which Monument is entitled to receive 1,000,000 common shares of Yukon Nevada Gold Corp upon default of the Gold Forward Contract. Yukon-Nevada Gold Corp. is considered to be a related party by virtue of common management and common directors.

As at June 30, 2011, the 4,465 ounces from the Gold Forward Contract were received and the Company realized a gain of $1,602,306 on settlement of the contract. Of the 4,465 ounces received, as of June 30, 2011, 3,465 were sold for proceeds of $5,365,575. The remaining 1,000 ounces of gold is carried as a temporary investment at cost.

For the years ended June 30, 2011 and 2010 (in United States dollars)

6. Inventory

	June 30, 2011	June 30, 2010
Mine operating supplies	$ 942,383	$ 424,629
Stockpiled ore	11,282,007	2,199,104
Material discharged from ball mill for CIL process	1,949,689	1,905,911
Work in progress	853,064	240,337
Finished goods	1,109,619	-
	$ 16,136,762	$ 4,769,981
Less: restricted finished goods (note 11)	1,109,619	-
	$ 15,027,143	$ 4,769,981

7. Financial Instruments

a. Financial Assets and Liabilities

The carrying values of financial assets by category at June 30, 2011 and June 30, 2010 are as follows:

Financial assets	Held-for-trading		Loans and receivables	
	2011	2010	2011	2010
Cash and cash equivalents	$ 49,063,026	$ 3,722,746	$ -	$ -
Restricted cash	103,500	174,400	-	-
Accounts receivable (excluding refundable taxes)	-	-	1,924,131	1,843,755
	$ 49,166,526	$ 3,897,146	$ 1,924,131	$ 1,843,755

The Company's cash equivalents bear interest at rates of 1.20% to 1.38% (2010 – 0.60% to Prime less 2.00%) and mature on February 27, 2012 (2010 - July 14, 2010 and September 12, 2010).

The carrying values of financial liabilities by category at June 30, 2011 and June 30, 2010 are as follows:

Financial liabilities	Held for trading		Other liabilities	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
Convertible notes	$ -	$ -	$ 5,290,009	$ -
Derivative liabilities	8,087,040	-	-	-
Accounts payable and accrued liabilities	-	-	4,903,751	3,624,057
	$ 8,087,040	$ -	$ 10,193,760	$ 3,624,057

Cash and cash equivalents, restricted cash and accounts receivable are classified as Level 2 within the fair value hierarchy. The following table sets forth the Company's financial liabilities measured at fair value by level within the fair value hierarchy at June 30, 2011 (June 30, 2010 - $Nil):

	Level 1	Level 2	Level 3	Total
Derivative liabilities	-	-	8,087,040	8,087,040

b. Financial Instrument Risk Exposure

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

(i) 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.

7. Financial Instruments (continued)

b. Financial Instrument Risk Exposure (continued)

(i) Market risk (continued)

Currency risk

Concurrently with the adoption of the US dollar as the functional currency, effective July 1, 2010, the Company exposure to currency risk is to the extent the financial instruments held by the Company are not denominated in US dollars. Prior to July 1, 2010, as the functional currency was the Canadian dollar, the Company's exposure to foreign currency risk was to the extent financial instruments were not denominated in Canadian dollars.

As at June 30, 2011 and June 30, 2010, the Company is exposed to currency risk through the following assets and liabilities denominated in Malaysian ringgit (RM):

	June 30, 2011		June 30, 2010	
In thousands	RM	US	RM	US
Cash and cash equivalents	614	203	383	118
Restricted cash	312	103	565	175
Accounts receivable (excluding refundable taxes)	66	22	8	2
Accounts payable and accrued liabilities	(9,452)	(3,131)	(10,464)	(3,232)

Based on the above net exposures as at June 30, 2011, 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/decrease of approximately $83,000 (2010 – $143,000) in the Company's net earnings (losses).

As at June 30, 2011, the Company is exposed to foreign currency risk through the following assets denominated in CAD dollars:

	June 30, 2011	
In thousands	CAD	US
Cash and cash equivalents	9,585	9,938
Accounts receivable (excluding refundable taxes)	10	10
Accounts payable and accrued liabilities	(59)	(61)

Based on the above net exposures as at June 30, 2011, and assuming that all other variables remain constant, a 5% depreciation or appreciation of the Canadian dollar against the US dollar would result in an increase/decrease of approximately $494,000 (2010 – $142,000) in the Company's net earnings (losses).

In August, 2010, the Company received net proceeds of $11,001,196 from the convertible notes and forward gold sale. The contracts contain a number of derivative components that would cause exposure to foreign currency risk. The Company has not hedged against the foreign currency risk exposure. The derivative components associated to foreign currency fluctuation are adjusted to fair value at each period and gains or losses are recorded to the statement of operations (refer to note 11).

Commodity and other price risk

The Company is exposed to the risk of fluctuation in prevailing commodity prices on gold it produces. 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. On August 11, 2010, the Company issued the convertible notes which contain derivative liabilities. The Company values such derivative liabilities at fair market price using the Black-Scholes option pricing model with reference to the volatility of its own stock estimated using historical closing market prices and record gains and losses to other income. Assuming that all other variables remain constant, a 5% depreciation or appreciation of the Company's share market price would result in an increase/decrease of approximately $400,000 in the Company's net earnings (losses).

For the years ended June 30, 2011 and 2010 (in United States dollars)

7. Financial Instruments (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is subject to interest rate risk with respect to its cash equivalents and convertible notes.

This risk is limited with respect to cash equivalents due to the short-term to maturity. The convertible note bears interest at fixed rate (refer note 11 (a)) and is carried at amortized cost and as such is not exposed to interest rate risk.

(ii) Credit risk

Credit risk is the risk of a loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

The Company's credit risk is attributable to its liquid financial assets. The Company established an investment policy to avoid any investments other than government t-bills, term deposits guaranteed by major Canadian financial institutions, or term deposits at major Malaysian banks which are guaranteed by the Malaysian government. The Company's accounts receivable includes $1,843,416 (June 30, 2010 – $1,814,529) due from a single Australian Government-owned refinery in Western Australia. Credit risk on this receivable is negligible and the balance was collected subsequent to year-end.

The Company is exposed to concentration of credit risk with respect to cash and cash equivalents and restricted cash as $33,763,473 (June 30, 2010 - $3,634,437) is held with a single Malaysian financial institution. The remaining $15,403,053 (June 30, 2010 - $262,709) is held with various Canadian financial institutions.

(iii) 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 Company has funded its mine development, processing plant extension and exploration through shares issuances, convertible notes and a forward gold sale. To meet its repayment obligations and sale commitment, the Company is required to deposit gold on a monthly basis as collateral.

Contractual obligated cash flow maturities of financial liabilities as at June 30, 2011 are as follows:

	Total	under 3 months	4 to 12 months	1 to 3 Years	4 to 5 Years
Accounts payable and accrued liabilities	$ 4,963,751	$ 4,963,751	$ -	$ -	$ -
Convertible notes	$ 10,091,796	$ -	$ -	$ -	$ 10,091,796

Contractual obligated cash flow maturities of financial liabilities as at June 30, 2010 are as follows:

	Total	under 3 months	4 to 12 months	1 to 3 Years	4 to 5 Years
Accounts payable and accrued liabilities	$ 3,624,057	$ 3,086,519	$ 537,538	$ -	$ -

For the years ended June 30, 2011 and 2010 (in United States dollars)

8. Property, Plant and Equipment

	Cost	Accumulated amortization	Net book value, June 30, 2011	Cost	Accumulated amortization	Net book value, June 30, 2010
Selinsing Gold Open Pit Mine (note 9(a))	$ 20,784,408	$ 6,814,936	$ 13,969,472	$ -	$ -	$ -
Tailing storage facility construction in progress	491,406		491,406			
Buildings	967,026	40,552	926,474	713,893	20,309	693,585
Furniture and equipment	1,345,292	186,192	1,159,100	408,592	62,067	346,525
Computer	443,889	104,897	338,992	265,590	65,963	199,628
Vehicle	204,456	123,652	80,804	196,083	82,761	113,322
Leasehold improvements	20,630	3,067	17,563	-	-	-
Heavy equipment	1,652,879	167,455	1,485,424	1,226,079	-	1,226,079
Plant	13,404,232	1,700,878	11,703,354	14,597,622	206,961	14,390,660
Phase III plant expansion in progress	879,447	-	879,447	13,113	-	13,113
	$ 40,193,665	$ 9,141,629	$ 31,052,036	$ 17,420,973	$ 438,061	$ 16,982,912

Upon the attainment of commercial production, the Company reclassified construction in progress costs to their respective classes of property, plant and equipment and reclassified the Selinsing Gold Property from mineral properties to property, plant and equipment. Further, the Company started to amortize the corresponding assets in accordance with its amortization policy. The Selinsing Gold Property and processing plant are amortized on the unit-of-production basis over the expected life of the mine.

For the years ended June 30, 2011 and 2010 (in United States dollars)

9. Mineral Properties

	Selinsing Gold (Development)	Buffalo Reef (Exploration)	Famehub (Exploration)	Total
June 30, 2009	$ 33,011,884	$ 11,989,357	$ -	$ 45,001,241
Assay and analysis	-	23,556	-	23,556
Asset retirement obligation	1,235,662	-	-	1,235,662
Drilling	-	21,165	-	21,165
Geological	-	81,842	-	81,842
Site activities	190,095	6,254	-	196,349
Environmental	21,750	-	-	21,750
Socio-economic	7,449	588	-	8,037
Property fees	59,970	899	-	60,869
Recoveries, net of costs	(14,012,697)	-	-	(14,012,697)
Stripping costs	361,757	-	-	361,757
Stock-based compensation (note 12(d))	48,205	109,592	-	157,797
Foreign exchange credited to OCI (note 2)	1,357,858	1,209,398	-	2,567,256
June 30, 2010	$ 22,281,933	$ 13,442,652	$ -	$ 35,724,585
Reclassification to property, plant and equipment	(22,281,933)	-	-	(22,281,933)
Acquisition costs	102,921	35,090	4,971,686	5,109,697
Assay and analysis	15,953	19,155	-	35,108
Drilling	515,824	32,576	-	548,400
Geological	119,909	295,912	2,905	418,726
Site activities	357,008	51,243	-	408,251
Metallurgical	77,658	-	-	77,658
Property fees	-	17,315	-	17,315
Stock-based compensation (note 12(d))	-	6,881	-	6,881
Incurred during the year	1,189,273	13,900,824	4,974,591	20,064,688
Deposits for mineral property expenditures		1,057		1,057
June 30, 2011	$ 1,189,273	$ 13,901,881	$ 4,974,591	$ 20,065,745

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

Environmental legislation is becoming increasingly stringent as costs and expenses of regulatory compliance are increasing. 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.

9. Mineral Properties (continued)

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 unrecorded 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 has developed a producing mine by building a 400,000 tonnes per annum capacity gold treatment plant consisting of a gravity circuit and a Carbon In Leach (CIL) circuit designed to operate simultaneously. As at September 1, 2010, the Company completed the commissioning of the gold treatment plant and commenced a production. Accordingly, the accumulated cost of $22,281,933 was transferred from mineral properties to property, plant and equipment (note 8) and the Company began amortizing the carrying value on the unit-of-production basis.

During the year ended June 30, 2011, the Company acquired exploration rights for consideration of $102,921, covering prospective land that lies adjacent to the Selinsing operating open pit. As a part of 12 month exploration program, the Company also spent $1,086,352 mainly for drilling, geological and site activities.

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.

The Company was obligated to fund a $400,000 exploration program on the Buffalo Reef Tenement over two years. Avocet is entitled to receive $12 per ounce of gold discovered on a notional 49% of the ounces discovered as a result of the $400,000 two-year post closing exploration program. In fiscal 2009, Avocet terminated the Company’s exploration payment obligation for consideration of $1.

During the year ended June 30, 2011, the Company acquired exploration rights for consideration of $35,090, covering prospective land that lies adjacent to the Buffalo Reef Prospect. A twelve month exploration program also recommenced at the Buffalo Reef Prospect. The Company also spent $416,201 in the period mainly on drilling activities of which $41,908 relates to the extension of Monument’s participation with the Geological Department of Tasmania University in the “Centre of Ore Deposit Studies” (“CODES”) Program covering the central gold belt of Peninsular Malaysia for another three year period.

c. Famehub Acquisition

On January 14, 2008, the Company signed a Letter of Intent (“LOI”) with Famehub Venture Sdn Bhd. (“Famehub”), a company incorporated in Malaysia. Pursuant to the LOI, Famehub agreed to sell and the Company agreed to purchase a land package of approximately 32,000 acres of prospective exploration land and associated data base. This land is located to the east of Selinsing’s Gold Project and Buffalo Reef exploration property.

On August 13, 2010, the parties entered into a formal “Agreement of Purchase and Sale of Shares” under which the Company agreed to purchase the above described assets, through its wholly owned subsidiary Damar Consolidated Exploration Sdn Bhd, by acquiring 100% of the issued and outstanding Famehub shares for cash of $1,477,734 (CAD 1,500,000) , of which a $51,106 (CAD 50,000) deposit was paid in 2009, and the issuance of 14,000,000 fully paid shares of the Company (the “Famehub Acquisition”). Although the Company acquired 100% of the issued and outstanding common shares of Famehub, the Famehub Acquisition does not meet the definition of a business under HB 1582; accordingly, the Famehub Acquisition was accounted for as an asset acquisition.

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9. Mineral Properties (continued)

c. Famehub Acquisition (continued)

The transaction closed on September 13, 2010, and accordingly, the Company issued 14,000,000 common shares and paid $1,426,628 (CAD 1,450,000) during the year ended June 30, 2011.

The aggregated purchase price for the Famehub Acquisition was $4,982,115, paid as follows:

Cash	$ 1,477,734
Common shares	3,406,900
Transaction costs	97,481
	$ 4,982,115

The fair value of the Famehub assets acquired and liabilities assumed were as follows:

Cash	$ 1,815
Property, plant and equipment	48,375
Mineral properties	4,971,686
Accounts payable and accrued liabilities	(39,761)
	$ 4,982,115

10. Capital lease obligations

	June 30, 2011	June 30, 2010
2011	$ -	16,843
2012	18,061	16,843
2013	18,061	16,843
2014	16,045	14,967
Total minimum lease payments	52,167	65,496
Amount representing interest	(4,164)	(6,843)
Obligation under capital leases	48,003	58,653
Less: current portion	(15,746)	(13,882)
	$ 32,257	44,771

11. Convertible Notes and Forward Gold Sale

a. Convertible notes

On August 11, 2010, the Company closed a financing for $7,653,600 (CAD 8,000,000) from the issuance of convertible notes (the "Notes"). Net proceeds amounted to $6,752,822 after subtracting transaction costs totaling $900,778, of which $765,360 was for commission and $135,418 was for legal and regulatory fees.

11. Convertible Notes and Forward Gold Sale
a. Convertible notes (continued)

The Notes have a term of five years and one day from the date of the 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), at 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 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, as an inducement to enter into the subscription agreement for the Notes, the Company granted to the Noteholders the option to purchase an aggregate of 5,714 ounces of gold at a price of $1,000 USD or CAD equivalent per ounce and 2,857 ounces of gold at a price of $1,250 USD 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. Given the inducement can be exercised in USD or CAD at the discretion of the holder, the inducement contains a foreign exchange embedded derivative (the "FX Component").

In connection with the issuance of the Notes, the Company 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 U.S. 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.

Upon initial recognition, the Company allocated the proceeds and transaction costs between the components using the relative fair value method as follows:

Allocation	Proceeds	Transaction costs
Convertible notes	$ 4,618,438	$ 543,560
Conversion Feature	2,646,790	311,510
FX Component	388,372	45,708
Total	$ 7,653,600	$ 900,778

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 discount rate of 17%; the Conversion Feature is adjusted to fair value estimated using the Black Scholes option pricing model, and the FX Component is adjusted to fair value using indicative foreign exchange forward contract spot rate.

As at June 30, 2011, the Company estimated the fair values of the FX Component using the indicative foreign exchange forward contract spot rate of 1.026 and of the Conversion feature using the following assumptions:

Risk free rate	2.33%
Dividend rate	Nil
Expected life (years)	4.12
Volatility	86.06%

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11. Convertible Notes and Forward Gold Sale (continued)

a. Convertible notes (continued)

As of June 30, 2011 the continuity schedule of the Convertible Notes and associated derivative liabilities was set as follows:

	Aug. 11, 2010	Accretion Expense	Loss on conversion feature	Gain on FX Component	Foreign exchange loss	Jun. 30, 2011
Note	$ 4,074,877	$ 841,397	$ -	$ -	$ 373,735	$ 5,290,009
Derivative liability - Conversion Feature	2,646,790	-	5,440,250	-	-	8,087,040
Derivative liability - FX Component	388,372	-	-	(388,372)	-	-
Total	$ 7,110,039	$ 841,397	$ 5,440,250	$ (388,372)	$ 373,735	$ 13,377,049

b. Gold Forward Sale

On August 13, 2010, the Company entered into a forward sale agreement resulting in the advance of $4,783,500 (CAD5,000,000) to the Company. 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 contract will be settled for 5,000 ounces of gold subject to adjustment for fluctuations in the CAD/USD foreign exchange rate (the "Forward Sale"). The Forward Sale has a term of five years plus one day. Warrants for the purchase of 5,000,000 common shares with the same terms as described in connection with the Units above were issued to the lender on closing. 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.

The gold sale under the Forward Sale is in accordance with the Company's expected purchase, sale and usage requirements and accordingly has been recorded as deferred revenue. The warrants meet the definition of equity given they entitle the holder to a residual interest in 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 equity component. Fair value was calculated using a 2.5% quarterly discount rate over five years. Transaction costs were allocated to the various components pro-rata as follows:

Allocation	Proceeds	Transaction costs
Gold forward contract	$ 2,919,231	$ 326,571
Warrants	1,864,269	208,554
Total	$ 4,783,500	$ 535,125

Subsequent to initial recognition, the gold forward contract is carried at amortized cost using the effective interest method based on a five years plus one day period at discount rate of 12%.

As of June 30, 2011 the continuity schedule of the gold forward contract was set as follows:

	August 11, 2010	Accretion Expense	June 30, 2011
Gold forward contract	$ 2,592,660	$ 304,112	$ 2,896,772

c. Security Pledge

The Company's obligations under the Convertible Notes and Forward Sale are secured by designated gold metal accounts. In connection with such security, the Company is required to deposit an aggregate of 397 ounces of gold per month 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, up to a maximum 13,000 ounces of gold. As of June 30, 2011, a total 4,000 ounces of gold was transferred to restricted metal accounts and was included in restricted inventory (note 6).

For the years ended June 30, 2011 and 2010 (in United States dollars)

12. Share Capital

a. Authorized
Unlimited common shares without par value

b. Issued and outstanding

Common shares	Shares	Amount
Balance, June 30, 2009	155,640,028	$ 58,801,934
Shares issued for debt settlement (note 12(b)(i))	475,000	122,788
Share issuance costs for debt settlement (note 12(b)(i))	-	(1,073)
Balance, June 30, 2010	156,115,028	$ 58,923,649
Shares issued for Famehub acquisition (note 12(b)(ii))	14,000,000	3,406,900
Shares issued from the exercise of stock options	1,451,833	513,949
Fair value of stock options exercised	-	321,671
Shares issued from the exercise of warrants	2,680,000	1,352,630
Balance, June 30, 2011	174,246,861	$ 64,518,798

(i) On September 25, 2009, the Company issued 475,000 common shares valued at $0.26 per share to settle a debt owing to Avocet in the amount of $122,788. The Company incurred transaction costs in the amount of $1,073 for filling fees related to the transaction.

(ii) On September 13, 2010, the Company issued 14,000,000 common shares valued at $0.24 per share for a total value of $3,406,900 to acquire the Famehub Properties (note 9(c)). The shares were subject to a four months hold period, which expired on January 13, 2011.

c. Warrants

The continuity of share purchase warrants is as follows:

Expiry date	21-Jul-12	12-Aug-11	11-Aug-15	Total outstanding
Exercise price	$0.50	$0.47	$0.48	and exercisable
Balance, June 30, 2009 and 2010	70,120,000	8,125,003	-	78,245,003
Issued (note 11(b))	-	-	5,000,000	5,000,000
Exercised	(2,680,000)	-	-	(2,680,000)
Balance, June 30, 2011	67,440,000	8,125,003	5,000,000	80,565,003

On August 11, 2010, the Company issued 5,000,000 common share purchase warrants in conjunction with the Gold Forward Sale (note 11(b)). Each share purchase warrant is exercisable at $0.48 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.

On February 3, 2011, the TSX Venture Exchange (TSXV) consented to extend the term of 68,055,000 common share purchase warrants for 12 months, from an expiry date of July 21, 2011 to an expiry date of July 21, 2012. All other terms of those warrants remain intact including the exercise price. As of the date of the Company's application to the TSXV, 2,680,000 of these warrants have been exercised, leaving 67,440,000 warrants unexercised. An incremental fair value of $2,953,678 was recognized against retained earnings and contributed surplus for the warrant extension. The fair value of the extended warrants was estimated using the Black-Scholes option pricing model with the following assumptions: risk free rate of 1.33%, volatility of 53.24%, expected life of 1.46 years and no expected dividends. The fair value of the warrants prior to extension was estimated using the Black-Scholes option pricing model with the following assumptions: risk free rate of 1.07%, volatility of 57.82%, expected life of 0.46 years and no expected dividends.

For the years ended June 30, 2011 and 2010 (in United States dollars)

12. Share Capital (continued)

d. Stock options

At the Annual General Shareholders' Meeting of the Company held on November 9, 2010, the 2010 Stock Option Plan was approved (the "2010 Plan") and replaced the 2009 Stock Option Plan. The 2010 Plan increased the maximum number of the Company's shares reserved for issuance pursuant to option granted under the plan to 28,941,000 from 22,126,000 with other terms intact. According to the 2010 Plan, the Company grants stock purchase options to its directors, officers, employees and consultants. The number of shares reserved for issuance under the 2010 Plan shall not exceed 17% of the total number of issued and outstanding shares on a non-diluted basis. The total number of stock options granted during the year together with previously granted stock options shall not exceed, on a non-diluted basis, 6% for any one Optionee; 15% for Insiders as a group, 2% for any one Consultant; 2% for all Eligible Persons who undertake Investor Relations Activities. As at June 30, 2011, 29,826,000 stock options have been granted of which 3,505,000 were forfeited, 70,000 expired and 1,451,833 have been exercised, leaving 24,799,167 stock options are still outstanding and 2,690,000 shares reserved and to be granted under the 2010 Plan.

Stock option activity is as follows:

	Number of common shares under option	Weighted average exercise price
Balance, June 30, 2009	19,676,000	$ 0.38
Granted	2,930,000	$ 0.29
Forfeited	(5,000)	$ 0.30
Balance, June 30, 2010	22,601,000	$ 0.37
Granted	3,920,000	$ 0.45
Forfeited and expired	(270,000)	$ 0.58
Exercised	(1,451,833)	$ 0.32
Balance, June 30, 2011	24,799,167	$ 0.38

During the year ended June 30, 2011, 3,920,000 options were granted to employees and a director (2010 – 2,930,000 options were granted to employees, consultants and a director).

The following table summarizes the stock options outstanding at June 30, 2011:

	Options outstanding			Options exercisable	
Exercise Price	Number of common shares	Expiry date	Weighted average life (years)	Number of common shares	Weighted average exercise price
$ 0.47	2,900,000	Jul 05, 2012	1.02	2,900,000	$ 0.47
$ 0.38	13,160,000	Aug 15, 2013	2.13	12,910,000	$ 0.38
$ 0.20	1,459,167	Dec 05, 2013	2.44	1,459,167	$ 0.20
$ 0.31	230,000	Dec 05, 2013	2.44	230,000	$ 0.31
$ 0.39	400,000	Dec 05, 2013	2.44	400,000	$ 0.39
$ 0.21	300,000	Feb 09, 2014	2.62	300,000	$ 0.21
$ 0.28	500,000	Jul 29, 2012	1.08	500,000	$ 0.28
$ 0.36	30,000	Dec 17, 2014	3.47	15,000	$ 0.36
$ 0.29	1,600,000	Jun 08, 2013	1.94	700,000	$ 0.29
$ 0.29	500,000	Jun 10, 2015	3.95	250,000	$ 0.29
$ 0.40	3,000,000	Sep 29, 2015	4.25	1,000,000	$ 0.40
$ 0.58	600,000	Nov 30, 2015	4.42	-	-
$ 0.68	120,000	Jan 27, 2016	4.58	-	-
Total	24,799,167		2.36	20,664,167	$ 0.38

For the years ended June 30, 2011 and 2010 (in United States dollars)

12. Share Capital (continued)

d. Stock options (continued)

The following table summarizes the stock options outstanding at June 30, 2010:

	Options outstanding			Options exercisable	
Exercise Price	Number of common shares	Expiry date	Weighted average life (years)	Number of common shares	Weighted average exercise price
$ 0.47	3,300,000	Jul 05, 2012	2.02	3,300,000	$ 0.47
$ 0.58	70,000	Feb 18, 2011	0.64	70,000	$ 0.58
$ 0.38	13,390,000	Aug 15, 2013	3.14	8,229,451	$ 0.38
$ 0.39	400,000	Dec 05, 2013	3.44	400,000	$ 0.39
$ 0.31	230,000	Dec 05, 2013	3.44	115,000	$ 0.31
$ 0.20	1,731,000	Dec 05, 2013	3.44	1,681,000	$ 0.20
$ 0.21	550,000	Feb 09, 2014	3.62	275,000	$ 0.21
$ 0.28	800,000	Jul 29, 2012	2.08	800,000	$ 0.28
$ 0.36	30,000	Dec 17, 2014	4.47	-	-
$ 0.29	1,600,000	Jun 08, 2013	2.94	-	-
$ 0.29	500,000	Jun 10, 2015	4.95	-	-
Total	22,601,000		3.00	14,870,451	$ 0.38

The exercise prices of all stock options granted during the period were equal to the closing market prices at the grant date. The options outstanding have various vesting dates that range from 0 to 3 years.

Using the Black-Scholes option pricing model with the assumptions noted below, the estimated fair value of all options recognized during years ended June 30, 2011 and 2010 have been reflected in the financial statements as follows:

	For the years ended June 30, 2011	2010
Mineral property exploration and development	$ 6,881	$ 157,797
Property, plant and equipment	7,664	83,595
Inventory	17,095	-
Administration and operation	1,058,329	1,163,594
Total compensation cost recognized in operations, credited to contributed surplus	$ 1,089,969	$ 1,404,986

The weighted average assumptions used to estimate the fair value of options were:

	For the years ended June 30, 2011	2010
Risk-free interest rate	2.33%	2.32%
Expected life	5 years	5 years
Expected volatility	87%	93%
Expected dividends	nil	nil

The weighted average fair value of options granted during the year ended June 30, 2011 is $0.45 (2010 – $0.29).

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.

For the years ended June 30, 2011 and 2010 (in United States dollars)

12. Share Capital (continued)

e. Contributed surplus:

	Amount
Balance, June 30, 2009	$ 6,220,243
Stock-based compensation	1,404,986
Balance, June 30, 2010	7,625,229
Warrants due to financing (notes 11(b) and 12(c))	1,655,715
Stock-based compensation	1,089,969
Stock options exercised	(321,671)
Warrants extension (note 12(c))	2,953,678
Balance, June 30, 2011	$ 13,002,921

13. Earnings (loss) Per Share

	For the years ended June 30,	
	2011	2010
Net income (loss) for the period	$ 31,252,160	$ (3,034,838)
Basic weighted average number of common shares outstanding	168,732,680	156,003,110
Effect of dilutive securities:		
Warrants (note 12(c))	2,855,225	-
Options (note 12(d))	7,350,011	-
Gold forward warrants (note 11(b))	708,800	-
Convertible note shares (note 11(a))	2,708,800	-
Diluted weighted average number of common share outstanding	182,355,516	156,003,110
Basic income (loss) per share	$ 0.19	$ (0.02)
Diluted income (loss) per share	$ 0.17	$ (0.02)

All the warrants (note 12(c)) and options (note 12(d)) are potentially dilutive in the period ended June 30, 2011, but excluded from the calculation of diluted earnings per share are those for which the exercise price exceeds the average market price. For the year ended June 30, 2010, warrants (note 12(c)) and options (note 12(d)), which are potentially dilutive, are excluded from the calculation of diluted loss per share as their impact would be anti-dilutive.

14. Deferred Costs

Deferred costs are comprised of the following:

a. In May 2011, the Company, through its wholly owned subsidiary Monument Mengapur Sdn. Bhd. (formerly "Orifer Asia Sdn. Bhd.") in Malaysia, has entered into a binding Memorandum of Understanding (the "MOU") with Malaco Mining Sdn. Bhd ("Malaco") and Malaco's wholly owned subsidiary Cermat Aman Sdn. Bhd.("CASB"), both incorporated in Malaysia, to acquire the Mengapur Polymetalic Project (the "Mengapur Project" or the "Project") located in Pahang State, Malaysia. The acquisition remains subject to due diligence, updating of historical resource and reserve estimates, signing of a Definitive Sale and Purchase Agreement, financing, board and regulatory approvals and other conditions. Upon completion of the acquisition, Monument would hold a 70% pre-financing interest in the Project.

   The consideration for acquiring the Mengapur Project will be comprised of a cash payment of $50,000,000 and the issuance of a share parcel equivalent to a 30% interest in Monument Mengapur Sdn. Bhd. In parallel with the acquisition, the Company has signed a Mandate with Deutsche Bank Global Mining Finance of London UK ("the Bank") to assist in the funding of the acquisition and subsequent build out of the project and study the possibility of additional stock exchange listings in appropriate jurisdictions. The acquisition of the Mengapur Project will be an arm's length transaction.

For the years ended June 30, 2011 and 2010 (in United States dollars)

14. Deferred Costs (continued)

As at June 30, 2011, the Company incurred due diligence costs of $216,287 associated to the proposed Mengapur Project acquisition.

b. As at June 30, 2010, the Company had incurred $63,537 for the Famehub Acquisition which closed on September 13, 2010 (notes 9(c)).

c. As at June 30, 2010, the Company had incurred $162,985 in legal and regulatory costs associated with the convertible notes and gold forward sale financing which closed on August 11, 2010 (note 11).

15. Related Party Transactions

Related party transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Related party	June 30, 2011	June 30, 2010
Yukon-Nevada Gold Corp. (a)	$ 10,902	$ -
George Brazier, director (b)	$ 66,670	$ 56,358

(a) As at June 30, 2011, the Company included $10,902 (2010 - $0) in accounts receivable that was due from Yukon-Nevada Gold Corp., which has three common directors and one common officer with the Company. On January 28, 2011, the Company entered into a gold forward contract with a wholly-owned subsidiary of Yukon-Nevada Gold Corp., as of June 30, 2011, the gold forward contract had been fulfilled (note 5).

(b) George Brazier, a director of the Company, provides general consulting services to the Company. For the year ended June 30, 2011, he earned $66,670 (2010 - $56,358) for such services, of which $7,258 (June 30, 2010 - $4,931) was outstanding and included in accounts payable at June 30, 2011.

16. Commitments

	1 year	2 years	3 years	4-5 years	Total
Operating leases	$ 26,758	$ 13,929	$ 4,817	$ 2,915	$ 48,419
Capital leases (note 10)	15,746	16,657	15,600	-	48,003
Accounts payable and accrued liabilities	4,903,751	-	-	-	4,903,751
Convertible notes (note 11)	-	-	-	10,091,796	10,091,796
Asset retirement obligations (note 19)	54,648	132,480	256,945	487,394	931,467
Mineral property fees	130,404	7,132	7,132	14,264	158,932
Purchase commitments	6,618,731	-	-	-	6,618,731
	$ 11,749,138	$ 170,198	$ 284,494	$ 10,596,369	$ 22,800,199

As at June 30, 2011, the Company has aggregate contractual obligations totaling $22,800,199. Of which purchase commitments totaling $6,618,731 included consumables and spare parts for operations and equipment ordered for Phase III gold plant construction.

For the years ended June 30, 2011 and 2010 (in United States dollars)

17. Supplemental Cash Flow Information

	For the years ended June 30, 2011	2010
Supplemental information		
Non cash financing and investing activities		
Stock based compensation charged to mineral property interests	$ 6,881	$ 158,952
Stock based compensation charged to property, plant and equipment	7,664	96,472
Deferred financing costs included in accounts payable	90,982	30,892
Amortization charged to Selinsing Gold Property	163,091	189,355
Amortization charged to property, plant and equipment	-	(206,678)
Deferred development costs included in accounts payable	-	14,202
Deferred development costs deducted from mineral properties	-	(47,400)
Expenditures on Selinsing Gold Property included in accounts payable	100,886	1,541,489
Gold sales against mineral properties included in accounts receivable	-	(1,824,424)
Property, plant and equipment costs included in accounts payable	100,776	(58,371)
ARO accreted to mineral properties	-	120,200
ARO accreted to property, plant and equipment	269,324	22,218
Shares issued pursuant to acquisition of equipment	-	(127,078)
Fair value of exercise of stock options	321,671	-
Shares issued for Famehub acquisition	3,406,900	-
Fair value of warrants issued in connection with the gold forward sale	1,655,715	-
Fair value of derivative liabilities	3,035,162	-

18. Segment Disclosures

The Company has two reportable operating segments: mineral property exploration and development, and gold production operations, which occur entirely in Malaysia. The Company's headquarters is operated in Canada.

	Canada	Malaysia		
		Production	Exploration and development	Total
2011				
Property, plant and equipment	60,052	30,273,790	718,194	31,052,036
Mineral properties	-	-	20,065,745	20,065,745
Gross margin from gold production	-	40,717,161	-	40,717,161
Operating expenses	4,964,877	369,505	8,430	5,342,812
Other income (loss)	1,606,157	(5,616,744)	(111,602)	(4,122,189)
2010				
Property, plant and equipment	246,293	16,216,674	519,944	16,982,912
Mineral properties	-	22,281,933	13,442,652	35,724,585
Operating expenses	2,534,545	86,971	13,874	2,635,390
Other income (loss)	22,744	(417,907)	(4,285)	(399,448)

For the years ended June 30, 2011 and 2010 (in United States dollars)

19. 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 amount of estimated cash flows required to settle the Company's estimated obligations is $5.3 million. The present value of asset retirement obligations is $2,583,970 (2010 - $2,410,940) and is expected to be settled over the next twenty years. This amount has been disclosed using a credit and inflation adjusted risk free rate of 10.0%. Significant reclamation and closure activities include land rehabilitation, decommissioning of tailing storage facilities, mined waste dump, road bridges, buildings and mine facilities.

Changes to the reclamation and closure cost balance during the 2011 and 2010 years are as follows:

	2011	2010
Asset retirement obligation, beginning of year	$ 2,419,940	1,403,276
Revision in estimate of liabilities	(269,324)	876,338
Accretion expense	259,463	140,326
Reclamation performed	(809)	-
Foreign exchange translation	174,700	-
Balance, end of year	$ 2,583,970	$ 2,419,940

20. Income Tax

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	June 30, 2011	June 30, 2010
Income tax expense (recovery) computed at statutory rates	$ 8,588,685	$ (808,455)
Lower effective rate attributable to Malaysian income	(10,897,516)	3,663
Non-deductible expenses	1,649,698	191,898
Change in timing differences	(4,466,214)	302,371
Change in valuation allowance	4,969,775	310,523
Non-business income	1,023	759
Reduction in future income tax liability due to statutory rate reduction	133,972	(6,541)
Income tax recovery	$ (20,577)	$ (5,782)
Income tax recovery (expense) consists of the following:		
Current tax provision	1,023	759
Future tax provision	(21,600)	(6,541)
Income tax recovery	$ (20,577)	$ (5,782)

Future income tax assets and liabilities have been calculated using the following enacted corporate income tax rates: Canada at 25% (2009 – 26%) and Malaysia at 25% (2009 – 20%). Significant components of future tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

For the years ended June 30, 2011 and 2010 (in United States dollars)

20. Income Tax (continued)

	30-Jun-11	30-Jun-10
Future income tax liabilities		
Mineral property interests	$ -	$ (806,295)
Property, plant and equipment	-	(331,761)
	$ -	$ (1,138,056)
Future income tax assets		
Mineral property interests	2,193,900	-
Property, plant and equipment	626,800	-
Asset retirement obligation in excess of tax value	646,000	602,655
Share issuance cost carry forwards	301,600	485,148
Loss carry forwards	3,011,800	1,908,845
	6,780,100	2,996,648
Valuation allowance	(7,501,000)	(2,531,225)
Net future income tax assets	(720,900)	465,423
Net future income tax liabilities	$ (720,900)	$ (672,633)

At June 30, 2011, the Company's losses for Malaysian tax purposes are approximately $700,000 (Malaysian ringgit 2,022,000), that may be carried forward to apply against future income for Malaysian tax purposes. These losses do not expire.

At June 30, 2011, the Company has non-capital losses available for carry-forward for tax purposes that are available to reduce taxable income of future years in Canada of $11,377,400 (CAD10,973,500). The losses expire as follows:

	Total
2014	20,000
2025	52,700
2026	187,200
2027	1,230,600
2028	893,000
2029	2,598,900
2030	2,231,900
2031	4,163,100
	$ 11,377,400

The future benefit of future income tax assets has not been recorded in these consolidated financial statements to the extent that the Company estimates that these assets, more likely than not, will not be realized.

21. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue so that it can continue to provide returns for shareholders, and to have sufficient funds on hand to fund its future business acquisition and its gold production at Selinsing Gold Mine, to pursue the exploration and development of its mineral property interests, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company includes the components of shareholders' equity and credit facilities as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue equity, issue new debt or acquire or dispose of assets.

21. Capital Management (continued)

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Company's Board of Directors.

There were no changes to the Company's approach to capital management during the years ended June 30, 2011 and 2010.

22. Subsequent Events

Share capital

Subsequent to the year ended June 30, 2011, the Company issued 8,240,003 fully paid and non-assessable common shares upon the exercise of warrants. As a result, total issued and outstanding share capital increased to 183,986,864. The Company also granted 300,000 stock options. Total outstanding stock options and warrants were 25,099,167 and 72,325,000, respectively. Cash proceeds received by the Company for the exercises were $4,271,618 (CAD 4,120,002) from warrants.

Mersing project

On September 14, 2011, the Company announced it had entered into an Earn-In Agreement with a Malaysian company, Emas Kehidupan Sdn. Bhd. ("EK") and its 30% joint venture partners, under which the Company has the right to earn up to a 100% interest in the Gunung Arong Gold Prospect (the "Mersing Gold Project"). The Company would initiate the first two year earn-in period by paying CAD 500,000 cash and, subject to TSX Venture acceptance, issuing 1,500,000 fully paid Monument shares to the vendors in exchange for 70% of the shares in EK (which holds a 70% interest in the Mersing Gold Project), and accordingly a 49% interest in the Mersing Gold Project. Initiation of the first two-year earn-in period results in an exploration obligation totaling CAD 2,000,000 to be completed within two years.

The Company has the right to earn a further 21% interest in the Mersing Gold Project by making either, at the option of the vendors, a further CAD 1,500,000 cash payment to the vendors or by issuing 2,500,000 fully paid Monument shares to the vendors in order to acquire the remaining 30% of the issued EK shares bringing its interest in the Mersing Gold Project to 70%. Initiation of the second two-year earn-in period results in a further exploration obligation totaling CAD 2,000,000 to be completed by Monument within two years.

Upon reaching a 70% ownership level in the Mersing Gold Project, the Company has the right over the following 180 day period to buy out the remaining 30% interest achieving 100% ownership in the Mersing Gold Project. The consideration of buy-out will be based on an independent valuation and be paid in cash or by issuing shares of Monument at the option of the vendors. Throughout these arrangements Monument will be the sole operator and manager of the Mersing Gold Project.

On September 26, 2011, the Company initiated the first earn-in period by issuing 1,500,000 fully paid common shares of the Company and paying $486,239 (CAD500,000) in cash to vendors in exchange for 70% of EK shares, in turn, 49% of the Mersing Gold Project.