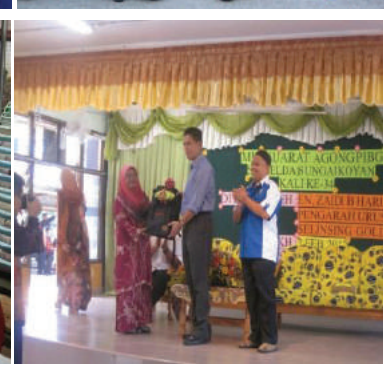
TSX-V:MMY
FSE: D7Q1

MONUMENT
MINING LIMITED

2012

• Annual Report 2012 •

"Monument is committed to increasing shareholder value by sustainably growing into a mid-tier Canadian gold and metals producer in a safe, profitable and socially responsible manner and working in harmony with all stakeholders."



Low-cost Production

Sustainable Growth

Expansion Opportunities

We built Selinsing into one of the lowest cost gold producing mines in the world.

We are executing Mengapur Project for a new chapter of growth.

That is the value of Monument.

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Our Selinsing project is one of the lowest-cost producing mines in the world

We recently expanded our Selinsing processing plant, setting the stage for increased production thoughout

PRODUCTION

- Processed 364,680 tonnes of ore at an average grade of 4.24 g/t
- Produced 44,585 ounces of Gold
- Cash cost of $306 per ounce
- Gross revenue of $61.7M from gold sales of 36,938 ounces
- Average sale price of $1,671 per ounce

EXPANSION

- Increased Selinsing ore processing plant capability to 1 million tonnes per year (2700 tpd)
- Expansion completed in June 2012 on time at total cost of approximately $8.7 million
- Tailings Storage Facility (TSF) expansion completed December 2011 to accommodate 11 million tonnes of discharge from the updated plant for 10 years

To facilitate continued growth, we have hired and trained new drill teams and acquired new drill rigs

Our 100% owned Mengapur Project will be a key contributor to our sustained value

EXPLORATION

- Drilled 13,731 meters in 79 holes at Mengapur
- Drilled 10,554 metres in 49 holes at Selinsing
- Assembled and trained a two rig in-house drill team at Selinsing
- Drilled 3,688 metres in 21 holes at Buffalo Reef

ACQUISTION

- Acquired 70 % interest in the Mengapur Polymetalic Project (CASB property) in February 2012
- Acquired the remaining 30% of Mengapur subsequent to year end in December 2012
- Acquired 100% of the adjoining Star Destiny (SDSB) property in November 2011

Message of the President and CEO to Shareholders

President and CEO Robert Baldock touring the Selinsing Gold Plant with ***Dato' Sri Di Raja Haji Adnan Bin Haji Yaakob, Chief Minister of Pahang State***

For our Company, fiscal 2012 was a year of expansion and diversification, as we moved towards building a mid-tier mineral resource Company with our property portfolio. Over the course of the calendar year we acquired 100% of the Mengapur Polymetalic Project, which we believe will be a key contributor to Monument's sustained value. This new project was targeted in order to give Monument a more diversified portfolio of products and a longer operating future in Malaysia. This diversified portfolio includes iron, copper, sulfuric acid, gold, silver, molybdenum among other minor elements. We have begun a phased development plan to advance the Mengapur Project, following the very successful approach we used to bring our Selinsing mine into low-cost production. We are undertaking capital-raising activities to finance the advancement of Mengapur, within a clear focus on ensuring the company maintains a clean balance sheet with minimal to no debt. This approach helps to insure against the volatility and global uncertainty seen in capital markets today.

Selinsing continues to be a valuable producing asset. We continue to deliver solid operations, and are one of the lowest-cost gold producers in the world. Gold production for fiscal 2012 totaled 44,585 oz at a cash cost of $306 per ounce, which was in line with fiscal 2011, but below the fiscal 2012 target of 55,000 oz. We were below target mainly due to lower gold recovery as a result of the ramp up of the new primary ball mill, downtime caused by commissioning of the Selinsing Phase III plant expansion, and transformation from oxide ore to transition (mixed) ore and plant changeover to better process sulfide ore. Revenue from gold sales for fiscal 2012 was $61.7 million which was 17% higher than fiscal 2011 due to a higher average realized gold price of $1,671 per ounce this year compared to $1,400 per ounce in fiscal 2011. As a result of our low cash costs and conservative management we ended fiscal 2012 with net assets of $172 million and 33 cent earnings per share.

During fiscal 2012 we also made important enhancements to our mining infrastructure, notably through a Phase III expansion of our Selinsing processing plant by adding a new primary ball mill, as well as the Stage II Tailing Storage Facility construction. These investments had some effect on our production this year, but are important elements of the company's sustainable long-term production going forward. The expansion gives us an increase in production capacity, and also gives us the operating flexibility necessary for processing blended feed. The results are showing in the new fiscal year 2013. We produced a record 15,902 of gold during the three months ended December 31, 2012. This is a 35% increase over the same period a year earlier. As a result of our investment in our infrastructure, the Tailing Storage Facility now has an estimated total tailings storage capacity of 4.6 million tonnes and the design allows for expansion to 11.0 million tonnes capacity. The capacity of the gold treatment processing plant has now been increased from 400,000 tonnes per annum ("tpa") to 1,000,000 tpa. The expansion includes the installation of an additional crusher, a primary ball mill, three additional leaching tanks, and other improvements to the gold room, detoxification circuit, tailing pipelines and pumping system. The expansion was completed 21 months after commercial production began in September 2010. The plant expansion was completed at an estimated cost of $8.6 million which is slightly above the budget estimate of $8.1 million.

Beyond our ongoing production, the company continues to pursue expansion opportunities at our properties. This year we continued to grow our exploration team, including dedicated training with international experts. Two new drill rigs were purchased and arrived at our properties, and we also engaged an additional outsourced drill team. In our exploration during the year at the Selinsing pit, mineralization has been extended below the current pit and the mineralization remains open. The objective of this Selinsing drill program is to increase the reserves by converting the inferred gold resources below the present Selinsing open pit outline with the new drill hole data used to construct a new resource estimate.

The Buffalo Reef exploration program, which aims to convert the inferred resources to measured and indicated under NI 43-101 standards resulted in 3,688 metres of drilling in 21 holes.

Looking ahead, we're excited about the potential of the Mengapur, and our phased development plan is underway. Studies to determine the (Phase I) viability of producing copper with potential precious metal credits by way of either a heap-leach operation and/or production of a concentrate to produce cash flow are planned to be completed in June 2013. Phase I production is expected to begin in 2014. Currently we are drilling and conducting metallurgical studies for an updated NI 43-101 compliant sulfide resource to be completed by November 2013, which will lead to the preparation of a Feasibility Study in 2014. Assessment of the overhaul and expansion of the existing concentration plant and related support facilities is also presently underway. June 2013 is the target date to have this plant operational.

The Mengapur project will expand Monument's strong relationships in Malaysia, where our projects are important contributors to the economy, and where we benefit from productive relationships with local governments. The project is expected to create over 1,000 new jobs during construction and operation of the mine, with associated benefits to the nearby communities. We have initiated community consultation to ensure socio-economic, environmental and community interests are addressed within the project planning. We look forward to continuing our productive engagement in the country.

During the year routine safety inspections were conducted in all areas on the mine site and a landslide emergency drill was successfully completed in the mining area with the co-operation and assistance from the relevant government agencies. Our safety procedures are working with only minor work related accidents occurring this year.

Looking ahead, we are positioned for continued production and growth. We are very proud of our team, and our accomplishments this year. We added depth to our management team to strengthen our capacity for growth in all areas including exploration, site security, government relations, community relations and shareholder communications. Additional human resources will be added to the organization for our future development.

The current gold market remains historically high, and while world markets and economies fluctuated during the year, we looked ahead to the future, refined our operating plan, and took the steps necessary for staged expansion and growth. We are well positioned for the future, and look forward to building up our accomplishments. As ever, our aim is to grow the company for the benefit of all stakeholders, while delivering increased shareholder value.

On behalf of our team of employees in Canada and Malaysia, I thank all shareholders for your continued support.

Sincerely,

ROBERT F. BALDOCK
President and CEO

Growth Strategy

Monument's vision is to increase shareholder value by becoming a mid-tier gold and metal producer through expansion and development of its pipeline of mineral assets and acquisition of new resource properties in Southeast Asia. To achieve this, the Company's strategy focuses on:

a) Sustainable gold production;
b) Industry low cash costs;
c) Disciplined growth;
d) Responsible partnerships with community; and
e) Best practices for environmental stewardship.

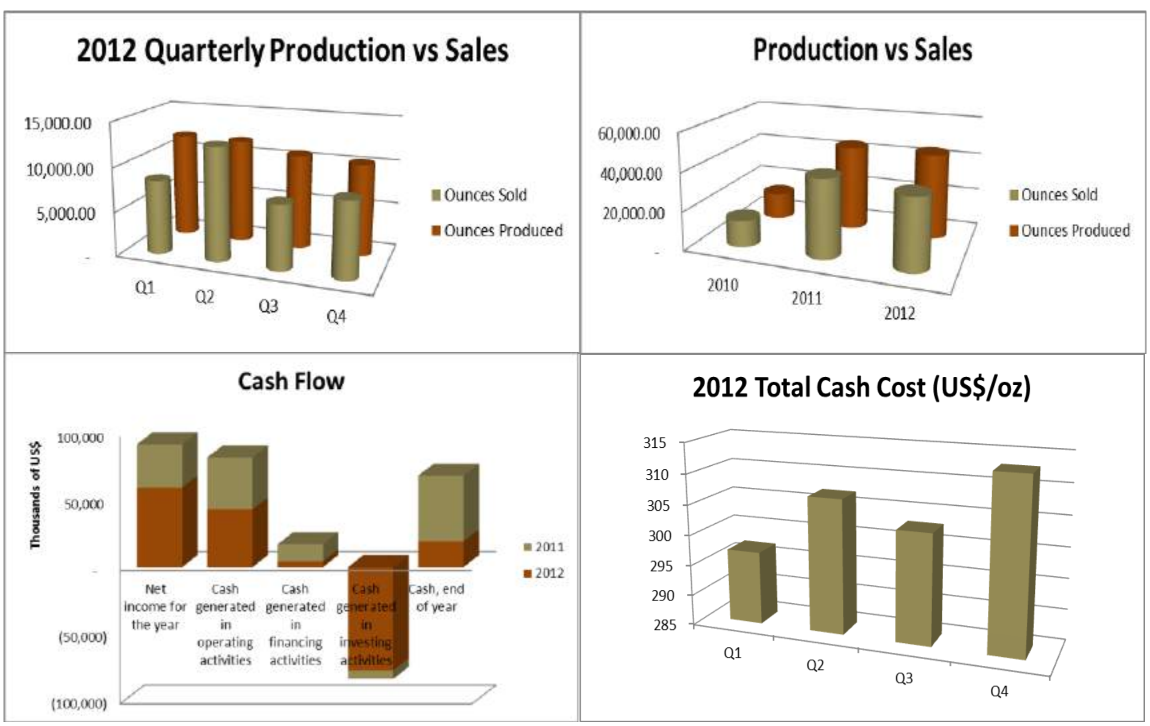
Financial Performance

Monument places priority on maintaining a strong balance sheet with minimal to no debt, while undertaking capital-raising activities to finance the advancement of its projects. The global economy is slowly growing in strength however there remain significant uncertainties and market fears impacting production costs. The price of gold has continued to climb since 2011 and through strategic planning Monument has managed to keep its cash cost down. This has resulted in solid performance in fiscal 2012.

During the fiscal year ended June 30, 2012, Monument Mining sold 36,938 ounces of gold at an average price of $1,671 per ounce for $61.7 million in revenue.

Cash reserves at June 30, 2012 were $8.4 million

Monument remains one of the lowest cash cost producers in the world with an average annual cash cost per ounce in 2012 of $306 per ounce.



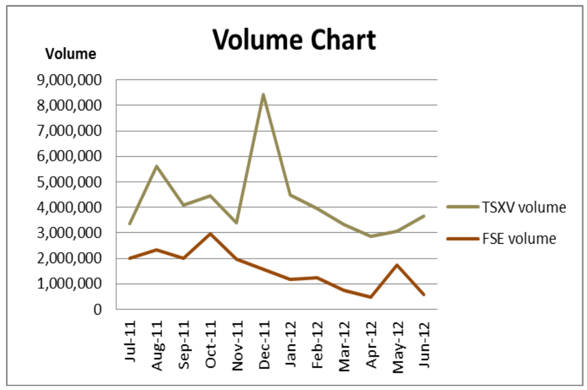
	Fiscal 2011				Fiscal 2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	$	$	$	$	$	$	$	$
Revenues	6,611,494	14,119,390	15,031,105	16,617,861	14,430,298	21,084,315	12,393,951	13,800,700
Gold Produced (Ounces)	9,050	11,348	11,904	12,136	11,846	11,736	10,676	10,327
Gold Sold (Ounces)	8,650	10,148	10,704	10,936	8,372	12,765	7,301	8,500
Average Realized Gold price (per ounce)	1,256	1,391	1,404	1,520	1,724	1,652	1,698	1,624
Average London Spot Gold price (per ounce)	1,227	1,367	1,386	1,506	1,702	1,688	1,691	1,609
Cash cost (per ounce)	202	265	238	262	297	307	303	316
Net Earnings Attributable to Common Shareholders	901,859	3,192,992	17,916,723	10,380,198	11,176,073	26,708,718	8,116,449	13,560,064
Net Earnings before other income Attributable to Common Shareholders	4,508,245	10,115,173	10,296,084	10,537,186	9,925,103	14,779,551	8,430,279	7,395,364
Earnings Per Share before other income:								
- Basic	0.03	0.06	0.06	0.06	0.06	0.08	0.04	0.04
- Diluted	0.03	0.05	0.05	0.05	0.05	0.07	0.04	0.04
Net Earnings after other income and tax Attributable to Common Shareholders	901,859	3,192,992	17,916,723	10,380,198	11,176,073	26,708,718	8,116,449	13,560,064
Earnings Per Share:								
- Basic	0.01	0.02	0.10	0.06	0.06	0.15	0.04	0.08
- Diluted	0.01	0.02	0.09	0.05	0.05	0.13	0.04	0.07

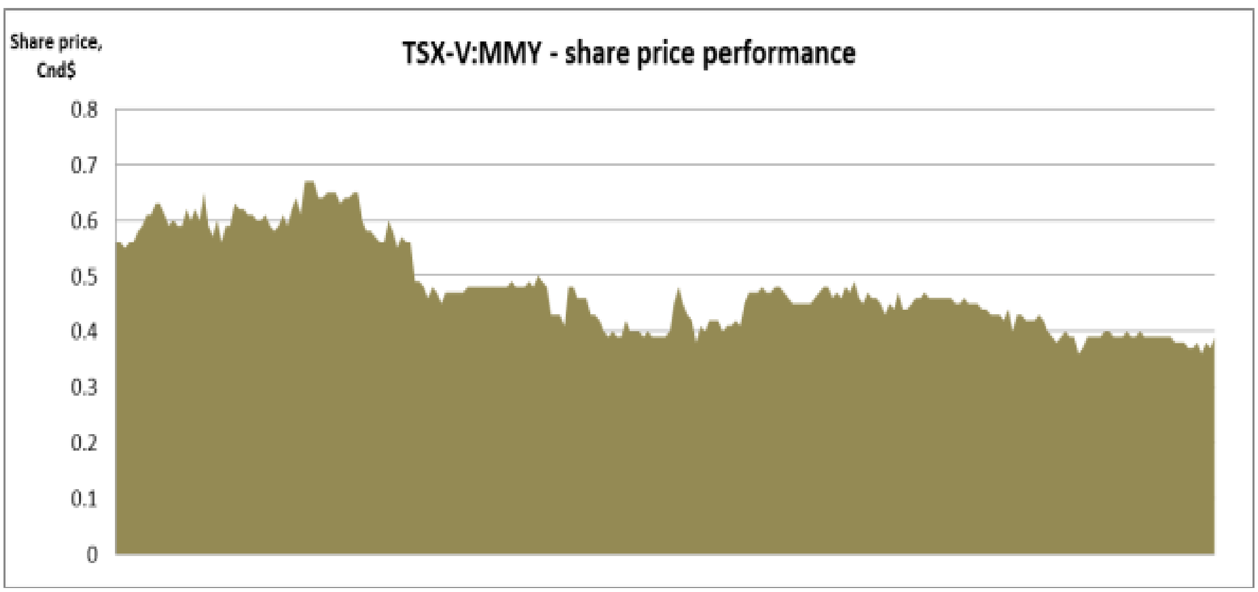
BALANCE SHEET	June 30, 2012	June 30, 2011	July 1, 2010
Current assets	$ 50,179,801	$68,326,751	$10,599,467
Other assets	161,769,174	56,415,756	56,568,191
Total assets	211,948,975	124,742,507	67,167,658
Current liabilities	19,052,930	4,919,497	3,637,939
Other liabilities	22,388,089	38,807,319	4,257,461
Non-controlling interests	24,186,279	-	-
Equity attributable to parent	146,321,677	81,015,691	59,272,258
Total liabilities and shareholders' equity	211,948,975	124,742,507	67,167,658
Working capital excluding derivative liabilities	$ 31,130,680	$63,407,254	$6,961,528

Market Performance

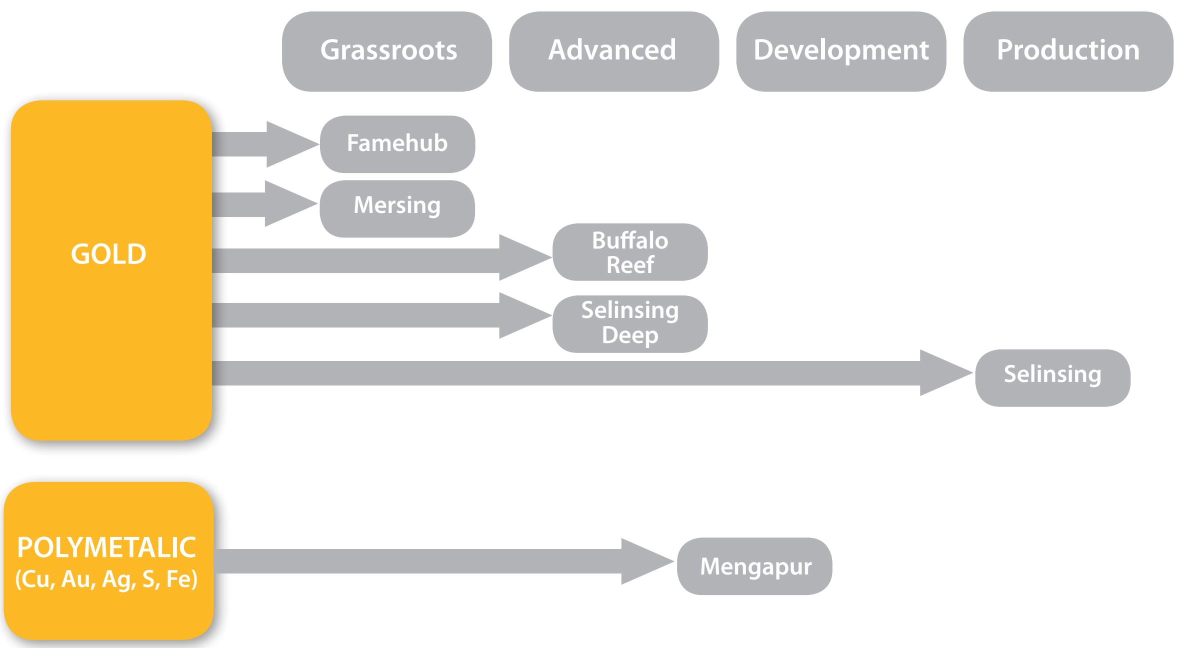
Capital Structure as of June 30, 2012

Shares Outstanding:	**209,158,030**	**Fully Diluted:**		**276,363,531**
Warrants:	5,000,000	Share Price:	$	0.39
Options:	22,205,501	**Market Capitalization**	**$**	**81.6 M**
Convertible Note Shares:	20,000,000	Convertible Notes:	$	8.0 M
Convertible Note Warrants:	20,000,000			





Operation Highlights



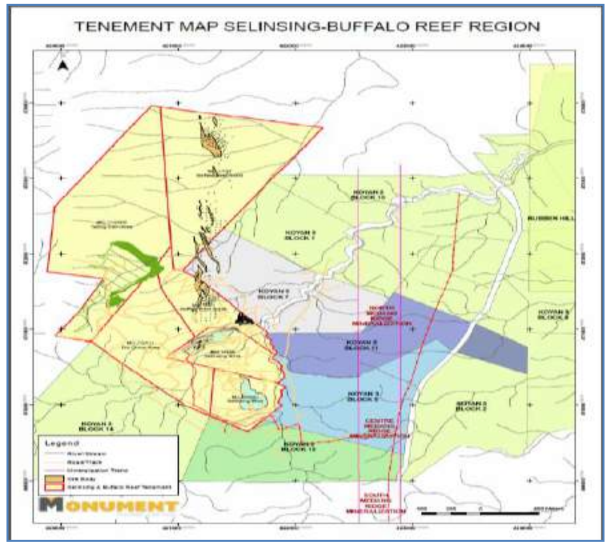
Property	Ownership %	Acres
Selinsing	100	170
Buffalo Reef	100	2,050
Famehub	100	32,000
Mengapur (CASB)	70	457
Mengapur (SDSB)	100	1,853
Mersing	49	633

Resource Statement

Resource Category	k Tonnes	Grade g/t	Gold k Oz	Oxide k Oz	Sulphide k Oz
Selinsing (0.59 g/t Au cut-off)(1) (3)					
Indicated	4,820	1.49	230.0	134.0	96.0
Inferred	10,315	1.17	388.0	20.0	368.0
Buffalo Reef (0.5 g/t Au cut-off) (2) (3)					
Indicated	2,298	2.24	165.5	30.2	135.3
Inferred	1,363	1.31	57.3	9.7	47.6

(1) NI 43-101 Mineral Resource Estimate as at December, 2006 (Snowden, 2007)
(2) NI 43-101 Mineral Resource Estimate as at December, 2011 (Snowden, 2011)
(3) Approved by Todd Johnson, Vice President Exploration Monument Mining Limited, who is a "qualified person" as defined in National Instrument 43-101

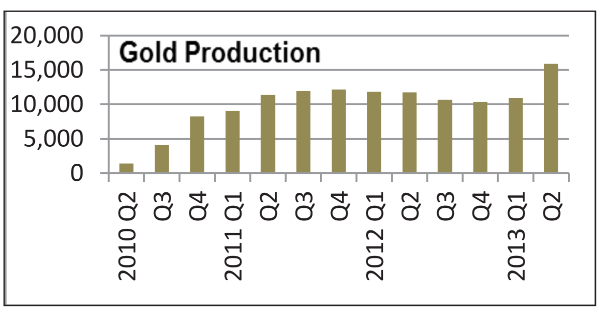
Selinsing Mine

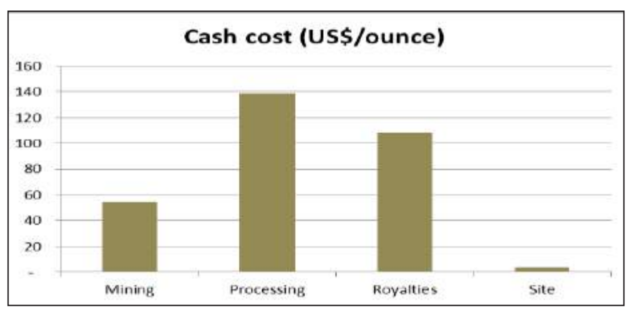


Monument owns and operates the Selinsing Gold Mine in Pahang State, Malaysia. Commercial production began in September 2010, and today it is one of the lowest-cost producing mines in the world.

Selinsing Production

For the fiscal year ended June 30, 2012, 501,881 tonnes of ore were mined and 364,680 tonnes were processed. The average mill feed grade was 4.24 g/t, recovery was 93.7% and 44,585 ounces of gold were produced. The average total cash cost was $306 per ounce for 2012, consisting of mining ($54/ounce), processing ($140/ounce), royalties ($107/ounce) and site costs ($5/ounce, net of silver recovery).





Selinsing Plant Expansion

Expansion of the processing plant to 1 million tonnes per year (2700 tpd) capacity was completed in June 2012 at a cost of $8.7 million. The expansion included installation of an additional crusher, a primary ball mill, three additional leach tanks, and other improvements to the gold room, detox circuit, tailing pipelines and pumping system.

The tailings storage facility ("TSF") was also enlarged during fiscal 2012 to accommodate one million tonnes per year for a period of 10 years. The design of the TSF provides expansion capability for a further 10 years, subject to further construction and wall height increase.

Selinsing Exploration

Gold mineralization at Selinsing Gold Mine is controlled within a steeply east dipping, 200 m thick shear zone. This mineralized zone typically consists of gold-bearing quartz veins and veinlet stockworks. This north-south trending shear zone extends through the Buffalo Reef property forming a 4.2 km gold camp within the regional Raub-Bentong Suture.

During fiscal 2012, 10,554 metres of exploration drilling in 49 holes was completed north, south and beneath the Selinsing pit and on Buffalo Reef resource areas. Mineralization has been extended 220 metres below the current pit.

The original resource estimate for Selinsing was completed in December 2006. An updated resource estimate is expected to be completed in the near future.

Mengapur Polymetalic Project

Mengapur Land Site

In calendar 2012 Monument acquired first 70% of the Mengapur project, for US$60 million and then the remaining 30% of the property for US$16 million. Monument had previously acquired a 100% interest in the adjoining Silver Destiny property in November 2011. Mengapur is a large polymetalic skarn deposit with significant copper, sulphur, iron, gold and silver mineralization located in Pahang State, Peninsular Malaysia. The property bad been initially studied by others in the late 1980s; a NI 43-101 compliant technical report summarizing this study was completed on Monument's behalf in 2012 by Snowden Mining Industry Consultants. The report is has been filed with regulators and is available on Monument's website.

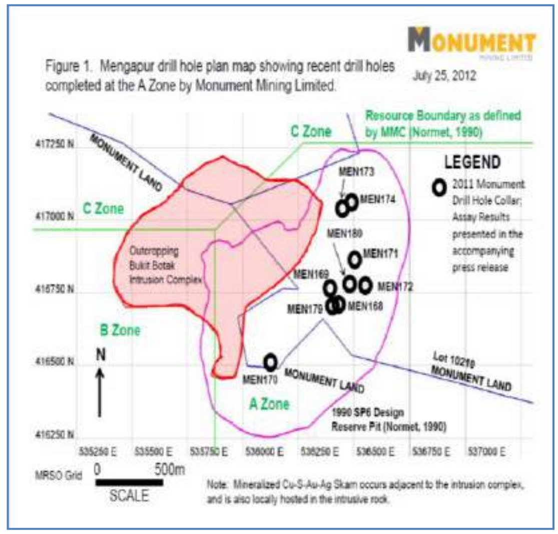
Monument is undertaking a phased development plan to advance the Mengapur project, following the same successful approach Monument used to bring its Selinsing gold mine into low-cost production. The phased Mengapur development plan includes, among other things, further drilling, construction of an onsite laboratory, and construction of a new concentrate plant as well as a parallel processing plant with 5000 tonnes per day capacity. Combined with its planned overhaul of an existing onsite concentrate plant, Monument believes that there is potential at Mengapur to process up to 6000 tonnes per day of material to produce copper and precious metal concentrate. Opportunities also exist to produce down-stream, value added, Malaysian made products from a roaster operation, including calcine material for the cement and plaster industries, electrical power generation for project power supply and sulfuric acid for sale or as an input component to produce fertilizer. The general layout of the proposed mine development is outlined in the attached map 1.

From January to June 30, 2012 Monument drilled 11,266 meters on the SDSB property, testing the Fe-Au-Ag (Cu) oxide zone, the supergene Cu (Au-Ag-Fe) rich transitional zone, and the Cu-S-Au-Ag-Mo-Fe sulfide skarn bedrock zone. A total of 13,731 meters in 79 holes were drilled at Mengapur during fiscal 2012.

Development Plan Next Steps

In order to determine the preferred, optimal approach for the mine development, the following long term project development planning is currently underway:

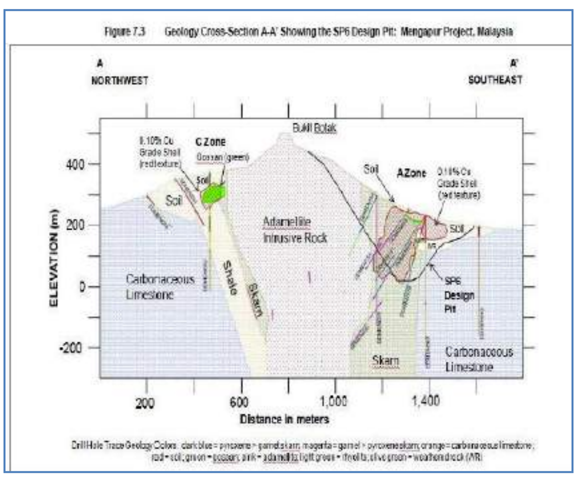
1. Extensive drilling to upgrade the mineral resource classification.
2. Planning for the logistic and cost of locating major infrastructure on-site.
3. Metallurgical, environmental, infrastructure and financial analysis.
4. Community consultation to ensure socio-economic, environmental and community interests are addressed within the project planning.
5. Upgrading the existing EIA study to cover the expanded scope of activities.
6. Conducting the market research for acid production with potential for fertilizer manufacturing.



Mengapur Drill hole plan

These efforts will confirm the historical reserves and resources, update the CAPEX and OPEX estimates, and assess opportunities and risks that have changed since the initial studies in 1990. The objective is to confirm the viability of and identify necessary changes to the full scale development of the project

The Company is in the process of preparing an updated NI 43-101 compliant reserve and resource statement, scheduled for completion in November 2013, which will lead to the preparation of a Feasibility Study.

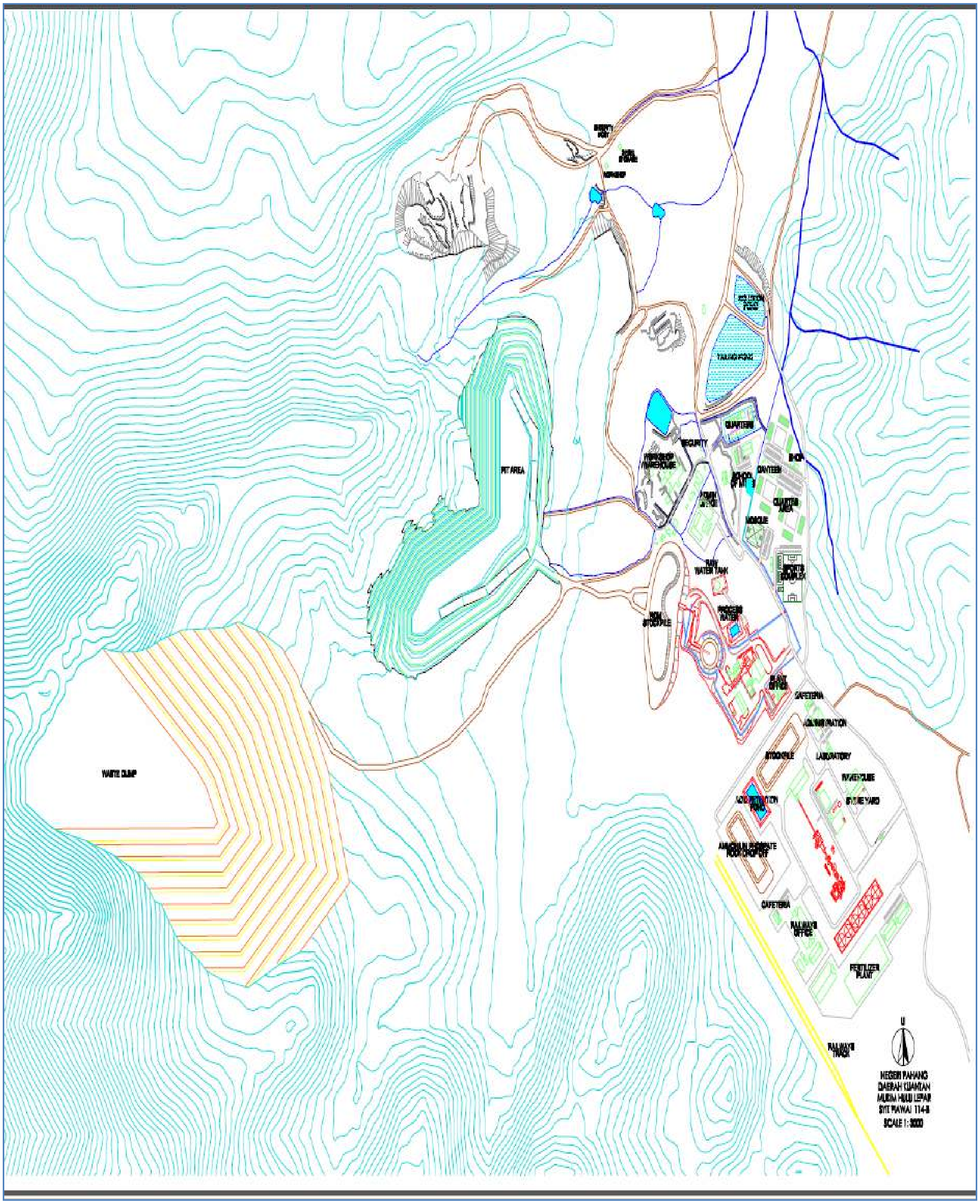


Geology Cross Section A-A

Opportunities for early production and cash flow

Mineralized oxide and supergene zones overly the primary sulfide skarn and may provide early production for quick cash flow from the project. Gold and other metals of economic value contained within portions of the oxide are currently being assessed and intensive grade control is currently undertaken to identify these zones for stockpiling and later processing. Supergene copper enriched zones have been identified throughout the oxide zone but are typically concentrated at the sulfide/bedrock contact. MMSB is in the process of identifying the extent, grade and recoveries of these zones.

Studies to determine the viability of producing copper +/- precious metal from these enriched zones by way of either a heap-leach operation and/or production of a concentrate are planned to be completed in June 2013. Assessment of the overhaul and expansion of the existing 1000 tpd concentration plant and related support facilities to process this material is also presently underway with June 2013 the target date to have this plant operational. Phase I production is targeted to begin in 2014.



Mengapur Conception Development Plan Layout

Damar Buffalo Reef Exploration

Damar Buffalo Reef is 100% owned by Monument and is the Company's most advanced undeveloped resource property, located directly north of the Selinsing Property.

An extensive exploration program has been in place at Buffalo Reef with the aim to convert the inferred resources to measured and indicated resources under NI 43-101 standards. The Buffalo Reef resource estimate was completed in May 2011.

During fiscal 2012, 3,688 metres of drilling in 21 holes were completed at Buffalo Reef.

Grassroots Exploration

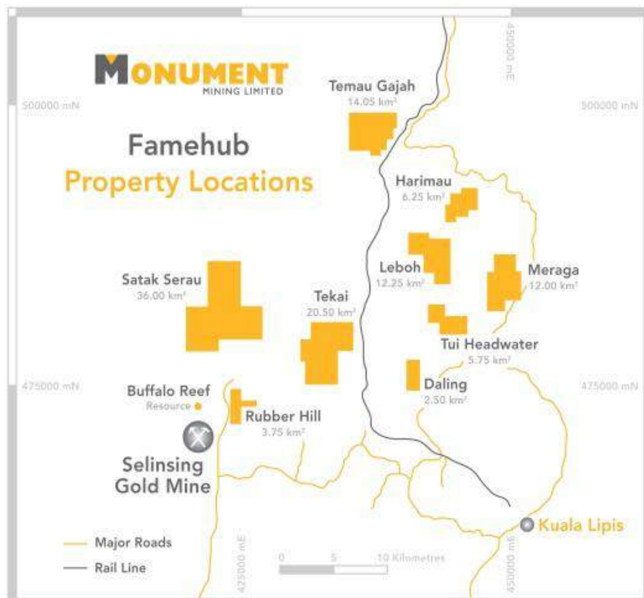
In addition to its producing mine and advanced-stage projects, Monument continues to undertake grassroots exploration at its prospective sites.

Famehub

The Famehub exploration properties, consisting of 32,000 acres in 9 project areas are located 2 to 50 km northeast of Selinsing. Approximately $40 M of exploration data was acquired with the properties resulting in rapid target determination. These targets include Selinsing-like shear zone targets and intrusive contact targets.

Field work completed during the year included soil, grab/float, trench and stream samples.

Exploration for 2013 will continue to focus on the Satak Serau and Tekai projects.



Mersing

MMY has 49% interest and an earn-in agreement to earn up to 100% interest in the early stage Mersing Gold Project, covering 256 hectares located in Jahore State, Malaysia.

An original Malaysian Geological Survey identified a widespread geochemical anomaly coincident with a northwest regional structural trend. In the Mersing area the primary gold mineralization was observed as several discontinuous, approximately 350° striking, gold-quartz veins cutting strongly folded meta-argillites and arenites.

A stream sediment sampling program was begun in July 2012. Based on results, trenching and drilling will follow.

Corporate Social Responsibility

Monument's projects are important contributors to the Malaysian economy, and the Company is dedicated to responsible activity in the communities in which it operates.

People

Monument Mining is committed to the highest standards of environmental management, social responsibility, and health and safety for its employees and neighboring communities.

As of June 30, 2012, the Company employed 258 people at its Malaysian operations. Of those, 255 are Malaysian. Most are hired locally and live in the surrounding communities with their families. As of February 2013 almost 300 people were employed as the Company began to add staff at Mengapur.

Workers attend "Toolbox" weekly safety meeting

Health & Safety

The Company places a strong emphasis on safety procedures and training. The objective is a perfect health and safety workplace for Monument people. During the year there were no fatal injuries with only minor work related accidents. The mine enforces a comprehensive safety program and continues to improve procedures for accident prevention.

Environment

While pursuing the company's growth, Monument seeks to ensure that it develops and operates all of its projects in an environmentally responsible and sustainable manner, ensuring a safe and healthy environment. It strives to disrupt as little of the area it works in as possible.

Monument seeks to apply the best environmental practice and ensure the highest commitment to environmental protection while managing natural resource utilization, sustaining the resource base, and preventing degradation of the environment. It adheres to established environmental monitoring and control procedures in compliance with the Environmental Impact Assessment (EIA) plan approved by the Malaysian Government Department on the Environment (DOE) and the Mining Scheme adopted by the Department of Minerals and Geosciences (JMG).

For the Mengapur long term project development, the company intends to use state of the art emissions control technology to make Malaysia one of the "greenest" heavy industrial manufacturing countries in the world.

Community Initiatives

In addition to paying legislated royalties to the Malaysian government from gold sales in fiscal 2012, Monument also reinvests in the local community through employment and the use of local suppliers. It collaborates with local health clinics and youth organizations to conduct free medical screening for the community and to promote healthy living through various activities such as cycling, aerobics, football tournaments and golf competitions.

The Company funds local schools in the Lipis and Maran Districts for additional academic and co-curriculum activities. It introduced SGMM award programs for local primary and secondary school students that excel in the national examinations, provided scholarships to qualified students for further study in mining and processing related courses in local institutions and collaborated with university students and lecturers to conduct research in environmental management and gold and base metal mineralization at the mine, district and regional scale.

Monument participates in community events organized by various NGOs such as volunteer organization, mosque council, Red Crescent and native’s community. Monument representatives have been invited and appointed to the Malaysian Chamber of Mine Council to further promote mining activities in the country.

Below: Monument contributions for humanitarian aids organized by the Pahang State Government for Perdana Global Peace foundation. The cheque was presented by Zaidi Harun, Monument Vice President of Business Development to Pahang Crown Prince KDYTM Tengku Mahkota Pahang Tengku Abdullah Al-Haj Ibni Sultan Haji Ahmad Shah, witnessed by Pahang Chief Minister, YM Dato' Sri Di Raja Hj. Adnan Bin Hj. Yaakob and other dignitaries.

Corporate Governance

At Monument Mining, we strive to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives.

Directly and through its committees, the Board of Directors supervises the management of Monument's business and affairs. The Board views good corporate governance as an integral component to the success of the Company and to meet responsibilities to shareholders.

The Company's Board consists of eight Directors, four of whom are independent: George Brazier, Graham Dickson, Gerald Ruth and Frank Wright. Robert Baldock is not independent as he is the President and CEO of the Company; Zaidi Harun is not independent as he holds the position of Vice President, Business Development of the Company; and Cathy Zhai is not independent as she is the CFO, Vice President of Corporate Finance and Corporate Secretary of the Company. Jean-Edgar Trentinian is not independent as he is a control person of the Company.

At present, the Company has a standing Audit Committee and a Compensation Committee. As exploration of its Malaysian properties progresses, management anticipates that additional committees will be established. Each committee consists of three members.

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary responsibilities are to:

- Oversee the process related to the Company's financial risk and internal control;
- Oversee financial reporting; and
- Oversee internal and external audit processes.

The Compensation Committee has the responsibility to review and recommend for approval by the Board all remuneration of the senior Management of the Company. The Compensation Committee is also responsible for identifying, evaluating and recommending nominees to the Board of Directors and its committees.

The following Management's Discussion and Analysis ("MD&A") of Monument Mining Limited ("Monument" or the "Company") as of September 28, 2012 should be read in conjunction with the consolidated financial statements of the Company for the year ended June 30, 2012 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP" as issued by the International Accounting Standards board ("IASB")). Previously, the Company prepared its annual consolidated financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The Company's 2011 comparatives in this MD&A have been restated and presented in accordance with IFRS. This MD&A contains "forward-looking statements" and the non-GAAP performance measure "unit cash cost per ounce sold" that are subject to risk factors set out in a cautionary note contained herein. All figures are in United States dollars unless otherwise noted. References to "C$" or "CAD" are to Canadian dollars.

Additional information relating to the Company's activities may be found on the Company's website at www.monumentmining.com and at www.sedar.com.

1.1 Overview

Monument, a company listed on the TSX Venture Exchange ("TSX-V": MMY) and the Frankfurt Stock Exchange ("FSE":D7Q1), is a resource company engaged in acquisition, exploration and development of mineral properties as well as production including extraction and processing ores. Its primary business objective is to advance its mineral projects from exploration and development to production, and to increase its gold and other mineral assets through acquisition of prospective land or gold and other mineral projects at an advanced development stage. The Company's Head Office is located in Vancouver, BC, Canada. It operates through its subsidiaries in Pahang State, Malaysia.

The Company's 100% owned primary gold properties are located in Pahang State, the Central Gold Belt of Western Malaysia including Selinsing Gold Project ("Selinsing"), Buffalo Reef Prospect ("Buffalo Reef") and Famehub properties ("Famehub"). While the gold production at Selinsing continued generating healthy cash flow in fiscal 2012, management focused on diversified growth and sustainable operations through acquisitions, expansion of gold production capacity, and further advancing its gold resources.

Acquisitions

In September 2012, the Company acquired 49% of **Mersing Gold Project** through an earn-in agreement, with the right to earn up to 100% interest, which has potential to host primary gold mineralization. The Mersing Gold project is about 300km southeast of the Selinsing Gold Mine.

In November 2011 the Company acquired 100% common shares of Star Destiny Sdn. Bhd., which holds an exploration permit pertaining to prospective land totaling 750 hectares in Pahang State, Malaysia as a stepping stone for business expansion and diversification based on its current portfolio. The property contains a part of Polymetalic ore body adjacent to the west and south of the Mengapur mining lease held by Cermat Aman Sdn. Bhd. in which the Company acquired 70% of the interest thereafter in February, 2012. Both properties together form the entire **Mengapur Polymetalic Project** (the "Mengapur Project").

The Mengapur Project is located in Pahang State, Malaysia and contains multiple minerals including copper, gold and silver, etc. according to a historical feasibility study performed in early 1990s. The Company's management believes this project might introduce significant economic prospects that can add potential value to its shareholders and diversify their investment risk. The due diligence on the Mengapur Project commenced in August 2011. Snowden Mining Industry Consultants ("Snowden") was engaged by the Company to prepare a NI 43-101 compliant Mengapur Project technical report presenting historical data on the Mengapur Project completed in November 2011. The Mengapur Project technical report and its amendment were SEDAR filed in December 2011 and February 2012 as amended (refer to www.sedar.com).

The Company intends to fund the Mengapur Project acquisition and development partially through a CAD$70 million private placement. The Private Placement may create the proposed placee, Tulum Corporation Ltd., as a "control person", who is, defined under applicable rules of the TSX-V, acquiring more than 20% of the Company's issued and outstanding shares at the closing of the Private Placement. At the General and Special Meeting held on December 30, 2011, shareholders approved proposed Mengapur Acquisition and the control person to private placement up to CAD$70 million (the "Private Placement").

On February 21, 2012, the Company announced that it has closed the acquisition using cash on hand upon receipt of the TSX-V's acceptance. The Private Placement for the development of the Mengapur Project was pending the acceptance of TSX-Venture Exchange (the "TSX-V") and was later on refilled with the TSX-V for the same placee Tulum Corporation Ltd.

Gold Production

Gold production in fiscal 2012 from the Selinsing gold mine was 44,585 ounces (oz) in line with fiscal 2011 production of 44,438oz. Gross revenue of $61,709,264 were generated from sales of 36,938oz of gold at an average price of $1,671 per ounce in fiscal 2012 compared to $52,379,851 from sales of 40,438 oz of gold at an average price of $1,400 per ounce in fiscal 2011 . The Gold price continues to bless the profitability and strong cash flow generation which is supportive to the Company's projected business expansion.

Contrast to 19% increase in realized selling price per ounce, cash cost per ounce increased by 26% to $306/oz in fiscal 2012 compared to $242/oz in fiscal 2011 driven by rising milling costs. During fiscal 2012, a detox plant was built into the processing circuit. In addition commissioning of the primary ball mill and three added leach tanks caused interruption of plant operation in the fourth quarter. A small quantity of sulfide materials were milled during the fourth quarter and the discharged un-leached ores were stockpiled for further investigation of recoverability in the Cyanide in Leach ("CIL") circuit.

In order to sustain and enhance future production, the Company commenced and commissioned the Phase III gold processing plant expansion during fiscal 2012 at the Selinsing Gold mine. Up to August 2012, subsequent to the year ended June 30, 2012, the upgraded plant has operated to its designed capacity continuously for 30 consecutive days. The upgraded plant has increased the processing capacity from 400,000 tonnes per annum ("tpa") to approximately 1,000,000 tpa. In conjunction with the Phase III expansion, the Tailing Storage Facility (the "TSF") upgrade was completed in December 2011 to accommodate 10 years discharge from the 1 million tpa gold treatment plant.

Exploration

During the year period ended June 30, 2012, exploration at Selinsing and Buffalo Reef has produced a total of 14,245 drill meters comprised of 14,105 diamond drill metres and 140 RC drill metres. Increased productivity from the in-house drill team as result of coaching programs provided to the drillers in the first half of fiscal 2012.

The in-house drill program is aimed to convert the current inferred gold resources at Selinsing and Buffalo Reef to NI 43-101 compliant measured and indicated reserves and increases the total resources on those properties to support sustainable gold production. Selinsing drilling program focused on definition drilling and metallurgy testing of the Selinsing Deeps area that lies below the ultimate open-pit mine plan (400.0m RL elevation). The drill program at Buffalo Reef focused on definition drilling of the north, south and central areas and metallurgical testing of the Buffalo Reef South sulfide ores.

Snowden Mining Industry Consultants ("Snowden") was originally engaged to update the resources based on drill results and continuous preliminary geological and metallurgical studies. Due to timing constraints, it was reassigned to Mr. Karl T. Swanson and Practical Mining LLC. Laurion Consulting Inc. is engaged for metallurgical test work. The revised Selinsing and Buffalo Reef resource and reserve determination is being targeted for completion of a NI43-101 technical report as result of the drill program is expected to complete in October 2012.

Fiscal 2012 drilling at Mengapur Project was designed to determine the continuity of mineralization, explore untested areas and to test deeper mineralization targets below the proposed pit shells. As at June 30, 2012, 74 drill holes totaling 13,876m had been completed. The majority of the drilling consists of diamond drill core (11,360m) with lesser reverse circulation (2,516 m).

Fiscal 2012 Financial and Operating Highlights

(1) Key gold production statistics

Selinsing Gold Mine	Fiscal 2010	Fiscal 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Fiscal 2012
Operating results							
Ore mined (tonnes)	662,330	740,909	124,736	128,557	140,168	108,420	501,881
Ore processed (tonnes)	272,120	351,999	86,343	84,182	83,447	110,708	364,680
Average ore head grade (g/t Au)	3.08	4.31	4.53	5.25	3.37	3.87	4.24
Process recovery rate	58.7%	92.9%	95.1%	95.3%	93.3%	91.1%	93.7%
Gold production (ounces)	13,793	44,438	11,846	11,736	10,676	10,327	44,585
Gold sold (ounces)	13,793	40,438	8,372	12,765	7,301	8,500	36,938

Selinsing Gold Mine	Fiscal 2010	Fiscal 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Fiscal 2012
Financial results							
Gold sales (US$'000)[(a)]	16,316	56,627	14,430	21,084	12,394	13,801	61,709
Per ounce data							
Cash cost per ounce	216	242	297	307	303	316	306
Average London spot gold price, US$/ounce	1,089	1,372	1,702	1,688	1,691	1,609	1,673
Average realized gold price, US$/ounce	1,183	1,400	1,724	1,652	1,698	1,624	1,671

(a) Three month period ended September 30, 2010 includes an amount of gold sold before the commercial production commenced.

(2) On August 16, 2012 the Company announced the completion of the Phase III Gold Plant Expansion. The Phase III expansion began on September 6, 2011 with budget of $8.1 million and completed in June 2012 on time at total cost of approximately $8.7 million, including installation of an additional crusher, a primary ball mill, three additional leach tanks, and other improvements to the gold room, detox circuit, tailing pipelines and pumping system. The expansion increased capacity of the gold treatment plant from 400,000 tonnes per annum ("tpa") to approximately 1,000,000 tpa.

(3) On November 21, 2011, the Company acquired a 100% of fully-paid shares of Star Destiny Sdn Bhd which held a prospective land containing a part of the historic Polymetalic ore body adjacent to the west and south of the Mengapur Project.

(4) On February 21, 2012, upon receipt of the TSX-V acceptance, the Company announced that it has closed the acquisition of a 70% interest in the Mengapur Polymetalic Project located in Pahang State, Malaysia; the private placement of up to CAD$70 million for the Mengapur Project development was pending acceptance of TSX-V and the application was re-filed with the TSX-V subsequent to the year end.

(5) On March 26, 2012, the Company informed the market it had broken up a gold stealing syndicate at the Selinsing Gold Mine in Malaysia. The Company has called in the Malaysian Police for an immediate investigation and engaged Gold Security Group from Perth, Australia to work with the Police and to review and strengthen security measures at the gold mine. In the opinion of the Company, this incident did not impact the production performance for the year ended June 30, 2012.

(6) After Closing of the Mengapur acquisition, the Company announced a number of appointments of key positions including an additional board member, Chief Operating Officer, Vice President-Business Development, Vice President-Exploration, and Senior Managers for Investor Relations, security and processing plant. The appointments indicate a significant corporate development in the enhancement of the depth of the Company's management team in order to meet its commitment to shareholders to develop its mineral resources, especially the Mengapur Project, the government/community relations, security, processing plant, and shareholder communications and market exposure.

(7) On June 19, 2012, the Company announced the iron ore dispute between its Malaysian subsidiaries (Monument Mengapur Sdn Bhd and CASB) and Phoenix Lake Sdn. Bhd. ("PLSB"). Parties are currently negotiating a settlement agreement to harmonize the iron ore operation on the Mengapur Project. Upon success of the settlement, both parties will withdraw from the litigation.

1.2.1 Property Agreements

Selinsing Gold Project

On June 25, 2007, through its wholly-owned Malaysian subsidiary, Polar Potential Sdn. Bhd., the Company acquired 100% of the Selinsing Gold Property including two mining concessions from Wira Mas Trust (the "Vendor"), together with a 100% interest in Able Return Sdn. Bhd., the former Trustee of Wira Mas Trust, a Malaysian company holding Malaysian Pioneer status which among other benefits provides a 5-year tax break from Malaysian Federal and other taxes. The property is located in Pahang State, Malaysia. The total acquisition cost of $30.3 million (CAD 29.2million) was comprised of $3.6 million (CAD 3.5 million) cash, a promissory note of $9.3million (CAD 9.0million) fair valued at $8.4million (CAD 8.1 million), the issuance of 31,400,009 fully paid treasury shares at an ascribed value of $0.47 (CAD 0.50) per share and 5,000,000 share purchase warrants.

As at the year ended June 30, 2012, the Company acquired exploration rights from local settlers for consideration of $4,508 (2011 - $102,921), 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").

Buffalo Reef Prospect

Concurrent with the acquisition of the Selinsing Gold Project, the Company acquired 100% of the shares of Damar Consolidated Exploration Sdn. Bhd. ("Damar"), a company incorporated in Malaysia, from Avocet Mining PLC ("Avocet"), the parent company of Damar located in London, United Kingdom; thereby acquiring the Buffalo Reef property, which is contiguous and continuous with the Selinsing Gold Project for approximately 4.2 kilometers along the regional gold trend. A total of $1.81million (CAD 1.75 million) cash, 15,000,000 fully paid treasury shares at $0.47 (CAD 0.50) per share and 7,500,000 share purchase warrants were paid as consideration to acquire 100% of the Damar shares and an Avocet promissory note payable of $1.78million (CAD 1.72 million).

As at 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").

Famehub Properties

On August 13, 2010, the "Agreement of Purchase and Sale of Shares" (the "Famehub Acquisition Agreement") was signed, under which the Company would acquire the land package held by Famehub Ventures Sdn. Bhd. ("Famehub") through its wholly-owned subsidiary, Damar Consolidated Exploration Sdn Bhd, by purchasing 100% of the issued and outstanding Famehub shares (the "Famehub acquisition"). Total consideration of $4,884,634 (CAD 5,000,000) for the Famehub acquisition consists of $1,477,734 (CAD 1,500,000) in cash and 14 million fully paid and non-assessable common shares of the Company valued at $3,406,900 (CAD 3,500,000).

The Famehub acquisition closed on September 13, 2010, upon receipt of the TSX-V's acceptance and an independent technical report from Snowden Consulting Group (Australia) (SEDAR filed November 22, 2011).

Earn-In a 49% of interests of Mersing Gold Project

The Mersing Gold Project is held through mining certificate #1221 ("MC 1221") for 256 hectares of prospective land, located approximately 30 kilometers north-west of Mersing Town in Jahore State, Malaysia. The original Malaysian Geological Survey identified a widespread geochemical anomaly that follows the north-west regional structural trend running for more than 30 kilometers, commencing near the beach at Kampung Sri Pantai running inland toward the Mersing Gold Project. The presence of widespread quartz veining within the highly deformed metasediments, sulphide mineralization and free gold showing in the vein material, and the evidence of substantial alluvial mining and processing activities indicate that the Mersing Gold Project has potential to host primary gold mineralization. To date, the area has not been systematically explored for its primary gold potential and no production details are available.

In September 2011 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 or acquire up to a 100% interest in the "Mersing Gold Project" (previously known as the "Gunung Arong Gold Prospect"). Pursuant to the terms of Earn-in Agreement, Monument shall acquire 49% of the Mersing Project by paying $500,000 cash and issuing 1,500,000 fully paid Monument shares to the vendors in exchange for 70% of the shares in EK, which in turn holds a 70% interest in the Mersing Gold Project, conditional upon completion of a $2,000,000 exploration program on the Mersing Gold Project 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 $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 Monument's interest in the Mersing Gold Project to 70%, conditional upon completion of a further $2,000,000 exploration program on the Mersing Project within two years.

Upon acquiring 100% of the shares of EK and reaching a 70% ownership level in the Mersing Gold Project, the Company has the right, for a period of 180 days after the completion of its second earning exploration obligations and the completion of an initial or pre-feasibility study on the project, to buy out the remaining 30% interest in the project thereby achieving 100% ownership in the Mersing Gold Project.

The transaction was accepted by TSX Venture Exchange and was closed on September 26, 2011. Monument has become the sole operator and manager of the Mersing Gold Project.

The Company is reviewing Mersing's regulatory status in order to initiate an exploration program. Exploration at the Mersing Gold Project will provide an opportunity to understand the geological nature of gold mineralization within the Mersing district and, if successful, will create an opportunity for further discovery along the structural trend as defined by the Mineral and Geosciences Department of Jahore State.

Acquisition of Star Destiny Sdn. Bhd.

During November 2011, through a wholly-owned Malaysian subsidiary, the Company paid vendors cash of approximately US$3,140,000 (RM10,000,000) to acquire 100% of the common shares of Star Destiny Sdn. Bhd. ("SDSB"), which holds 100% rights to the exploration permit pertaining to prospective land totaling 750 Hectares in Pahang State, Malaysia, adjacent to the south of the Mengapur Polymetalic Project. Star Destiny prospecting land contains a part of the historic ore body of the Mengapur Project.

The prospecting exploration permit of SDSB expired on September 23, 2012. The Company submitted an application of renewal in November 2011 to the State authority; it has also submitted two applications for mining licenses in 2009 and 2010 over sections of the same area. Another application for mining lease over the prospecting land was also submitted in August 2012. The Company has yet to receive an official notification from the State authority in response to its applications.

Acquisition of a 70% interests in the Mengapur Polymetalic Project

On May 31, 2011, the Company, through its wholly-owned subsidiary Monument Mengapur Sdn Bhd ("MMSB"), in Malaysia, 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 70% of the Mengapur Polymetalic Project under the Mengapur mining lease located in Pahang State, Malaysia.

On November 24, 2011 upon completion of due diligence, a Definitive Acquisition Agreement was signed among the Company, its wholly-owned subsidiary MMSB and Diamond Hard Mining Sdn. Bhd., its shareholders and its wholly-owned subsidiaries, Malaco and CASB subject to financing, shareholders' and regulatory approvals. Under terms of the Definitive Acquisition Agreement, MMSB would pay $60,000,000 in cash and issue 300 MMSB shares (representing a 30% interest in MMSB) to Malaco in exchange for a 100% interest in CASB, the company that holds 100% of the Mengapur Project. As a result of the acquisition, the Company would own 70% of the Mengapur Project with the exception of certain magnetite materials contained in the overburden oxide soils. A non-refundable deposit of $500,000 was paid to Malaco upon signing of the Definitive Acquisition Agreement, and $4,500,000 was set up in an Escrow Fund to secure the Mengapur Project. Upon closing of the acquisition, the total of $5,000,000 was applied against the purchase price.

The proposed acquisition was approved at the Annual General and Special Shareholder's Meeting held on December 30, 2011 ("The 2011 Shareholders Meeting"), and was thereafter accepted by the TSX-V in February 2012. Although

Monument intended to complete the Mengapur Acquisition with the proceeds from its previously announced proposed private placement financing, which was also approved at the 2011 Shareholders Meeting and remains subject to TSX-V acceptance, Monument decided, and considers it in the best interests of the Company, to close the Acquisition using its cash on hand, given the Company's current working capital position and its continued cash flow from gold production generated by its existing operations.

On February 21, 2012, the Company announced that, using the cash on hand, it closed the acquisition of a 70% interest in the Mengapur Polymetalic Project by acquiring a 100% interest in CASB. In exchange, MMSB: (i) arranged for the payment of an aggregate of $60,000,000 in cash to Malaco and certain of Malaco's creditors; and (ii) issued 300 MMSB shares to Malaco. As a result, Monument now holds an indirect 70% interest in the Mengapur Project.

1.2.2 Projects Update

Selinsing Gold Project

Resources

The Selinsing Gold Project ("Selinsing Project") is located at Bukit Selinsing near Sungai Koyan, approximately 65 km north of Raub and 40 km west of Kuala Lipis on the lineament known as the Raub Bentong Suture, at approximately 040˚15'00"N latitude, 101˚047'10"E longitude. The resources of the Selinsing Gold Project are comprised of an indicated mineral resource of 3,630,000 tonnes at 1.76 gpt, using a cutoff of 0.75 gpt for contained ounces of 205,000 ounces of gold, and an inferred mineral resource of 7,690,000 tonnes at a grade of 1.34 gpt for contained ounces of 330,000 ounces of gold at a similar cutoff grade. It is a near surface open pitable resource that metallurgical test work and subsequent mill production records confirm recovery between 92% and 95%.

Mine Development

Phase III Expansion

The Phase III expansion began on September 6, 2011 with budget of $8.1 million and commissioned in June 2012 on time at total cost of approximately $8.7 million, including installation of an additional crusher, a primary ball mill, three additional leach tanks, and other improvements to the gold room, detox circuit, tailing pipelines and pumping system. The expansion increased capacity of the gold treatment plant from 400,000 tonnes per annum ("tpa") to approximately 1,000,000 tpa. On August 16, 2012 the Company announced that the Phase III Gold Plant Expansion was placed into commercial production.

TSF Expansion

During the year ended June 30, 2012, the Company spent approximately $1.7 million on the TSF ("Tailing Storage Facility") expansion completed in December 2011.The expanded TSF has brought storage capacity to 11.0 million tonnes from 6.4 million tonnes. The increased capacity will support 10 years of tailings discharge from the newly expanded gold processing plant once upgraded through the Phase III construction.

Production

The second year of commercial operation (fiscal 2012) produced 44,585 ounces of gold (44,438 – 2011), 19% lower than projected. The production was lower than expected mainly due to lower gold recovery that occurred during ramp up of tonnage through the new primary ball mill, downtime caused by commissioning of the phase III plant expansion, transformation from oxide ore to transition (mixed) ore and plant changeover to better process sulfide ore.

A total of 364,680 tonnes of ore was processed during fiscal 2012 (351,999 – 2011). This again was below projection due to the commissioning of the phase III expansion, however during Q4 the new primary ball mill, a part of the phase III expansion, was commissioned and production increased 33% over the third quarter.

Gold sales for fiscal 2012 were 36,938 ounces as compared to 40,438 ounces in fiscal 2011 due to timing. However, revenue was $61,709,000 compared to $52,379,851 in 2011; a 9% increase resulting from a higher average realized gold price of $1,671 per ounce compared to $1,400 per ounce in fiscal 2011.

	Year ended June 30, 2010	Year ended June 30, 2011	Three months ended Sep 30, 2011	Three months ended Dec 31, 2011	Three months ended Mar 31, 2012	Three months ended June 30, 2012	Year ended June 30 2012
Mining							
Ore mined (tonnes)	662,330	740,909	124,736	128,557	140,168	108,420	501,881
Waste removed (tonnes)	2,326,502	2,707,598	719,080	686,995	744,914	619,502	2,770,491
Stripping ratio	3.51	3.65	5.76	5.34	5.31	5.71	5.52
Ore stockpiled (tonnes)	387,545	773,432	813,175	859,011	915,347	920,633	920,633
Processing							
Crushed ore (tonnes)	274,786	355,021	84,993	82,722	83,833	103,134	354,682
Ore processed (tonnes)	272,120	351,999	86,343	84,182	83,447	110,708	364,680
Average mill feed grade (g/t)	3.08	4.31	4.53	5.25	3.37	3.87	4.24
Processing recovery rate	58.7%	92.9%	95.1%	95.3%	93.3%	91.1%	93.7%
Gold produced (oz)	13,793	44,438	11,846	11,736	10,676	10,327	44,585
Gold sold (oz)	13,793	40,438	8,372	12,765	7,301	8,500	36,938
Revenue (in 000's)	16,316	56,627	14,430	21,084	12,394	13,801	61,709
Cash cost (US$/oz) (1) –							
Mining	64	53	54	51	52	61	54
Processing	90	120	152	131	130	149	140
Royalties	62	69	86	120	123	97	107
Operations, net of silver recovery	-	-	5	5	(2)	9	5
Total cash cost (US$/oz)	216	242	297	307	303	316	306

(1) Total cash cost includes production costs such as mining, processing, tailing facility maintenance and camp administration, royalties, and operating costs such as storage, temporary mine production closure, community development cost and property fees, net of by-product credits. Cash cost excludes amortization, depletion, accretion expenses, capital costs, exploration costs and corporate administration costs.

Exploration

As of the end of June 30, 2012, a total of 10,554 metres in 49 drill holes were drilled at Selinsing for a total cost of approximately $1.2 million**.** The 47 metres spaced drill holes are up to 250 metres deep and are designed to intercept the mineralized structure 220 metres below surface at 280 metres Reduced Level ("RL"). This is below the existing planned pit depth. The drill program is aimed to increase the reserves by converting the inferred gold resources below the present Selinsing open pit outline.

Drill samples were sent to SGS (Malaysia) Sdn. Bhd., an accredited laboratory which complies with requirements of ISO/IEC 1725:2005, for preparation and analysis. The sampling is of half NQ and half HQ diamond drill core with maximum sample intervals of 1.5 metres. Quality assurance and quality control ("QAQC") is maintained through the submission of certified reference materials and blanks. Coarse split duplicates are collected and analyzed, but assays are pending. Sample recoveries are good to excellent.

The significant results (>1 g/t Au) obtained from the first six holes drilled are outlined in the news release announced on July 26, 2011 (refer to www.sedar.com).The information in this news release as it relates to the Selinsing exploration drilling results was compiled by Monument; and reviewed by Mr. Roderick Carlson, an independent qualified person as defined under National Instrument 43-101. Mr. Carlson is a Member of the Australasian Institute of Geoscientists and a full-time employee of Snowden Mining Industry Consultants, who has sufficient experience relevant to the style of mineralization and type of deposit under consideration.

The results indicate that high grade Au mineralization extends below the existing pit and remains open at depth. The on-going programs will continue to assess the gold distribution at depth. The new drill hole data will be used to construct a new resource estimate. The announced Selinsing "Deeps" mineralized drill hole results (located below the current design pit) are similar in grade and true thickness to those obtained from historic drilling campaigns conducted before the 2007 acquisition.

Environment, Safety and Health

The Company's commitment to comply with Malaysia's environmental laws follows three main government authorities:

- The Department of Minerals and Geosciences (JMG) with environmental jurisdiction inside the Company's project tenements;
- The Department of the Environment (DOE), whose jurisdiction lies outside the Company's tenements regarding air and water quality discharge; and,
- The Department of Safety and Health (DOSH), primarily concerned with the storage and handling of hazardous chemicals.

In the year ended 30 June, 2012 routine safety inspections were conducted at all areas on the mine site and regular checks were made on fire extinguishers, first aid kits and safety showers. A landslide emergency drill was successfully completed in the Mining area with the co-operation and assistance from the relevant Government agencies.

The amendment of the Operational Mining Scheme reflecting the Phase III plant upgrade was completed pending for JMG's approval; the supplemental Environmental Impact Assessment ("EIA") study was under review during the third quarter and will be submitted to the relevant authorities upon completion. The EIA study is to highlight the potential impact from the Phase III plant expansion programs, and design a remedial action plan to mitigate risks. Assessment of the project shows favorable effects on the socio economy in terms of employment opportunities to the nearby community and at the same time with the proper mitigation measure, the project will not present any significant long term residual impacts on the environment. The plant expansion programs should enable the available gold resource to be treated at an optimum economic scale and cost. This is in line with the principal objectives of the industrial master plan that is to promote opportunities for the maximum and efficient utilization of nation's abundant natural resources.

Buffalo Reef Prospect

Resources

Through Damar, the Company holds a 100% interest in the Buffalo Reef Prospect consisting of two contiguous tenements approximately 2,050 acres in size in Pahang State of Malaysia that extends the total contiguous and continuous land position northward from and including the Selinsing Gold Mine Project for approximately 4.2 kilometers along the gold trend.

The Buffalo Reef deposit had only a JORC Code compliant historical estimated resource upon acquisition in 2007. In fiscal 2011, Snowden Pty Ltd Australia was engaged to update the historical mineral resources at Buffalo Reef, to convert the historical inferred resources to the measured and indicated categories, and to update the JORC Code compliant gold resources to NI 43-101 standards. The Snowden NI 43-101 report was completed and filed under SEDAR on May 26, 2011. As of December 2010 at a cutoff grade of 0.5 g/t Au, the Buffalo Reef Indicated Mineral Resource is 2.30 million tonnes grading 2.24 g/t Au for a total of 165,500 ounces of Au and the Inferred Mineral Resource is 1.36 million tonnes grading 1.31 g/t Au for a total of 57,300 ounces of Au.

The Buffalo Reef Mineral Resource as of December 2010, and reported at a 0.5 g/t Au cut-off grade (Snowden, 2011):

Classification	Oxidation State	Zone	Tonnes Kt	Au g/t	Au Oz
Indicated	Oxide	South	272	2.35	20,500
		Central	32	1.62	1,700
		North	159	1.57	8,000
	Sulphide	South	1,298	2.66	111,300
		Central	246	1.36	10,700
		North	291	1.42	13,300
	Total (Indicated)		2,298	2.24	165,500
Inferred	Oxide	South	125	1.23	4,900
		Central	52	1.44	2,400
		North	26	2.79	2,400
	Sulphide	South	411	1.36	17,900
		Central	548	1.07	18,800
		North	201	1.69	10,900
	Total (Inferred)		1,363	1.31	57,300

The Inferred Resource is mostly located in the Felda Block 7 where no drilling work has been carried out as yet. The Company has paid obtained agreements from settlers for exploration rights but yet to receive the consent from Felda Corporation to access and carry out further exploration.

Snowden considers that this resource estimate is appropriate for use in a Scoping Study or a Pre-Feasibility Study or a preliminary Assessment.

The NI43-101 report contains preliminary metallurgical test work results. Historic test work conducted by Avocet Mining PLC, the previous owner of Buffalo Reef, indicated that the oxide zone showed reasonable metallurgical recovery rates for gold by direct cyanidation. However, the sulfide mineralization at Buffalo Reef was classified as refractory to direct cyanidation procedures. This prompted the Company to commence test work programs in 2010 and preliminary metallurgical studies completed by Monument in 2011 have shown promising results using roasting or bioleaching pre-treatment processes. These test work programs are ongoing and the Company is encouraged with results to date. Oxide ore could be treated using the existing Selinsing processing plant.

Given the advanced state of exploration at the Buffalo Reef deposit, future activities will focus on infill drilling to increase the level of confidence in the geological interpretation and resource estimation. To facilitate this, Monument is securing additional land for further resources definition drilling. Diamond core drilling will be required to provide material for bulk density measurement and metallurgical test work, along with geotechnical data.

The NI43-101 technical report dated May 2011 was prepared by independent qualified persons Jean-Pierre Graindorge, BSc from Snowden Mining Industry Consultants Pty Limited and Frank Wright, P. Eng., a Consulting Metallurgist. Information in this report relates to in-situ Mineral Resource estimates using CIM Standards on Mineral Resources and Reserves Definitions and Guidelines. The May 2011 estimate was carried out under the supervision of Mr. Michael Andrew who is a full time employee of Snowden Mining Industry Consultants Pty Ltd. Mr. Andrew is a member of the Australian Institute of Mining and Metallurgy (MAusIMM), and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Qualified Person as defined by the Code. Mr. Andrew consents to the inclusion in this section of MD&A of the matters based on his information in the form and context in which it appears.

Pahang State Government via the State Land and Mine Department approved the renewal application of MC 1/107 in the first quarter of fiscal 2012. The mining lease was extended for an additional 10 years; tenement fees were paid by Damar to the State Government of Pahang for issuance of the new lease certificate.

Exploration

The Buffalo Reef exploration program announced in September 2010 includes 33 drill holes comprising 2,500m of RC drilling and 3,200m of diamond drilling budgeted at $0.8 million. The drill program is an extension of the previous 11,871m of shallow RC drilling programs completed in 2008. It is aimed to convert the inferred resources to measured and indicated resources under NI 43-101 standards. Metallurgical and recovery test work has also been carried out on the Buffalo Reef ore as part of the ongoing development program.

In early fiscal 2012 two new drill rigs were purchased and placed in use at the Selinsing and Buffalo Reef. A new exploration office was built to accommodate the newly recruited exploration personnel and core storing and handling facilities were constructed. The workshop was complete in fiscal 2012.

As of the end of June 30, 2012, a total of 3,689 diamond drill meters in 21 drill holes were complete at Buffalo Reef for a total cost of approximately $0.54 million.

Famehub Properties

The Famehub area is located in Pahang State of Malaysia approximately 15km northwest of the town of Kuala Lipis and 2km north of the Selinsing Gold mine.

On September 13, 2010, through its wholly-owned subsidiary Damar, the exploration arm of Monument's Malaysian group of companies, the Company acquired the Famehub Property by purchasing 100% of the issued and outstanding shares of Famehub Venture Sdn. Bhd. ("Famehub"), a company incorporated in Malaysia. Famehub has rights to approximately 32,000 acres of prospective exploration land to the north of Buffalo Reef along the trend and east of the Selinsing gold mine. Famehub also owns a package of technical information and exploration database in respect to the subject property. The full purchase price for the Famehub acquisition is $1.5 million in cash and 14 million common shares of the Company. The Company has started preparation for its exploration programs, targeting the consolidation of its Selinsing and Buffalo Reef properties together with the Famehub Property around the newly constructed producing Selinsing gold mine in order to extend the life of the mine through increased resources situated nearby.

The Famehub area is in an early stage of exploration. It consists of nine separate exploration prospects. Extensive stream sediment and soil sampling campaigns have been completed by the previous owners with minimal drilling conducted to date. The results of the geochemical sampling included in the database obtained by the Company indicate anomalous gold grades are present in the Famehub properties. Follow up exploration work is required to define the extent of any potential gold mineralization (refer to "Preliminary Assessment of Exploration Tenements, Malaysia, NI43-101 Technical Report", August 2010, prepared by Snowden Group Australia and filed on www.sedar.com.

Data obtained from the acquisition allows the Company to quickly focus on prospective drill targets and assess the potential of the newly acquired ground through targeted exploration. The initial 12 month program includes trenching and 61 drill holes comprising of 7,440m of RC drilling and 1,500m of diamond drilling and is budgeted at $1.6 million. The program is aimed to generate targets for future drilling.

In the 2012 fiscal year, field works have been carried out at the Panau, Serau and Tekai prospects for $88,434. A total of 1,082 trench samples, 9,255 soils samples, 163 stream samples and 148 grab/float samples were collected from the Panau and Tekai prospects.

Mengapur Polymetalic Project

The Mengapur Project is located in Central Malaysia in the State of Pahang, approximately 130 kilometers from Monument's wholly-owned Selinsing Gold Mine near Sri Jaya, 12 kilometers from a highway and 75 kilometers from the Malaysian port of Kuantan. The Mengapur polymetalic deposit was first discovered in 1979 with anomalous stream sediment samples and later drilled by Malaysia Mining Corporation Berhad ("MMC") from 1983 to 1988. Historical economic and resource estimates on the Mengapur Project were completed and published as a "Definitive Feasibility Study" (the "Historical Study") in October 1990 by Normet Engineering Pty Ltd with James Askew Associates completing the ore reserve and resource estimates, both of Perth, Western Australia. At least three current land positions totaling approximately 1,000 hectares cover the 1990 historical reserve area described in the Historical Study. The Company entered the Definitive Agreement to acquire, among other things, the rights to Mining Certificate number PL 1/2006 or Lot 10210 (Hulu Lepar Subdistrict, Kuantan District, Pahang State), which provides rights to the land that covers approximately 185.10 hectares (457.5 acres) and a majority of the historical 1990 reserve.

The Historical Study contains 10 volumes of comprehensive supporting documents which resulted from a 10 year, 58,000 meter diamond drilling program costing approximately $40 million. The exploration program was carried out by MMC, a Malaysian government-owned corporation. The resource and reserve estimates reported in the Study are historic and are considered to provide an indication of the potential of the project based on historic assumptions used to modify the resource to a reserve, therefore should not be considered as Mineral Resources and Mineral Reserves as defined in the CIM guidelines.

The Historical Study proposed construction of a process facility, roaster and supporting infrastructure and other supplemental processing facilities (together the "Plant Facilities"). According to the Study, the Plant Facilities were expected to provide capacity for the treatment of 2,500,000 tons per year for a mine life of 23 years. Other activities including further acquisitions and area exploration could further increase this mine life. In addition, the Plant Facilities could also produce other by-products such as 600,000 tons of sulfuric acid per year or downstream products as indicated by the Study such as fertilizer for the Malaysian and other palm oil industry participants in neighboring South East Asian countries. However, any economic data from the historic feasibility study must be considered out of date and is not intended to suggest any current economic viability.

A NI 43-101 compliant technical report was completed and signed off by Walter Dzick, B.Sc., MBA, P. Geo., MAusIMM, and Rod Carlson, B.Sc., M.Sc., MAIG, of Snowden Mining Industry Consultants ("Snowden") 2 named as "Monument Mining Limited: Mengapur Project, Pahang State, Malaysia, Project No. V1165". The Technical Report was SEDAR filed on December 2, 201011 and the Amended Mengapur Project Technical Report subsequently SEDAR filed on February 29, 2012 (the "Mengapur Project Technical Report"). The Mengapur Project Technical Report represents a compilation of historic information and data that has been provided to Snowden by the Company and all economic assessments and resource statements included in the Report are considered historic in nature and there is no certainty that any economic assessments will be realized.

As part of the Historical Study, the authors of the Historical Study helped determine a Cu-S-Au-Ag sulfide reserve (Table 1, below) on Zone A, and a Cu-S-Au-Ag sulfide and oxide resource (Table 2, below) on Zones A, B, and C. The resource and reserve estimate reports are considered relevant because they provide an indication of the mineral potential of the project. The historical resource and reserve estimates reported in the Historical Study use categories other than those set out in NI

43-101 and therefore should not be considered as Mineral Resources and Mineral Reserves as defined in the CIM 2005 guidelines. These reserves and resources do not meet the requirements of the 2005 CIM Guidelines and should only be considered to be historical in nature. The Historical Study does not clearly state if this reserve is included in the resource estimate.

Table 1. Mengapur Project Historical Sulfide Reserve estimate as of October 1990 using a 0.336% Equivalent Cu cutoff grade.

		Tonnes (Million t)	EQV Cu (%)	S (%)	Cu (%)	Au(g/t)	Ag(g/t)
Sulfide	Proven	26.467	0.803	9.20	0.31	0.25	2.46
	Probable	38.324	0.691	8.23	0.24	0.19	2.68
TOTAL		64.800	0.737	8.63	0.27	0.21	2.59

Notes: Equivalent Cu is based on the following assumptions: Recoveries for Cu, Ag, Au and S of 76.6%, 47%, 48%, and 82%, respectively; and commodity prices in US$/kg equal to 1.37 Cu, 4,107 Au; 65 Ag; and 0.09 S and a combined mining and processing cost of US$4.45/tonne. The historical reserve is based on A Zone using the SP6 Design pit as described in the Historical Study. The disclosure of historical reserves is not meant to imply that there is any current economic viability. This would require completion of at least a preliminary feasibility study.

Table 2. Mengapur Project Historical Resource estimate as of October 1990 using a 0.336% Equivalent Cu cutoff grade.

		Tonnes (Million t)	EQV Cu (%)	S (%)	Cu (%)	Au(g/t)	Ag(g/t)
Oxide	Measured	4.866	0.419	0	0.47	0.05	27.82
	Indicated	16.406	0.557	0	0.64	0.12	26.45
Subtotal		21.272	0.525	0	0.60	0.10	26.70
Sulfide	Measured	63.438	0.661	7.622	0.25	0.18	3.30
	Indicated	139,699	0.579	7.040	0.19	0.13	3.85
Subtotal		203.137	0.605	7.222	0.21	0.15	3.68
TOTAL		224.409	0.597	6.54	0.25	0.16	8.86

Notes: The same recoveries and commodity prices stated for the reserves in Table 1 were used for the resources. The resources include Zones A, B, and C.

Copper and iron production occurred at Mengapur after the completion of the Historical Study and was compiled as part of Monument's 2011 due diligence work and included in the Snowden NI 43-101 report for disclosure purposes. A 500,000 tpa used flotation plant was constructed at the site from 2005 to 2007. Total copper production from sulfide skarn rock from October 2008 to June 2009 includes 250 tonnes of copper ore grading 8% to 18% copper whereas total iron production from skarn rock from June 2010 to July 2011 totals:

- 26,693 tonnes of iron ore to produce 3,168 tonnes iron (magnetite) fines averaging 63% iron with high contained sulfur content (3% to 4% S); and
- An additional 24,966 tonnes iron ore lumps averaging 42% iron by crushing plant.

The iron and copper processed from the copper processing plant at site was mined from mainly one open pit area located in the southwestern corner of the claims currently held by CASB.

Total iron production from oxidized materials from October 2010 to October 2011 totals 2,556,479 tonnes and was mined mostly from two open pits on the property currently held by CASB. This oxidized material was transported off the property held by CASB and processed at facilities owned by another operator.

The operations plan in the Historical Study recommended using an 8,500 tpd Cu processing plant operation. Under this plan, the pyrrhotite concentrate was going to be roasted to produce 590,000 tpa of sulfuric acid which would be converted to 203,000 tpa of P2O5 in the form of phosphoric acid. This is based on a mining rate of 7,534.24 tonnes per day (2.75 million tonnes per year) to produce some 30,500 tonnes of Cu concentrate and about 620,000 tonnes of pyrrhotite concentrate per year over the proposed 23 year mine life.

The historic data compiled in the Technical Report indicates the need for more preliminary test work to be completed before the project is ready to move forward. The resource and reserve areas identified in the Historical Study must be drilled using CIM 2005 standards.

The recommended work plan described in the Technical Report includes acquiring the land rights to conduct exploration and mine development studies. A first work phase is recommended consisting of due diligence work completed mostly from August 25 to November 25, 2011 at an approximate cost of CAD$788,473. A second work phase includes a 1.6 year drill hole program at an approximate cost of CAD$13,442,222 using three diamond drill rigs and one RC rig to complete a total of 65,980m of resource conversion and infill drilling (at a 40 m average drill hole spacing for planning purposes). The total work program costs $14,230,695 and assumes that the diamond drill production is 30 m per 24-hour work shift. The second phase of work is expected to commence shortly after the closing of the Mengapur Project acquisition.

Included in this 1.6 year drilling program is access road and drill pad construction, metallurgy testing on the sulfide and oxide ores consisting of flotation testing, grind test work for sulfide ores, and leach tests (bottle roll and columns) for oxide ores; geologic and mine design modeling; geologist's time; assays for Au, Cu, Ag, and Leco S along with multi-element ICP; quality-assurance and quality control assay program; and contract topographic survey work (air and ground).

After the closing of the Mengapur acquisition, the 40-person camp at Mengapur has been increased to support a larger Monument staff. The on-site facilities are being upgraded and a new core storage and logging facility was recently constructed near the existing site Administration Office. As of the end of June 30, 2012, a total of 11,111 meters in 69 drill holes were drilled at the Star Destiny property for a total drilling cost of approximately $1.8 million to determine the continuity of mineralization, explore untested areas and to test deeper mineralization targets below the proposed pit shells.

The Company has approved a $400,000 budget for carrying out research and investigation work on rock phosphate resources through an Australian company as a part of its strategic plan for development of future downstream products on the Mengapur Project.

On August 24, 2012, subsequent to the year end, the Company announced drill results on the Mengapur Project that were conducted before the end of December 2011 (refer to www.sedar.com). The Company plans to advance the Mengapur Project upon receipt of approval of its application for renewal of the Operating Mining Scheme ("OMS") from the State authority. An annual OMS is mandatory for a mining leaseholder to carry out any mining activities at the mine site. The Company's OMS expired on May 31, 2012 and its application for renewal is under the review of the State Authority. Delay was caused by the timing constraint on the Company as a new leaseholder in collecting and compiling the related technical information.

Currently ZCM Mining Sdn. Bhd. has been carrying iron ore operation on the Mengapur mine site. ZCM has been notified by the Company that it should not conduct mining without the OMS in place. The Company has also reported this matter to relevant government authority. The Company terminated ZCM's iron ore agreement in March 2012 due to ZCM's environment non-compliance and extraction and taking of other metals in its iron ore operations contrary to the terms of the agreement. This leads to the present dispute to which a resolution is currently being negotiated.

1.3 Selected Financial Information

BALANCE SHEET	June 30, 2012	June 30, 2011	July 1, 2010
Current assets	$ 50,179,801	$68,326,751	$10,599,467
Other assets	161,769,174	56,415,756	56,568,191
Total assets	211,948,975	124,742,507	67,167,658
Current liabilities	19,052,930	4,919,497	3,637,939
Other liabilities	22,388,089	38,807,319	4,257,461
Non-controlling interests	24,186,279	-	-
Equity attributable to parent	146,321,677	81,015,691	59,272,258
Total liabilities and shareholders' equity	211,948,975	124,742,507	67,167,658
Working capital excluding derivative liabilities	$ 31,130,680	$63,407,254	$6,961,528

1.4 Operating highlights

	Fiscal 2011				Fiscal 2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	$	$	$	$	$	$	$	$
Revenues	6,611,494	14,119,390	15,031,105	16,617,861	14,430,298	21,084,315	12,393,951	13,800,700
Gold Produced (Ounces)	9,050	11,348	11,904	12,136	11,846	11,736	10,676	10,327
Gold Sold (Ounces)	8,650	10,148	10,704	10,936	8,372	12,765	7,301	8,500
Average Realized Gold price (per ounce)	1,256	1,391	1,404	1,520	1,724	1,652	1,698	1,624
Average London Spot Gold price (per ounce)	1,227	1,367	1,386	1,506	1,702	1,688	1,691	1,609
Cash cost (per ounce)	202	265	238	262	297	307	303	316
Net Earnings Attributable to Common Shareholders	901,859	3,192,992	17,916,723	10,380,198	11,176,073	26,708,718	8,116,449	13,560,064
Net Earnings before other income Attributable to Common Shareholders	4,508,245	10,115,173	10,296,084	10,537,186	9,925,103	14,779,551	8,430,279	7,395,364
Earnings Per Share before other income:								
- Basic	0.03	0.06	0.06	0.06	0.06	0.08	0.04	0.04
- Diluted	0.03	0.05	0.05	0.05	0.05	0.07	0.04	0.04
Net Earnings after other income and tax Attributable to Common Shareholders	901,859	3,192,992	17,916,723	10,380,198	11,176,073	26,708,718	8,116,449	13,560,064
Earnings Per Share:								
- Basic	0.01	0.02	0.10	0.06	0.06	0.15	0.04	0.08
- Diluted	0.01	0.02	0.09	0.05	0.05	0.13	0.04	0.07

Summary

The operating results of the Company reflect its income from gold mine operations, on-going corporate business development, administrative costs and other income or expenses such as interest, fair value gains or losses on derivative liabilities, and foreign exchange gains or losses.

For the year ended June 30, 2012, the net income attributable to shareholders was $59,561,304, or $0.33 per share (basic) compared to $32,391,772, or $0.19 per share (basic) in fiscal 2011. The increase in earnings per share in fiscal 2012 is mainly due to other income (loss) which attributed $0.10 to earnings per share as compared to ($0.02) per share in fiscal 2011. The significant increase in other income was caused by derivative gains resulted in change of fair value of derivative liabilities at the end of the reporting period calculated based on selected financial models and assumptions associated to related commodity price or share price at the market as required by IFRS, the applicable accounting standards. Derivative liabilities are identified by the management have most significant effect on the amounts recognized in the financial statements that need to be evaluated at each reporting period with a nature of uncertainty.

The net income before other income (loss) and before taxes attributable to shareholders was $40,530,297, or $0.22 per share for fiscal 2012; and $35,456,688, or $0.21 per share for fiscal 2011.

Sales, Cost of Goods Sold and Gross Margin from Mining Operations

Sales

For the year ended June 30, 2012, the net income attributable to shareholders was $59,561,304, or $0.33 per share (basic) compared to $32,391,772, or 0.19 per share (basic) in the corresponding period of fiscal 2011.

Gold sales generated $61,709,264 from 36,938 ounces sold during fiscal 2012 compared to $52,379,851 from 40,438 ounces sold in fiscal 2011. The increase in revenue, considering the decrease in ounces sold, was due to an average realized gold sale price of $1,671 per ounce compared to $1,400 per ounce in 2011. The average London spot price for 2012 was $1,673 ($1,372 – 2011).

The cash cost per ounce of gold sold in fiscal 2012 was $306, compared to $242 per ounce in 2011. The cash cost is broken up as follows:

	Year ended June 30,		Three months ended				Year ended June 30
	2010	2011	Sep 30, 2011	Dec 31, 2011	Mar 31, 2012	June 30, 2012	2012
Cash cost (US$/oz) [(1)] –							
Mining	64	53	54	51	52	61	54
Processing	90	120	152	131	130	149	140
Royalties	62	69	86	120	123	97	107
Operations, net of silver recovery	-	-	5	5	(2)	9	5
Total cash cost (US$/oz)	216	242	297	307	303	316	306

[(1)] Total cash cost includes production costs such as mining, processing, tailing facility maintenance and camp administration, royalties, and operating costs such as storage, temporary mine production closure, community development cost and property fees, net of by-product credits. Cash cost excludes amortization, depletion, accretion expenses, capital costs, exploration costs and corporate administration costs.

Mining

Mining cost per ounce remained relatively consistent with 2011 up until the fourth quarter. During Q4 some high sulfide content was encountered. The cost per tonne of material moved remained consistent, however due to the increased processing time; the ounces yielded within Q4 were lower. Another point to note is the slight increase in Q1 to $54 per ounce; this was due to a brief period of time where the density of the rock was higher than usual leading to increased blasting costs.

Processing

The fluctuations in processing costs are a result of several factors:

- Fluctuations in average mill grade (the average grade of ore fed into the processing plant measured in grams of gold per tonne of ore "g/t") 4.53 g/t (Q1), 5.25 g/t (Q2), 3.37 g/t (Q3), 3.87 g/t (Q4);
- Installation & commissioning of the detoxification circuit leading to delays, a part of the phase III expansion (Q1);
- Several scheduled crusher shutdowns leading to decreased production (Q3);
- Commissioning of the phase III expansion leading to plant downtime (Q4);
- Processing of sulphidic ore leading to longer processing times and higher volumes of reagents used (Q4); and
- Power outages caused by the major power supplier in Malaysia (Q4).

Royalties

The Royalties cost per ounce increased to $107 during fiscal 2012 compared to $69 in fiscal 2011. The increase is primarily due to the additional royalty paid on the gold produced but kept as security against CAD 13 million debt. Prior to October 1, 2011 the Company paid 5% of gross revenue in royalty on date of sales, however from that date the Company pays 5% of the market value of gold produced.

Non-cash costs

Non cash production expenses included depreciation and amortization of $3,802,476 ($2,398,394 – 2011) and accretion of asset retirement obligations in the amount of $104,564 ($61,949 - 2011). The increase in non-cash production expenses is due to the higher capitalized cost as a result of the phase III expansion and the higher tonnes of ore processed (364,680 tonnes – 2012, 351,999 tonnes – 2011).

Corporate general and administrative

Corporate expenses of $5,945,741 (2011 - $5,343,603) comprised of salaries, office and administration, legal and accounting, shareholder communications, conference and travel, regulatory compliance, project investigations, stock-based compensation, amortization and exploration expenses.

In addition to stock-based compensation expenses of $560,772 (2011- $1,058,329) Regulatory compliance of $58,898 (2011 - $57,553) and amortization of $113,977 (2011 - $163,882), the Company incurred other corporate expenses of $5,212,094 (2011- $4,063,839), which represents an increase of 26% for the financial year ended June 30, 2012 in comparison to the previous period.

General and administrative expenses increased by 13% to $3,027,332 from $2,681,055 in the same period of the prior year, and include salary expenses of $2,524,659 (2011 - $2,308,435) and office rent and utilities and general office expenses $393,707 (2011- $262,411). The salaries and administrative expenses increased from prior year due to staff increase to accommodate the growth of the Company.

Legal, consulting and audit expenses were $1,078,250 in the financial year ended 30 June, 2012 compared to $627,034 in fiscal 2011, which is a 71% increase mainly due to additional audit quarterly reviews, IFRS audit, corporate legal services related to regulatory inquiries, and legal action against Sim Tze Chui AKA Jyn Tze Baker et el. for defamation and slander of title.

Shareholder communications and travel expenses totaled $961,116 increased by $395,470 from $565,646 in the same period of fiscal 2011, reflecting increased activities in investor relations through publications, conferences and travel for corporate development.

For the year ended June 30, 2012 the Company incurred 599,547 (2011 - $1,089,969) in stock-based compensation expenses net of forfeitures, of which $560,772 (2011- $1,058,329) was charged to operations, $38,775 (2011 – $31,640) was charged to inventory, exploration, mine development and construction of the plant. The decrease was mainly resulted by new stock options being granted and amortized and one stock option issuance being vested immediately and therefore fully expensed during the year ended June 30, 2011.

Other income (loss)

The Company recognized a gain/loss in the income statement on the change of fair value of share purchase warrants with an exercise price in CAD, which is different than the Company's functional currency (US dollar). The Company re-measures the fair value of the foreign currency denominated share purchase warrants at each reporting date using the Black-Scholes model and translates it into US dollars using the exchange rates at the reporting date. A gain of $17,710,610 ($709,585 - 2011) was recorded for the financial year ended June 30, 2012 due to the change in fair value of foreign currency share purchase warrants, which was mainly driven by fluctuating share price of the Company.

The Company recognized the inducement issued in conjunction with convertible notes as a derivative financial instrument comprised of two components. The first component is a foreign exchange derivative and the second component consists of a written option contract for a non-financial instrument that is readily convertible to cash (gold). The inducement has been recorded as derivative liabilities– gold inducement in the statement of financial position. Changes in the fair value of these derivative liabilities – gold inducement are recorded as a component of other income (loss). During the financial year ended June 30, 2012, the change in fair value of derivative liabilities – gold inducement resulting in a gain of $47,005 ($4,636,523 loss - 2011), as explained under note 13 in the financial statements.

The Company recognized a gain in income statement on change of fair value of gold forward purchase contract of $1,169,051 ($1,602,306 – 2011). On January 28, 2011, Monument 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. 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 4,465 ounces received, 3,465 were sold for proceeds of $5,365,575. As at July 13, 2011, the remaining 1,000 ounces of gold bullion were sold with a realized gain of $66,508. On January 12, 2012, Monument paid $5,000,000 in advance to Queenstake Resources USA, Ltd. to purchase 3,665 troy ounces of gold with the right to receive an amount of $6,000,000 by the delivery date or alternatively receive the 3,665 ounces of gold delivered at an extended settlement date of October 31, 2012 (Previously June 12, 2012). For the financial year ended June 30, 2012, the change of fair value of this gold forward contract resulted in an unrealized gain of $1,102,543.

On August 11, 2010, the Company closed a $13 million (CAD 13 million) financing consisting of $8 million (CAD 8 million) in convertible notes and $5 million (CAD 5 million) from a forward gold sale. During the financial year ended June 30, 2012, an amount of $921,939 of interest accretion on the convertible notes (2011 – $843,767) was charged to income statement.

For the financial year ended June 30, 2012, amortization decreased by $49,905 to $113,977 from $163,882 in the same comparative period. The decrease was mainly due to the reclassification of amortization on site buildings, equipment and warehouse to operations.

The Company earned $212,687 (2011- $104,946) in interest income generated from the cash and cash equivalents balance for the financial year ended June 30, 2012. The Company recorded a foreign exchange gain of $820,113 ($22,040 loss - 2011) for the financial year ended June 30, 2012 driven by fluctuations in the US dollar and the Malaysian Ringgit influenced by an increased amount of supplier payments and cash balances.

1.5 Liquidity and Financial Condition

The Company's principal cash requirements are working capital used for business development, general administration, property maintenance and development, construction of the gold treatment plant expansion, production operations at Selinsing and exploration at Selinsing, Buffalo Reef, Famehub, Mersing, and Mengapur.

The Company's cash and cash equivalent, including the restricted cash balance, but excluding funds in escrow, as at June 30, 2012 was $8,399,571 decreased by $40,766,955 from $49,166,526 as at June 30, 2011.

- For the year ended June 30, 2012, cash in the amount of $43,267,746 was generated from operations (2011- $38,867,045);
- $17,284 of cash was used and $4,282,766 of cash was provided from financing activities (2011– $1,446,554 being used and $14,303,678 being generated); and
- $1,571,998 was provided by investing activities and $78,872,181 of cash was spent on investing activities for funds held in escrow, development costs, acquisition of property, plant and equipment acquisitions and construction (2011–$5,365,575 and $11,820,364, net of recoveries on gold sales before the commencement of commercial production).

For the financial year ended June 30, 2012, changes in non-cash working capital items amounted to a cash outflow of $2,332,204 compared to the outflow of $1,465,502 for fiscal 2011. The cash inflow for the current period consisted of accounts receivable of $1,457,828; offset by cash outflow on prepaid expenses and deposits of $166,406, inventory $4,767,023, payable and accrued liabilities of $1,143,397. The outflow for the same period ended June 30, 2011 was due to cash outflow on accounts receivable of $80,376, prepaid expenses and deposits of $404,409 and inventory of $4,964,811; offset by cash inflow in accounts payable and accrued liabilities of $3,984,094. The increase in non-cash working capital items was primarily due to the decrease of accounts receivable from gold sales, reflecting the high liquidity of gold sales from the Selinsing Gold Project.

For the financial year ended June 30, 2012, the Company had a cash inflow of $4,265,482 (2011- $12,857,124) from financing activities. The cash inflow of $4,282,766 was for the exercise of stock options and warrants offset by the outflow from payment of finance lease obligations of $17,284. For the financial year ended June 30, 2011 cash inflow was $1,866,578 from exercise of stock options and warrants, $7,653,600 from proceeds of convertible notes and $4,783,500 from the proceeds from gold forward contracts. This was offset by the cash outflow from finance costs of $1,435,904 and payment of finance lease obligations $10,650.

Investing activities had a cash outflow of $77,300,183 for fiscal 2012 (2011 – $6,454,789) of which $16,113,459 (2011 – $3,587,145) related to construction, mineral property exploration and evaluation and other capital expenditure. During fiscal 2012 $7,561,387 (2011 – $879,447) was used for the construction of the Phase III plant expansion, $1,148,464 (2011 – $491,406) was used for the construction of the new tailings storage facility, $2,403,608 (2011 – $2,216,292) on other equipment purchase and $5,000,000 (2011 – $nil) for the acquisition of fixed assets for Mengapur project.

Mineral properties exploration, development and acquisition costs, including the deferred business development costs was $57,749,592 (2011 – $3,231,610). This was represented by the acquisition activities of Mersing project, Star Destiny, and Mengapur project, of $50,808,688 (2011 – $1,426,628 for Famehub). Exploration & Evaluation costs and deferred business development costs, including drilling, assays, geological studies & site activities of $6,940,904 (2011 – $$5,409,749 which was offset by net profits from gold sales of $3,604,767 charged to mineral properties during July and August, 2010 for a net of $1,804,982).

As at June 30, 2012, the Company had a positive working capital, after excluding derivative liabilities, of $31,130,680 compared to $63,407,254 as at June 30 2011. The decrease of $32,276,574 was mainly the result of cash spent on the acquisition of the Mengapur project, the Mersing project, Star Destiny, and the gold forward purchase; offset by the commencement of gold sales and cash from warrants exercise. Accounts payable increased to $8,033,259 at June 30, 2012 from $4,903,751 at June 30, 2011 primarily attributed to Phase III construction, gold production activities, staff bonuses, and the accounts payable from MMSB business activities starting in April 2011.

Subsequent to June 30, 2012, GoldMet B.V., a Netherland based company ("GoldMet"), purchased 24,112,500 transferrable stock purchase warrants of Monument privately and exercised them at CAD$0.50 per share. This resulted in a cash inflow to Monument of $11,922,425.

1.6 Capital Resources

The Company's capital resources as at June 30, 2012 included cash and cash equivalents. The Company's primary sources of funding are equity financing through the issuance of stock, debt financing and cash flow generated from the sale of gold. The Company exercises its best effort to seek and utilize its capital resources in an efficient manner in order to meet its business commitments including exploration and mineral property development, acquisitions, capital asset upgrades and working capital.

During the first quarter of fiscal 2012, 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 $500,000 cash and issuing 1,500,000 fully paid Monument shares to the vendors in exchange for 70% of the shares in EK in turn earning a 49% interest in the Mersing Gold Project. During the first two-year earn-in period, the Company is obligated to complete $2,000,000 in exploration on the Mersing Gold Project to retain its interest in the Project.

The CAD$70,000,000 private placement was required in order to fund future exploration and development expenditures on the Mengapur Project. The success of the private placement might create a control person Tulum, who was approved at the 2011 Shareholders Meeting held on December 30, 2011. The Company has re-filed the application of the Private Placement from Tulum with the Exchange as Tulum is still pursuing its investment in Monument.

On January 12, 2012, the Company entered into an "Agreement for Sale of Gold" with Queenstake Resources USA, Ltd. a wholly-owned subsidiary of Yukon Nevada Gold Corp. and paid $5,000,000 in advance to purchase 3,665 troy ounces of gold with the right to receive either an amount of $6,000,000 or alternatively to receive 3,665 ounces of gold delivered at an extended settlement date of October 31, 2012 (Originally June 12, 2012).

Subsequent to June 30, 2012, 24,112,500 transferrable stock purchase warrants of Monument were exercised at CAD$0.50 per share. This resulted in a cash inflow to Monument of $11,922,425.

The Company's ability to continue its mine development activities, exploration activities and production activities, and to continue as a going concern, will depend on its ability to obtain suitable financing and to generate cash flow from gold production. The Company has generated positive cash flows from operations since commencement of commercial production. Management believes it is able to obtain adequate working capital to continue the on-going operations through its Selinsing mine operation and other financing vehicles. However, the positive cash flow generated from the plant cannot be seen as an indication of future profitability. The profitability of the Company is affected by various factors, including the amount of gold produced and sold, the market price of gold, operating costs, interest rates, environmental costs, labour risk and political risk. The Company seeks to manage risks associated with its business; however, many of the factors affecting these risks are beyond the Company's control.

Financing may be required from time to time to meet its business development program. Whether the Company is able to generate adequate cash to meet its capital requirements is affected by a number of external economic factors beyond the Company's control.

Commitment and Contingencies

	2013	2014	2015	2016	2017	Total
Operating leases	$ 122,276	$ 19,443	$ 2,776	$ -	$ -	$ 144,495
Purchase commitments	2,496,256	-		-	-	2,496,256
Financing commitments	-	-	12,756,900	-	-	12,756,900
Mineral property fees	6,792	6,792	6,792	6,792	6,792	33,960
Total	$2,625,324	$ 26,235	$ 12,766,468	$ 6,792	$ 6,792	$ 15,431,611

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 11 and the Gold forward sale contract is discussed in note 12 in the financial statements.

Upon closing of the Mengapur acquisition, the Company withheld $11 million out of $60 million total cash consideration according to the Supplementary Definitive Agreement as the Escrow Fund in order to settle any potential claims from the Vendor's creditors against Mengapur Project and the Company.

1.7 Off Balance Sheet Arrangements

None.

1.8 Transactions with Related Parties

Refer to note 21 of the condensed consolidated financial statements as at June 30, 2012.

1.9 Proposed Transactions

None.

1.10 Fourth Quarter

	Three months ended June 30, 2011	Three months ended June 30, 2012
Cash cost (US$/oz) [1]		
Mining	53	61
Processing	138	149
Royalties	76	97
Operations, net of silver recovery	(5)	9
Total cash cost (US$/oz)	262	316

	Three months ended June 30, 2011	Three months ended June 30, 2012
Mining		
Ore mined (tonnes)	237,342	108,420
Waste removed (tonnes)	700,968	619,502
Stripping ratio	2.95	5.71
Ore stockpiled (tonnes)	773,432	920,633

Fourth quarter operation results (fiscal 2012 vs fiscal 2011)

Summary

The operating results of the Company reflect its income from gold mine operations, on-going corporate business development, administrative costs and other income or expenses such as interest, fair value gains or losses on derivative liabilities, and foreign exchange gains or losses.

For the fourth quarter, the net income attributable to shareholders was $13,560,064, or $0.07 per share (basic) compared to $10,380,198, or 0.05 per share (basic) in the fourth quarter of fiscal 2011. The increase in earnings per share in the fourth quarter is mainly due to other income (loss) which attributed $0.03 to earnings per share as compared to $0.00 per share in the fourth quarter fiscal 2011. The significant increase in other income was caused by derivative gains resulted in change of fair value of derivative liabilities at the end of the reporting period calculated based on selected financial models and assumptions associated to related commodity price or share price at the market as required by IFRS, the applicable accounting standards. The derivative liabilities were decreased in fiscal 2012 mainly due to the IFRS adjustments.

The net income before other income (loss) and before taxes attributable to shareholders was $7,395,364, or $0.04 per share for the fourth quarter fiscal 2012; and $10,537,186, or $0.06 per share for the fourth quarter fiscal 2011.

Sales, Cost of Goods Sold and Gross Margin from Mining Operations

Sales

For the fourth quarter, the net income attributable to shareholders was $13,560,064, or $0.07 per share (basic) compared to $10,380,198, or 0.05 per share (basic) in the fourth quarter of fiscal 2011. Gold sales generated $13,800,700 from 8,500 ounces sold during the three months ended June 30, 2012 compared to $16,617,862 from 10,936 ounces sold during the previous corresponding three months.

Production decreased to 10,327 ounces during the fourth quarter from 12,136 ounces (2011) and cash cost per ounce increased to $316 in the fourth quarter from $262 in fiscal 2011. This was due to the following:

Mining - $61 per ounce up from $53 per ounce

Mining costs increased by 15% during the three months ended June 30, 2012 due to a high stripping ratio (more waste mined than ore) and sulfide ores were encountered. This impacted total tonnes moved and ore mined resulting in a higher mining cost per tonne.

Processing - $149 per ounce up from $138 per ounce

Processing costs increased by 8% due to the following events occurring at our Selinsing mine site during the fourth quarter fiscal 2012:

- Fluctuations in average mill grade (the average grade of ore fed into the processing plant measured in grams of gold per tonne of ore "g/t") 3.87 g/t (4.58 g/t - Q4 fiscal 2011);
- Commissioning of the phase III expansion leading to plant downtime (Q4);
- Processing of sulphidic ore leading to longer processing times and higher volumes of reagents used (Q4); and
- Power outages caused by the major power supplier in Malaysia (Q4).

Royalties - $97 per ounce up from $76 per ounce

The Royalties cost per ounce increased to $97 during the three months ended June 30, 2012 compared to $76 in the three months ended June 30, 2011. The increase is primarily due to the additional royalty paid on the gold produced but not yet sold. Prior to October 1, 2011 the Company paid 5% of gross revenue in royalty on date of sales, however from that date the Company pays 5% of the market value of gold produced.

Non-cash costs

Non cash production expenses included depreciation and amortization of $1,064,162 ($893,545 - 2011). The increase in depreciation and amortization relate to the increased tonnes of ore processed, 110,708 tonnes compared to 86,540 tonnes in Q4 2011 resulting from the phase III expansion commissioning.

Corporate general and administrative

Included within Corporate expenses, General and administrative expenses increased by 4% to $1,850,062 from $1,778,545 for the three months ended June 30, 2012 and 2011 respectively. These amounts include salary expenses of $1,707,629 ($1,684,676 – Q4 2011) and office rent and general office expenses $142,433 ($219,299 – Q4 2011). The salary expenses increased in comparison to the fourth quarter in fiscal 2011 mainly due to bonuses paid to a higher number of employees in 2012.

Shareholder communications and travel expenses totaled $210,979 ($103,149 – Q4 2011), reflecting activities in investor relations, conferences and travel for corporate development and acquisition activities. Travel has increased due to additional travel to Malaysia to work with Phoenix Lake Sdn. Bhd. ("PLSB") to harmonize magnetite iron ore operations at the Mengapur project site, as discussed in the news release on June 19, 2012. Also there has been an increased presence of senior management in Malaysia to refine internal controls and operating policies.

Legal, Consulting and audit expense totaled $226,359 ($138,304 – Q4 2011), the increase is due to mediation between Monument and Phoenix Lake Sdn. Bhd. ("PLSB") to harmonize magnetite iron ore operations at the Mengapur project site, as discussed in the news release on June 19, 2012.

For the year ended June 30, 2012 the Company incurred $599,547 (2011 - $1,089,969) in stock-based compensation expenses net of forfeitures, of which $560,772 (2011 - $1,058,329) was charged to operations, $38,775 (2011 – $31,640) was charged to inventory, exploration, mine development and construction of the plant. The decrease was mainly resulted by new stock options being granted and amortized and one stock option issuance being vested immediately and therefore fully expensed during the year ended June 30, 2011.

Other income (loss)

The Company earned $94,544 (2011 - $32,677) interest income generated from the cash and cash equivalents balance for the three months ended June 30, 2012. The Company incurred a foreign exchange gain of $414,767 ($46,427 – 2011) for the three months ended June 30, 2012.

On January 12, 2012, Monument paid $5,000,000 in advance to Queenstake Resources USA, Ltd. to purchase 3,665 troy ounces of gold with the right to receive an amount of $6,000,000 by the delivery date or alternatively receive the 3,665 ounces of gold delivered at an extended settlement date of October 31, 2012 (Previously June 12, 2012). For the three months ended June 30, 2012, the change of fair value of gold forward contract resulted in an unrealized gain of $5,711.

The Company recognized a gain/loss in the income statement on the change of fair value of share purchase warrants with an exercise price in CAD, which is different than the Company's functional currency (US dollar). The Company re-measures the fair value of the foreign currency denominated share purchase warrants at each reporting date using the Black-Scholes model and translates it into US dollars using the exchange rates at the reporting date. A gain of $5,521,691 (2,145,329 - 2011) was recorded for the three month period ended June 30, 2012 due to the change in fair value of foreign currency share purchase warrants, which was mainly driven by fluctuating share price of the Company.

The Company recognized the inducement issued in conjunction with convertible notes as a derivative financial instrument comprised of two components. The first component is a foreign exchange derivative and the second component consists of a written option contract for a non-financial instrument that is readily convertible to cash (gold). The inducement has been recorded as derivative liabilities– gold inducement in the statement of financial position. Changes in the fair value of these derivative liabilities – gold inducement are recorded as a component of other income (loss). During the three month period ended June 30, 2012, the change in fair value of derivative liabilities – gold inducement resulting in a gain of $374,520 ($2,314,393 loss - 2011), as explained under note 13 in the financial statements.

On August 11, 2010, the Company closed a $13 million (CAD 13 million) financing consisting of $8 million (CAD 8 million) in convertible notes and $5 million (CAD 5 million) from a forward gold sale. During the three months ended June 30, 2012, an amount of $243,584 of interest accretion on the convertible notes (2011 – $216,880) was charged to income statement.

1.11 Critical Accounting Estimates

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. The Company makes estimates and assumptions that affect the amounts reported. Significant estimates and areas where judgment is applied include fair values used to establish: mineral reserve quantities, the valuation of deferred consideration assets, property plant and equipment lives, tax provisions, deferred tax balances and timing of their reversals, share purchase warrant liabilities and equity instruments. Actual results could differ from the Company's estimates.

1.12 International Financial Reporting Standards

Effective January 1, 2011, International Financial Reporting Standards ("IFRS") became Canadian GAAP for publicly accountable enterprises. The Company developed and executed a transition plan in order to begin reporting in accordance with IFRS from July 1, 2011. The transition plan included an assessment phase, a design phase, and an implementation phase.

The Company has prepared its first IFRS audited annual consolidated financial statements for 30 June 2012. IFRS represents standards and interpretations approved by the International Accounting Standards Board ("IASB"), and are comprised of IFRS's, International Accounting Standards ("IASs") and interpretations issued by the IFRS Interpretations Committee ("IFRICs") or the former Standing Interpretations Committee ("SICs"). The Company's significant accounting policies are described in note 3 and a reconciliation to Canadian Generally Accepted Accounting Principles for June 30, 2011 and July 1, 2010 can be found in note 26 of the Company's audited annual consolidated financial statements.

The significant balance sheet impacts resulting from the transition are

- Recognition of derivative liabilities for warrants ($13,198,120);
- Reversal of the change in functional currency other comprehensive income ($1,326,894);
- Recognition of additional cost due the purchase of a ball mill from a related party ($2,514,055);
- Recognition of derivative liabilities for gold inducement ($4,636,523); and
- Reassessment of the asset retirement obligation leading to a liability increase of $1,665,840.

The income statement impact of the above was a $5,469,382 gain on derivative warrant liabilities, a loss of $4,636,523 on derivative liabilities for gold inducement and a charge of $68,268 to the accretion of the asset retirement obligation. The related party transaction and functional currency change did not result in a change to the income statement.

1.13 Financial Instruments – Risk Exposure and Other instruments

The Company's financial instruments are classified as financial assets - loans and receivables (cash and cash equivalents, restricted cash, accounts receivable), financial liabilities – other financial liabilities (accounts payable, accrued liabilities) and the financial liabilities at fair value through profit or loss (forward purchase contracts, foreign currency share purchase warrants, convertible note inducement option).

The Company's financial instruments are exposed to certain financial risks, including 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.

The convertible notes, gold forward inducement and foreign currency share purchase warrants contain a number of derivative components that would cause exposure to foreign currency risk. The Company has not hedged any of its currency risks. The derivative components associated to foreign currency fluctuation are fair valued at each period and gains or losses are recorded to its income (refer to note 13 and 14 of the annual financial statements for the year ended June 30, 2012.

Based on the above net exposures as at June 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/decrease of approximately $220,048 (June 30, 2011 – $402,857) in the Company's net income, depreciation or appreciation of the CAD against US dollar would result in an increase/decrease of approximately $428,810 (June 30, 2011 – $1,300,048) in net income.

Commodity price risk

The Company values the contract inducement derivative liabilities (Note 13) 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 June 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 $377,517 (June 30, 2011 - $605,643) in the Company's net income.

Other price risk

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 June 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 $68,948 (June 30, 2011 - $193,000) in the Company's net income.

Interest rate risk

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

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 credit risk on the trade accounts 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 $1,566,982 (June 30, 2011 – $33,763,000) is held with a Malaysian financial institution. The amount of $17,832,589 (June 30, 2011 – $15,403,000) 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 Company's convertible notes are due to be settled in August 2015.

1.14 Outstanding Share Data

The following details the share capital structure as at September 28, 2012, the date of this MD&A.

Exercise Price	Number of common shares	Expiry date
Common shares	209,158,030	
Common shares stock options		
CAD 0.40	13,160,000	Aug 15, 2013
CAD 0.25	915,501	Dec 05, 2013
CAD 0.40	230,000	Dec 05, 2013
CAD 0.50	400,000	Dec 05, 2013
CAD 0.25	300,000	Feb 09, 2014
CAD 0.30	1,600,000	Jun 08, 2013
CAD 0.30	500,000	Jun 10, 2015
CAD 0.42	3,000,000	Sep 29, 2015
CAD 0.60	600,000	Nov 30, 2015
CAD 0.68	20,000	Jan 27, 2016
CAD 0.62	150,000	Jul 28, 2016
CAD 0.61	150,000	Aug 29, 2016
CAD 0.42	1,000,000	Jan 11, 2017
CAD 0.45	180,000	Mar 7, 2017
Total	22,205,501	
Convertible note to shares		
CAD 0.40	20,000,000	Aug 11, 2015
Total	20,000,000	
Share purchase warrants		
CAD 0.50	5,000,000	Aug 11, 2015
CAD 0.50	20,000,000	Aug 11, 2015
Total	25,000,000	

1.15 Risks and Uncertainties

Monument Mining Limited is an exploration, development and gold production company which looks for gold resources. The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a mineral deposit may result in substantial rewards, few properties which are explored are ultimately developed into production. Major expenses may be required after initial acquisition investment to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in the discovery of mineral resources or a profitable commercial mining operation, and, on an industry statistical basis, it is unlikely that an economic operation will be developed.

Whether a mineral deposit, if ever discovered, will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure together impact on mine ability and recoverability, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

The Company has commenced gold production at its Selinsing gold mine and is currently generating a positive cash flow. The profitability of the production is depending on various factors, however, and may not be controllable by the Company.

Some major risks associated with the business are, but are not limited to, the following:

Title to mineral property interests

Although the Company has taken steps to verify the title to its mineral property interests, 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, title to its properties is in good standing except that a prospecting exploration permit previously held by Star Destiny Sdn. Bhd. expired on September 23, 2012 and the application for renewal was submitted to the authority in compliance with the Malaysian Mining Enactment 2001 and applications for several mining leases over the prospecting permit were also registered.

Realization of assets

Mineral property interests 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, obtaining of permits, satisfaction of governmental requirements and possible aboriginal claims, attainment of successful production from the properties or from the proceeds of their disposal.

Reserves and resource estimates

There is a degree of uncertainty attributable to the calculation of reserves and resources and the corresponding grades. Reserve and resource estimates are dependent partially on statistical information drawn from drilling, sampling and other data. Reserve and resource figures set forth by the Company are estimates, and there is no certainty that the mineral deposits would yield the production of metals indicated by reserve and resource estimates. Declines in the market price for metals may adversely affect the economics of a deposit and may require the Company to reduce its estimates.

Profitability from Production

The profitability of mining companies depends, in part, on the actual costs of developing and operating mines, which may differ significantly from estimates determined at the time a relevant mining project was approved or ongoing projection. The development of mining projects may also be subject to unexpected problems and delays that could increase the cost of development and the ultimate operating cost of the relevant project. Monument's decision to acquire, develop a mineral property and operate production is based on estimates made as to the expected or anticipated project economic returns. These estimates are based on assumptions regarding:

- future gold prices;
- anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed;
- anticipated recovery rates of gold extracted from the ore;
- anticipated material and spares cost associated to production, and
- anticipated capital expenditure and cash operating costs.

Actual cash operating costs, production and economic returns may differ significantly from those anticipated by such estimates.

Environmental

Environmental legislation is becoming increasingly stringent and 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.

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 properties.

Additional funding for building project pipelines

The Company continues seeking new acquisition targets so as to increase its resource base. Additional capital may be required from time to time to fund such acquisitions and development in order to fulfill its business strategy. The additional capital may come from public market, debt financing and cash flow generated from current production, which are largely influenced by integrated world and regional economies which are out of the Company's control. The management has successfully mitigated those risks in the past through exercise of due care, experiences and knowledge; however, those factors do not guarantee such risks will be successfully mitigated into the future.

Foreign Operations

The Company's properties are located in Malaysia, South-East Asia. Malaysia had a history of tin mines and currently has some gold mine operations at the central gold belt in Pahang State. In 2010, the increase in revenue from gold mine operations has brought mining to the government's attention. The Company has historically received strong support from the local, state and federal governments for its gold mine development and operation. However, the political risk is considered external and not at the control of the Company.

The Company's mineral exploration and mining activities may be affected in varying degrees by certain risks associated with foreign ownership including inflation, political instability, political conditions and government regulations. Any changes in regulations or shifts in political conditions are beyond the Company's control and may adversely affect the Company's business. Operations may be affected by government regulations with respect to restrictions on foreign exchange and repatriation, price controls, export controls, restriction of earnings distribution, taxation laws, expropriation of property, environmental legislation, water use, mine safety and renegotiation or nullification of existing concessions, licenses, permits, and contracts.

The regulations the Company shall comply with include, but are not limited to, the Mineral Enactment Act 2001, Mineral Development Act 2004, Environmental Quality Regulations 1978, The Planning Guideline for Environmental Noise Limit and Controls, Factories and Machinery Act 1967 and Occupational Safety and Health Act 1994.

Failure to strictly comply with applicable laws, regulations and local practices relating to mineral rights applications and tenure could result in loss, reduction or expropriation of entitlements, or closure of operations. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

1.16 Disclosure Controls and Internal Controls over Financial Reporting

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") on a timely basis so that appropriate decisions can be made regarding public disclosure.

An evaluation of the effectiveness of the design and operation of disclosure controls and procedures was conducted as of June 30, 2011, by and under the supervision of the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that the disclosure controls and procedures, as defined in Canada by Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, are effective to ensure that (i) information required to be disclosed in reports that are filed or submitted under Canadian securities legislation and the Exchange Act is recorded, processed, summarized and reported within the time periods specified in those rules and forms; and (ii) material information relating to the Company is accumulated and communicated to the Company's management, including the CEO and CFO, or persons performing similar functions.

Internal Control over Financial Reporting

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP. Management is responsible for establishing and maintaining adequate internal controls over financial reporting for the Company.

The Company's management, including the CEO and CFO, has evaluated the effectiveness of the internal controls over financial reporting. Based on this evaluation, management has concluded that internal controls over financial reporting were designed effectively as of June 30, 2012.

As a result of this review, it was determined that there were no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the internal controls over financial reporting except the following weakness.

Inventory control:

The Company's Inventory system is operated manually, therefore, it is exposed to risk of human errors and is not considered efficient. Inventory software was purchased but the development has not been completed. The Company has engaged a consulting firm to design an inventory system during the three months ended December 31, 2011. The work is in progress.

Gold Security:

In March 2012, the Company has broken up a gold stealing syndicate at the Selinsing Gold Mine in Malaysia. The Company has called in the Malaysian Police for an immediate investigation and engaged Gold Security Group ("GSG") from Perth, Australia to assist local policy investigation, conduct security audit in identifying weakness of control over security and assist to design a standard gold security procedure in order to strengthen security measures at the gold mine. In the opinion of the Company, this incident will not impact the production performance for the year ended June 30, 2012.

While the Company's CEO and CFO believe that the Company's internal controls over financial reporting provide a reasonable level of assurance that they are effective, they do not believe that the Company's disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

NON-GAAP PERFORMANCE MEASURES

The Company has included the non-GAAP performance measure "unit cash cost per ounce sold". This non-GAAP performance measure does not have any standardized meaning prescribed by GAAP and, therefore, may not be comparable to similar measures presented by other companies. This measure is used by management to identify profitability trends and to assess cash generating capability from the sale of gold on a consolidated basis in each reporting period, expressed on a per unit basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance. Accordingly, unit cash cost per ounce of gold sold is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared using IFRS. More specifically, management believes that these figures are a useful indicator to investors and management of a mine's performance as they provide: (i) a measure of the mine's cash margin per ounce, by comparison of the cash operating costs per ounce to the price of gold, (ii) the trend in costs as the mine matures and, (iii) an internal benchmark of performance to allow for comparison against other mines. Total cash cost includes mine site operating costs such as mining, processing, administration and royalties, offset by sales of silver by-product, but is exclusive of amortization, depletion, reclamation, capital costs, exploration costs and corporate administration costs.

CONSOLIDATED FINANCIAL STATEMENTS OF

MONUMENT MINING LIMITED

(Expressed in United States dollars)

Years Ended June 30, 2012 and 2011

MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The consolidated financial statements, the notes thereto have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and are the responsibility of the management of Monument Mining Limited. The financial information presented elsewhere in the Management Discussion and Analysis is consistent with the data that contained in the consolidated financial statements. The consolidated financial statements, where necessary, include amounts which are based on the best estimates and judgment of management.

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 approved the consolidated financial statements.

The external auditors have full and unrestricted access to the Audit Committee to discuss the scope of their audits, the adequacy of the system of internal controls and review financial reporting issues. The consolidated financial statements have been audited by Grant Thornton LLP, the independent registered public accounting firm, in accordance with International Financial Reporting Standards.

“Robert Baldock”	“Cathy Zhai”
___________________________	_________________________________
Robert Baldock,	Cathy Zhai,
President and Chief Executive Officer	Chief Financial Officer

Vancouver, British Columbia
September 28, 2012

Independent auditor's report

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To the shareholders of
Monument Mining Limited

We have audited the accompanying consolidated financial statements of Monument Mining Limited, which comprise the consolidated statement of financial position as at June 30, 2012, and the consolidated statement of income and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 auditor's 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 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 consolidated financial position of Monument Mining Limited as at June 30, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matters

The consolidated financial statements of Monument Mining Limited for the year ended June 30, 2011 and the opening consolidated statement of financial position as of July 1, 2010, were audited by another auditor who expressed an unmodified opinion on those statements on September 28, 2012.

Grant Thornton LLP

Vancouver, Canada
September 28, 2012

Chartered accountants

SmytheRatcliffe
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the shareholders of Monument Mining Limited

We have audited the comparative information of Monument Mining Limited, which comprise the consolidated statements of financial position as at June 30, 2011 and July 1, 2010, and the consolidated statement of operations and comprehensive loss, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year ended June 30, 2011, and a summary of significant accounting policies and other explanatory information, including Note 26, which explains how the transition from pre-changeover Canadian generally accepted accounting principles to International Financial Reporting Standards affected the entity's reported consolidated financial position, financial performance and cash flows.

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 International Financial Reporting Standards 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 the comparative information in 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 comparative information in these consolidated financial statements present fairly, in all material respects, the financial position of Monument Mining Limited as at June 30, 2011 and July 1, 2010, and its financial performance and its cash flows for the year ended June 30, 2011 in accordance with International Financial Reporting Standards.

Smythe Ratcliffe LLP is a member firm of both the PKF International Limited network and PKF North America, which are, respectively, a network and an association of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

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Other Matter

The consolidated statement of financial position as at June 30, 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year ended June 30, 2012 and the summary of significant accounting policies and other explanatory information, are audited by another auditor who expressed an unmodified opinion on September 28, 2012.

Smythe Ratcliffe LLP

Chartered Accountants

Vancouver, British Columbia
September 28, 2012

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MONUMENT MINING LIMITED

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

	Notes	June 30, 2012	June 30, 2011	July 1, 2010
			(Note 26)	(Note 26)
ASSETS				
Current assets				
Cash and cash equivalents		$ 8,293,666	$ 49,063,026	$ 3,722,746
Restricted cash	4	105,905	103,500	174,400
Funds held in escrow	9 (f)	11,000,000	-	-
Gold bullion	5	-	1,505,490	-
Gold forward purchase agreement	6	6,102,543	-	-
Trade and other receivables		466,303	1,924,131	1,843,755
Prepaid expenses and deposits		659,400	492,994	88,585
Inventories	7	23,551,984	15,237,610	4,769,981
		50,179,801	68,326,751	10,599,467
Non-current assets				
Restricted inventories	7, 11	3,036,956	1,121,400	-
Plant and equipment	8	43,429,281	35,012,324	19,928,765
Mineral properties	9	115,224,469	20,065,745	36,412,904
Deferred costs		78,468	216,287	226,522
		161,769,174	56,415,756	56,568,191
		$ 211,948,975	$ 124,742,507	$ 67,167,658
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities		$ 8,033,259	$ 4,903,751	$ 3,624,057
Escrow fund payable	9 (f)	11,000,000	-	-
Finance lease obligations		15,862	15,746	13,882
Derivative warrant liabilities	14	3,809	-	-
		19,052,930	4,919,497	3,637,939
Non-current liabilities				
Finance lease obligations		14,857	32,257	44,771
Gold forward sale contract	12	2,592,660	2,592,660	-
Convertible notes	11	5,914,982	5,290,009	-
Derivative warrant liabilities	14	3,551,664	21,285,160	-
Derivative liabilities – gold inducement	13	4,589,518	4,636,523	-
Asset retirement obligation	15	5,042,110	4,249,810	3,540,057
Deferred tax liabilities	16	682,298	720,900	672,633
		22,388,089	38,807,319	4,257,461
		41,441,019	43,726,816	7,895,400
Equity				
Share capital	18	68,695,295	63,484,007	57,805,102
Capital reserve – warrants		2,612,024	2,612,024	2,612,024
Capital reserve – options		6,400,244	5,866,850	5,098,552
Retained earnings (accumulated deficit)		68,614,114	9,052,810	(6,243,420)
		146,321,677	81,015,691	59,272,258
Non-controlling interests	20	24,186,279	-	-
		170,507,956	81,015,691	59,272,258
		$ 211,948,975	$ 124,742,507	$ 67,167,658
Subsequent events	25			

Approved on behalf of the Board:

"Robert Baldock" "Gerald Ruth"
Robert Baldock, Director Gerald Ruth, Director

MONUMENT MINING LIMITED

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(in United States dollars, except otherwise stated)

	Notes	Years ended June 30, 2012	June 30, 2011
			(Note 26)
Revenue			
Revenue - gold sales		$ 61,709,264	$ 52,379,851
Production costs		(11,307,589)	(9,134,079)
Gross margin from mining operations		**50,401,675**	**43,245,772**
Depreciation and amortization		(3,802,476)	(2,398,394)
Gain on disposal of scrap material		3,879	14,862
Accretion of asset retirement obligations	15	(104,564)	(61,949)
		(3,903,161)	(2,445,481)
Income from mining operations		**46,498,514**	**40,800,291**
Corporate Expenses	17	5,945,741	5,343,603
		5,945,741	5,343,603
Income before other items		**40,552,773**	**35,456,688**
Other income (loss)			
Gain due to change in fair value of derivative warrant liabilities	14	17,710,610	709,585
Gain/(loss) due to change in fair value of derivative liabilities - gold inducement	13	47,005	(4,636,523)
Change in fair value of gold forward purchase agreements	5, 6	1,169,051	1,602,306
Foreign currency exchange gain (loss)		820,018	(22,040)
Interest income		212,687	104,946
Accretion expense on convertible note	11	(921,939)	(843,767)
Loss on disposal of assets		(4,758)	-
		19,032,674	(3,085,493)
Income before taxes		**59,585,447**	**32,371,195**
Current income tax		(1,667)	(1,023)
Deferred income tax recoveries		-	21,600
Net income and comprehensive income		**59,583,780**	**32,391,772**
Net income attributable to non-controlling interest		22,476	**-**
Net income attributable to common shareholders		**59,561,304**	**32,391,772**
Total comprehensive income			
Comprehensive income attributable to non-controlling interest		22,476	-
Comprehensive income attributable to common shareholders		**$ 59,561,304**	**$ 32,391,772**
Earnings per share			
Basic	19	$ 0.33	$ 0.19
Diluted	19	$ 0.29	$ 0.17
Weighted average number of common shares			
Basic	19	182,797,661	168,732,680
Diluted	19	207,119,552	200,849,254

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY

(in United States dollars, except otherwise stated)

	Common shares	Capital reserve - warrants	Capital reserve - options	Retained earnings (deficit)	Total	Non-controlling interest	Total equity
Balance, July 1, 2010	$ 57,805,102	$ 2,612,024	$ 5,098,552	$ (6,243,420)	$59,272,258	$ -	$59,272,258
Common shares issued on acquisition of properties	3,406,900	-	-	-	3,406,900	-	3,406,900
Warrants exercised, including cash	1,436,385	-	-	-	1,436,385	-	1,436,385
Stock options exercised, including cash	835,620	-	(321,671)	-	513,949	-	513,949
Share-based compensation	-	-	1,089,969	-	1,089,969	-	1,089,969
Warrants term extension	-	-	-	(17,095,542)	(17,095,542)	-	(17,095,542)
Net income for the year	-	-	-	32,391,772	32,391,772	-	32,391,772
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
Stock options exercised	207,258	-	(66,153)	-	141,105	-	141,105
Share-based compensation	-	-	636,548	-	636,548	-	636,548
Stock options forfeited	-	-	(37,001)	-	(37,001)	-	(37,001)
Net income for the year	-	-	-	59,561,304	59,561,304	-	59,561,304
Acquisition during the year	-	-	-	-	-	24,186,279	24,186,279
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**

MONUMENT MINING LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in United States dollars, except otherwise stated)

	Notes	Years ended June 30, 2012	June 30, 2011
			(Note 26)
Operating activities			
Net income for the period		$ 59,583,780	$ 32,391,772
Adjustments to reconcile net income to net cash provided from operating activities:			
Depreciation and amortization		3,916,453	2,562,276
Loss on disposal of assets		4,758	-
Accretion expense on asset retirement obligations		104,564	61,949
Share-based compensation		560,772	1,058,329
(Gain)/loss on change in fair value of derivative liabilities – gold inducement	13	(47,005)	4,636,523
Gain on change in fair value of derivative warrant liabilities	14	(17,710,610)	(709,585)
Foreign exchange gain		(565,650)	(8,578)
Change in fair value of gold forward purchase agreement	5, 6	(1,169,051)	(482,306)
Accretion expense on convertible notes	11	921,939	843,767
Deferred income tax (recovery)		-	(21,600)
Cash provided from operating activities before change in working capital items		45,599,950	40,332,547
Change in non-cash working capital items			
Trade and other receivables		1,457,828	(80,376)
Prepaid expenses and deposits		(166,406)	(404,409)
Inventories		(4,767,023)	(4,964,811)
Accounts payable and accrued liabilities		1,143,397	3,984,094
Cash provided from operating activities		**43,267,746**	**38,867,045**
Financing activities			
Proceeds from exercise of stock options and warrants		4,282,766	1,866,578
Proceeds from convertible notes	11	-	7,653,600
Proceeds from gold forward contracts	6, 12	-	4,783,500
Finance cost paid	11,12	-	(1,435,904)
Payment of finance lease obligations		(17,284)	(10,650)
Cash provided from financing activities		**4,265,482**	**12,857,124**
Investing activities			
Expenditures on mineral properties, net of recoveries, Exploration & evaluation properties		(57,749,592)	(3,231,610)
Expenditures on plant and equipment		(16,113,459)	(3,587,145)
Gold forward purchase payment	6	(5,000,000)	(5,000,800)
Proceeds from disposition of gold bullion		1,571,998	5,365,575
Reclamation of asset retirement obligation		(9,130)	(809)
Cash used in investing activities		**(77,300,183)**	**(6,454,789)**
Increase (decrease) in cash and cash equivalents		(29,766,955)	45,269,380
Cash and cash equivalents, beginning of the year		49,166,526	3,897,146
Cash and cash equivalents, end of the year		**$ 19,399,571**	**$ 49,166,526**
Cash and cash equivalents consist of:			
Cash		$ 8,293,666	$ 39,219,375
Funds held in escrow	9 (f)	11,000,000	-
Cash equivalents		-	9,843,651
Restricted cash	4	105,905	103,500
		$ 19,399,571	**$ 49,166,526**

Supplemental Cash Flow Information (Note 23)

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.

The consolidated financial statements of the Company for the financial year ended June 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 and first-time adoption of IFRS

These consolidated 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 financial statements are the Company's first annual consolidated financial statements prepared under IFRS and have been prepared in accordance with IFRS 1 "First Time Adoption of International Financial Reporting Standards" ("IFRS 1"). The Company's date of transition to IFRS and its opening IFRS financial position are as at July 1, 2010 ("the transition date").

These consolidated 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. The significant accounting policies are presented in Note 3 and have been consistently applied in each of the periods presented. Significant accounting estimates, judgments and assumptions used or exercised by management in the preparation of these consolidated financial statements are presented in Note 3(t).

The Company's consolidated financial statements were previously prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") which differs in some respects from IFRS. In preparing these consolidated financial statements, certain accounting and valuation methods previously applied under Canadian GAAP were changed. The transition date balance sheet and the comparative amounts as at and for the year ended June 30, 2011 have been restated to reflect the accounting policies at June 30, 2012 with the exception of certain specific exemptions in accordance with IFRS 1.

The exemptions which the Company has elected to apply and are considered significant to the Company are the following:

a) Business combinations

The Company has applied the business combination exemption in IFRS 1 and has not restated business combinations and the accounting thereof that took place prior to the July 1, 2010 transition date. This exemption applies to the acquisition of Able Return Sdn. Bhd. and Damar Consolidated Exploration Sdn. Bhd. in June 2007.

b) Share-based payments

The Company has elected to apply the share-based payment exemption. It has applied IFRS 2 from July 1, 2010 onwards to those options that were issued after November 7, 2002 but that had not vested by July 1, 2010.

c) Cumulative Translation Differences

The Company has elected to apply the Cumulative Translation Difference exemption in IFRS 1 and has deemed all cumulative translation differences to be zero at July 1, 2010.

The effect of these exemptions and the effect of the adjustments to the previously reported June 30, 2011 annual consolidated financial statements as a result of adopting IFRS are disclosed in Note 26 along with reconciliation between Canadian GAAP and IFRS at the transition date and as at and for the year ended June 30, 2011.

3. 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 listed in the following table:

			Interests holding as at		
Entity	Location	Property/Segment	June 30, 2012	June 30, 2011	July 1, 2010
Polar Potential Sdn. Bhd.	Malaysia	Gold production	100%	100%	100%
Able Return Sdn. Bhd.	Malaysia	Gold production	100%	100%	100%
Selinsing Gold Mine Manager Sdn. Bhd.	Malaysia	Gold production	100%	100%	100%
Damar Consolidated Exploration Sdn. Bhd.	Malaysia	Exploration and development	100%	100%	100%
Famehub Venture Sdn. Bhd.	Malaysia	Exploration and development	100%	100%	-
Monument Mengapur Sdn. Bhd.	Malaysia	Exploration and development	70%	100%	-
Cermat Aman Sdn. Bhd.	Malaysia	Exploration and development	70%	-	-
Star Destiny Sdn. Bhd.	Malaysia	Exploration and development	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.

Exploration and evaluation expenditures

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.

Mine development expenditures

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.

Mine development costs incurred during production

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.

Supplies inventory 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.

Stockpiled ore 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.

Work in progress (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.

Finished goods 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) Taxes

Current tax
Current tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred tax
Deferred tax is recognized, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities or deferred tax assets are recognized for all taxable temporary differences, except:

- On initial recognition of goodwill;
- Where the deferred tax liability or asset arises from initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting nor taxable profit or loss; or
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is utilized or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

The Company recognizes neither the deferred tax asset regarding the temporary differences on the rehabilitation liability, nor the corresponding deferred tax liability regarding the temporary difference on the rehabilitation asset.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Royalties and revenue based taxes
Royalties and revenue based taxes are accounted for under IAS 12 when they have the characteristics of income tax. This is considered the case when they are imposed under government authority and the amount payable is based on taxable income – rather than based on quantity produced or as a percentage of revenue – after adjustment for temporary differences. Obligations arising from royalty arrangement that do not satisfy these criteria are recognized as current provision and included in production costs. The royalties payable by the Company are not considered meeting the criteria to be treated as part of income tax.

l) 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.

m) 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.

n) 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.

o) Revenue recognition

The Company’s operations produce gold in dorè 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 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.

p) 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.

q) 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.

r) 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.

s) 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.

t) Recent accounting pronouncements

Stripping costs

In October 2011, the IASB issued IFRIC 20 ''Stripping Costs in the Production Phase of a Surface Mine'' (''IFRIC 20''), which provides guidance on the accounting for costs related to stripping activity in the production phase of surface mining.

Financial instruments

The IASB has issued IFRS 9 ''Financial Instruments'' (''IFRS 9'') which will replace IAS 39. The replacement standard has the following significant components: establishes two primary measurement categories for financial assets – amortized cost and fair value; establishes criteria for classification of financial assets within the measurement category based on business model and cash flow characteristics; and eliminates existing held to maturity, available-for-sale and loans and receivable categories.

This standard is effective for the Company's annual year end beginning July 1, 2015 (as amended from July 1, 2013 by the IASB in December 2011). The Company will evaluate the impact of the change to its consolidated financial statements based on the characteristics of its financial instruments at the time of adoption.

IFRS 7 ''Financial instruments – Disclosures'' (''IFRS 7'') was amended by the IASB in October 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained.

The amendments to IFRS 7 are effective for annual periods beginning on or after July 1, 2011. The application of IFRS 13 has no material impact on the consolidated financial statements.

u) Standards issued but not yet effective

Consolidation

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.

(in United States dollars, except otherwise stated)

4. Restricted Cash

The Company has restricted cash of $105,905 ($103,500 – 2011, $174,400 – July 1, 2010) which represents issued letters of credit for payment guarantee for equipment.

5. Gold Bullion

On January 28, 2011, the Company entered into an "Agreement for Sale of Gold" (the "First Gold Forward Purchase Agreement") with Queenstake Resources USA, Ltd. a wholly owned subsidiary of Yukon Nevada Gold Corp., which is a related party to the Company. Under this agreement, the Company agreed to buy 4,465 troy ounces of gold for $5,000,800 paid in advance with a settlement date of June 30, 2011. Alternatively, the Company was entitled to request (at its option) to receive a cash payment of $6,000,960 instead of the delivery of the 4,465 ounces of gold.

By June 30, 2011, the 4,465 ounces received and the Company realized a gain of $1,602,306 by selling 3,465 ounces for proceeds of $5,365,575. The remaining 1,000 ounces of gold were carried as a temporary investment at a cost of $1,505,490 as at June 30, 2011. These 1,000 ounces of gold were sold on July 13, 2011 for total proceeds of $1,571,998 resulting in a gain of $66,508.

6. 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 $6,102,543, which is based on the gold forward market price ($1,665/oz.) as at the reporting date. The difference between the paid amount and the fair value was recorded in profit or loss.

7. Inventories

	June 30, 2012	June 30, 2011	July 1, 2010
Mine operating supplies	$ 1,611,707	$ 942,383	$ 424,629
Stockpiled ore	17,170,619	11,483,862	4,105,015
Material discharged from gravity plant for CIL process	1,892,919	1,949,689	-
Work in progress	1,894,541	861,676	240,337
Finished goods	4,019,154	1,121,400	-
	$ 26,588,939	$ 16,359,010	$ 4,769,981
Less: restricted finished goods (Note 11)	(3,036,956)	(1,121,400)	-
Total inventories	$ 23,551,984	$ 15,237,610	$ 4,769,981

(in United States dollars, except otherwise stated)

8. Plant and Equipment

	Mineral Properties - Selinsing Gold	Buildings	Plant & Equipment	Construction in Progress	Other*	Total
Cost						
As at July 1, 2010	$-	$762,533	$6,459,146	$12,269,634	$837,364	$20,328,677
Transfers from mineral properties	23,108,041	-	-	-	-	23,108,041
Recovery, net	(1,029,170)	-	-	-	-	(1,029,170)
Additions	-	280,941	11,480,949	(10,898,780)	1,176,902	2,040,012
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 9f)	-	-	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
Accumulated depreciation						
As at July 1, 2010	-	(23,081)	(206,961)	-	(169,870)	(399,912)
Charge for the period	(7,054,083)	(21,256)	(1,712,047)	-	(247,938)	(9,035,324)
As at June 30, 2011	$(7,054,083)	$(44,337)	$(1,919,008)	-	$(417,808)	$(9,435,236)
Acquisition	-	-	-	-	-	-
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)
Net book value						
As at July 1, 2010	-	$ 739,452	$ 6,252,185	$12,269,634	$ 667,494	$ 19,928,765
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

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

(in United States dollars, except otherwise stated)

9. Mineral Properties

	Exploration and Evaluations costs						
	Selinsing Gold Property	**Buffalo Reef**	**Famehub**	**Mersing Gold Project**	**Star Destiny**	**Mengapur Project**	**Total**
	(Note 9(a))	(Note 9(b))	(Note 9(c))	(Note 9(d))	(Note 9 (e))	(Note 9 (f))	
Balance, July 1, 2010	**$ 23,108,041**	**$ 13,304,863**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 36,412,904**
Reclassification to Property & Equipment	(23,108,041)						(23,108,041)
Acquisition of mineral properties	102,921	35,090	4,971,686	-	-	-	5,109,697
Assay and analysis	15,953	19,156	-	-	-	-	35,109
Drilling	515,824	32,576	-	-	-	-	548,400
Geological	119,909	295,912	2,905	-	-	-	418,726
Site Activities	413,194	133,903	-	-	-	-	547,097
Metallurgical	77,658						77,658
Property fees	-	17,315	-	-	-	-	17,315
Stock-based compensation	-	6,881	-	-	-	-	6,881
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	3,681,578	81,197,531	87,304,830
Assay and analysis	67,579	56,866	17,327	-	61,635	183,479	386,886
Drilling	1,190,421	540,140	-	-	1,827,290	389,361	3,947,212
Geological	278,229	410,212	11,895	-	574,401	265,175	1,539,912
Site Activities	607,065	358,585	59,212	-	409,237	254,955	1,689,054
Metallurgical	9,314	100,017	-	-	19,694	53,844	182,869
Property fees	-	86,471	-	-	-	-	86,471
Stock-based compensation	-	-	-	-	10,603	10,887	21,490
Balance, June 30, 2012	**$ 3,402,575**	**$ 15,397,986**	**$ 5,063,025**	**$ 2,421,213**	**$ 6,584,438**	**$ 82,355,232**	**$115,224,469**

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. As at September 1, 2010, the Company completed the commissioning of the gold treatment plant and commenced commercial production. Accordingly, the accumulated cost was transferred from mineral properties to plant and equipment and the Company began depreciating the carrying value on the unit-of-production basis.

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 year ended June 30, 2012, exploration activities were carried on underneath of the orebody where the first open pit is located. Exploration expenditure incurred during fiscal 2012 totaled $2,157,116, including drilling – $1,190,421, geological – $278,229, site activities – $607,065, metallurgical activities - $9,314 and assay and analysis – $67,579.

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 year ended June 30, 2012, the Company spent $1,552,291 on exploration activities, including: drilling – $540,140, geological – $410,212, property fees – $86,471, site activities – $358,585, metallurgical activities - $100,017 and assay and analysis – $56,866.

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 year ended June 30, 2012, $88,434 was spent on exploration activities.

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	54,263
Purchase consideration	$ 1,382,205

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

	Fair value consideration
Cash	$ 1,564
Mineral properties	2,421,213
Accounts payable and accrued liabilities	(448,198)
	1,974,579
Non-controlling interests (Note 20)	(592,374)
Net assets acquired	$ 1,382,205

e) Star Destiny Sdn Bhd acquisition

On November 21, 2011 the Company acquired 100% interests of Star Destiny Sdn. Bhd. 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 located 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 year ended June 30, 2012, the Company spent $2,902,860 on exploration activities, including: drilling – $1,827,290, geological – $574,401, site activities – $409,237, metallurgical activities - $19,694, stock based compensation – $10,603, and assay and analysis – $61,635.

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.

(in United States dollars, except otherwise stated)

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 20)	(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.

As at June 30, 2012, the Company had spent $1,157,700 on the Mengapur Project, comprised of drilling – $389,361, geological study – $265,174, site activities – $254,955, metallurgical tests – $53,844, stock based compensation - $10,887 and assays and analysis – $183,479.

(in United States dollars, except otherwise stated)

10. 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.

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.

Assets (liabilities) measured at fair value on a recurring basis as at June 30, 2012 include:

	Category	Level 1	Level 2	Level 3	Aggregate Fair Value
Financial instrument – assets					
Gold Forward Purchase agreement	Derivative instruments at FVTPL		6,102,543		**$ 6,102,543**
Financial instrument – liabilities					
Derivative liabilities – gold inducement	Derivative instruments at FVTPL		4,589,518		**$ 4,589,518**
Derivative warrant liabilities	Derivative instruments at FVTPL		3,555,473		**$ 3,555,473**

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 2012 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 June 30, 2012, June 30, 2011 and July 1, 2010, 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)	June 30, 2012		June 30, 2011		July 1, 2010	
	RM	CAD	RM	CAD	RM	CAD
Financial instrument – assets						
Cash and cash equivalents	1,153	6,851	614	9,585	383	271
Restricted cash	106	-	312	-	565	-
Trade and other receivable	2	370	66	10	8	16
Financial instruments – liabilities						
Accounts payable and accrued liabilities	(5,988)	(2,084)	(9,452)	(59)	(10,464)	(220)
Convertible notes		(5,915)	-	(5,290)	-	-
Gold Inducement		(4,590)		(4,637)		-
Derivative warrant liabilities		(3,552)	-	(21,285)	-	-

The convertible notes (Note 11), gold forward inducement (Note 13) and foreign currency share purchase warrants (Note 14), 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 June 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/decrease of approximately $220,048 (June 30, 2011 – $402,857, July 1, 2010 – $452,762) in the Company's net income, depreciation or appreciation of the CAD against US dollar would result in an increase/decrease of approximately $428,810 (June 30, 2011 – $1,300,048, July 1, 2010 - $3,190) in net income.

Share price market risk

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 June 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 $68,948 (June 30, 2011 - $193,000) in the Company's net income.

Commodity price risk

The Company values the contract inducement derivative liabilities (Note 13) 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 June 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 $377,517 (June 30, 2011 - $605,643) in the Company's net income.

(in United States dollars, except otherwise stated)

Interest rate risk

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 $1,566,982 (June 30, 2011 – $33,763,000) is held with a Malaysian financial institution. The amount of $17,832,589 (June 30, 2011 – $15,403,000) 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 June 30, 2012.

	Current Within 1 year	Non-current 1 to 3 years
Non derivative liabilities		
Accounts payable and accrued liabilities	8,033,259	-
Finance lease obligations	15,862	14,857
Convertible notes	-	5,914,982
Funds in Escrow	-	11,000,000
Total	**$ 8,049,121**	**$ 16,929,839**
Derivative liabilities		
Gold Inducement	-	4,589,518
Warrants	3,809	3,551,664
Total	**$ 3,809**	**$ 8,141,182**

11. 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 June 30, 2012 a total of 8,800 ounces of gold (June 30, 2011 - 4,000 ounces) were transferred to restricted metal accounts and included in restricted inventory (Note 7).

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.

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 13)	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:

	June 30, 2012	June 30, 2011
Balance, beginning of the year	$ 5,290,009	$ -
Issuance of convertible note	-	4,074,877
Accretion expense	921,939	843,767
Foreign exchange (gain) loss	(296,966)	371,365
Balance, end of the year	$ 5,914,982	$ 5,290,009

12. Gold Forward Sale Contract

In conjunction with the issuance of convertible notes (Note 11) ("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.

(in United States dollars, except otherwise stated)

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 14 (c))	1,864,269	208,554	1,655,715
Total	$ 4,783,500	$ 535,125	$ 4,248,375

13. Derivative Liabilities – Gold Inducement

The Company re-measured the fair value of the gold inducement (Note 11) at each reporting date. The gain or loss due to change in fair value is recognized in profit or loss.

Derivative liabilities – Gold Inducement	June 30, 2012	June 30, 2011
Balance, beginning of the year	$ 4,636,523	$ -
Change in fair value of gold inducement	(47,005)	4,636,523
Balance, end of the year	$ 4,589,518	$ 4,636,523
Fair value assumptions:		
Forward gold price, $/oz.	n/a	$1,590
Spot gold price, $/oz.	$ 1,599	n/a
Forward CAD/$ foreign exchange rate	n/a	0.9680
Spot CAD/$ foreign exchange rate	1.0191	n/a
Risk free rate	n/a	1.14%

14. 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:

	June 30, 2012	June 30, 2011	July 1, 2010
Derivative warrant liability - private placement (note 14 (a))	$ 3,809	$ 11,291,935	$ -
Derivative unit liability - convertible notes (note 14 (b))	2,943,900	8,087,040	-
Derivative warrant liability - Gold Forward Sale Contract (note 14 (c))	607,764	1,906,185	-
Total	3,555,473	21,285,160	-
Current liabilities	(3,809)	-	-
Non-current liabilities	$ 3,551,664	$ 21,285,160	$ -

a) Derivative warrant liability – private placement

The Company closed a $28,048,000 private placement on July 21, 2008 by issuing of 70,120,000 units at a price of $0.41 (CAD$0.40) per unit, each unit being 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. The warrants were initially recognized as equity instruments and the classification was not revised on July 1, 2010 in accordance with the Company's accounting policy as the change in functional currency does not trigger the re-measurement of the equity instruments. 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 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 amount of $17,095,542 was estimated using the Black-Scholes option pricing model.

(in United States dollars, except otherwise stated)

A summary of the changes in the Company's share purchase warrants for the years ended June 30, 2012 and 2011 is set out below:

	Year ended June 30, 2012		Year ended June 30, 2011	
	Number of warrants	Fair value assigned	Number of warrants	Fair value Assigned
Balance, beginning of the year	67,440,000	$ 11,291,935	-	$ -
Modification of warrant contract terms	-	-	68,055,000	17,095,542
Exercised during the period	(115,000)	(19,077)	(615,000)	(83,755)
Fair value re-measured during the year	-	(11,269,049)	-	(5,719,852)
Balance, end of the year	67,325,000	$ 3,809	67,440,000	$ 11,291,935
Exercise price, CAD		CAD 0.50		CAD 0.50
Expiry date		July 21, 2012		July 21, 2012
Fair value assumptions:				
Risk free rate		0.97%		1.24%
Expected dividends		Nil		Nil
Expected life (years)		0.06		1.06
Volatility		39.47%		58.94%

b) Derivative unit liability – convertible note

A summary of the changes in derivative unit liability in conjunction with Convertible Notes (Note 11) for the years ended June 30, 2012 and 2011 is set out below:

	Year ended June 30, 2012		Year ended June 30, 2011	
	Number of Units	Fair value assigned	Number of units	Fair value assigned
Balance, beginning of the year	20,000,000	$ 8,087,040	-	$ -
Issuance of units in conjunction with convertible notes	-	-	20,000,000	2,646,790
Exercised during the period	-	-	-	-
Fair value re-measured during the year	-	(5,143,140)	-	5,440,250
Balance – end of the year	20,000,000	$ 2,943,900	20,000,000	$ 8,087,040
Exercise price, CAD		CAD 0.40		CAD 0.40
Expiry date		Aug 11, 2015		Aug 11, 2015
Fair value assumptions:				
Risk free rate		1.25%		2.33%
Expected dividends		Nil		nil
Expected life (years)		3.12		4.12
Volatility		56.37%		86.06%

(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 12) for the years ended June 30, 2012 and June 30, 2011 is set out below:

	Year ended June 30, 2012		Year ended June 30, 2011	
	Number of Warrants	Fair value assigned	Number of warrants	Fair value assigned
Balance, beginning of the year	5,000,000	$ 1,906,185	-	$ -
Issuance of warrants in conjunction with gold forward contract	-	-	5,000,000	1,655,715
Exercised during the period	-	-	-	-
Fair value re-measured during the year	-	(1,298,421)	-	250,470
Balance, end of the year	5,000,000	$ 607,764	5,000,000	$ 1,906,185
Exercise price, CAD		CAD 0.50		CAD 0.50
Expiry date		Aug 11, 2015		Aug 11, 2015
Fair value assumptions:				
Risk free rate		1.25%		2.33%
Expected dividends		nil		nil
Expected life (years)		3.12		4.12
Volatility		56.37%		86.06%

15. 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, 2011 - $5.3 million) and is expected to be settled over the next ten years. This amount has been discounted using a pre-tax rate of 1.72% as at June 30, 2012 (June 30, 2011 – 3.09%). 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:

	June 30, 2012	June 30,2011
Balance, beginning of the year	$ 4,249,810	$ 3,540,057
Additions	193,746	-
Accretion expense	104,564	153,437
Reclamation performed	(9,130)	(809)
Reassessment of liabilities	705,056	302,371
Foreign exchange (gain) loss	(201,936)	254,754
Balance, end of the year	$ 5,042,110	$ 4,249,810

The reassessment of asset retirement obligations in amount of $705,056 (June 30, 2011 - $302,371) was caused by the change in discount rate from 3.09% as at June 30, 2011 to 1.72% as at June 30, 2012, the changes of the amount and timing of the underlying cash flows needed to settle the obligation. 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.

(in United States dollars, except otherwise stated)

16. Income Tax

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

	June 30, 2012	June 30, 2011
Income tax expense (recovery) computed at statutory rates	$ (14,896,300)	$ (8,588,685)
Lower effective rate attributable to Malaysian income	12,697,000	10,897,516
Non-deductible expenses	(2,458,500)	(1,649,698)
Change in timing differences	881,800	4,466,214
Unutilized tax losses	(707,900)	(4,969,775)
Non-taxable income	4,483,900	-
Non-business income	(1,830)	(1,023)
Reduction in deferred tax liability due to statutory rate reduction	-	(133,972)
Income tax (expense) recovery	$ (1,830)	$ 20,577
Income tax (recovery) expense consists of the following:		
Current tax provision	$ (1,830)	$ (1,023)
Deferred tax provision	-	21,600
Income tax (expense)/recovery	$ (1,830)	$ 20,577

Deferred tax assets and liabilities have been calculated using the following enacted corporate income tax rates: Canada at 25% (2011 – 25%) and Malaysia at 25% (2011 – 25%). Significant components of recognized deferred tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	June 30, 2012	June 30, 2011	July 1, 2010
Deferred tax liabilities			
Mineral property interests	$ (963,798)	$ (1,218,600)	$ (936,764)
Property, plant & equipment	(257,200)	-	(409,629)
Gold forward purchase agreement	(149,500)	-	-
Convertible notes	(483,900)	(751,100)	-
	(1,854,398)	(1,969,700)	$ (1,346,393)
Deferred tax assets			
Mineral property interests	472,200	497,700	388,025
Property, plant and equipment	70,100	11,600	77,868
Share issuance cost carry forwards	142,800	301,600	207,867
Financing cost carry forwards	138,600	195,200	-
Loss carry forwards	348,400	242,700	-
	1,172,100	1,248,800	673,760
Net deferred tax liabilities	$ (682,298)	$ (720,900)	$ (672,633)

Unrecognized deferred tax assets are as follows:

	June 30, 2012	June 30, 2011	July 1, 2010
Unrecognized Deferred tax assets			
Loss carry forwards	3,803,000	2,769,200	1,908,845
Other deductible temporary differences	927,300	4,175,900	622,380
	$ 4,730,300	$ 6,945,100	$ 2,531,225

(in United States dollars, except otherwise stated)

Deferred tax assets and liabilities, which are probable to be utilized, are offset if they relate to the same taxable entity and the same taxation authority. No deferred tax liabilities have been recognized on temporary differences when the timing of their reversal can be controlled. Other deductible temporary differences primarily comprise of cumulative eligible capital expenditures that are tax deductible according to relevant tax law in Malaysia. No deferred tax asset has been recognized because the amount of future taxable profit that will be available to realize such assets is unpredictable and not probable.

At June 30, 2012, the Company's losses for Malaysian tax purposes are approximately $1,768,000 (2011 - $700,000) (Malaysian ringgit 5,606,000, (2011 - 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, 2012, 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 $14,837,400 (2011 - $11,377,400). The losses expire as follows:

	Total
2014	18,900
2025	49,900
2026	177,200
2027	1,164,700
2028	845,200
2029	2,459,800
2030	2,112,500
2031	3,922,500
2032	4,086,700
	$14,837,400

The future benefit of deferred 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.

(in United States dollars, except otherwise stated)

17. Corporate Expenses

	June 30, 2012	June 30, 2011
Office and General Expenses	$ 393,707	$ 262,411
Rent & Utilities	108,956	110,209
Salaries & Wages	2,524,659	2,308,435
Share-based payments	560,772	1,058,329
Legal, consulting and audit	1,078,250	627,034
Shareholders communication	460,631	222,500
Travel	500,485	343,146
Regulatory compliance and filing	58,898	57,553
Project investigation	145,406	190,104
Amortization charge	113,977	163,882
	$ 5,945,741	$ 5,343,603

18. Share Capital

a) Authorized

Unlimited common shares without par value.

b) Common shares

Issued and outstanding:

	Number of shares	Value assigned
Balance, July 1, 2010	156,115,028	$ 57,805,102
Issued shares on acquisition of mineral properties (Note 9 (c))	14,000,000	3,406,900
Issued for exercised warrants	2,680,000	1,436,385
Issued for exercised stock options	1,451,833	835,620
Balance, June 30, 2011	174,246,861	63,484,007
Issued shares on acquisition of mineral properties (Note 9 (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

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 (Note 14 (a))	Convertible Notes (Note 11, 14 (b))	Gold forward contract (Note 12, 14 (c))	Ball mill purchased	Total	Derivative warrant liabilities $
Expiry date	July 21, 2012	Aug 11, 2015	Aug 11, 2015	August 12, 2011		
Exercise price	CAD 0.50	CAD 0.50	CAD 0.50	CAD 0.49		
	# of warrants	# of warrants	# of warrants	# of warrants	# of warrants	
Balance, July 1, 2010	70,120,000	-	-	8,125,003	78,245,003	$ -
Issued		20,000,000	5,000,000		25,000,000	3,563,788
Modification of warrant contract terms	-	-	-	-	-	17,095,542
Exercised	(2,680,000)	-		-	(2,680,000)	(83,755)
Change in fair value						709,585
Balance, June 30, 2011	67,440,000	20,000,000	5,000,000	8,125,003	100,565,003	$ 21,285,160
Exercised	(115,000)	-		(8,125,003)	(8,240,003)	(19,077)
Change in fair value						(17,710,610)
Balance, June 30, 2012	67,325,000	20,000,000	5,000,000	-	92,325,000	$ 3,555,473

d) 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, July 1, 2010	22,601,000	CAD 0.39
Granted	3,920,000	CAD 0.46
Expired	(270,000)	CAD 0.59
Exercised	(1,451,833)	CAD 0.35
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

(in United States dollars, except otherwise stated)

During the year ended June 30, 2012, 1,550,000 options were granted to directors and employees.
The following table summarizes the stock options outstanding at June 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 0.50	2,900,000	Jul 05, 2012	0.01	2,900,000	CAD 0.50
CAD 0.40	13,160,000	Aug 15, 2013	1.12	13,160,000	CAD 0.40
CAD 0.25	915,501	Dec 05, 2013	1.43	915,501	CAD 0.25
CAD 0.40	230,000	Dec 05, 2013	1.43	230,000	CAD 0.40
CAD 0.50	400,000	Dec 05, 2013	1.43	400,000	CAD 0.50
CAD 0.25	300,000	Feb 09, 2014	1.61	300,000	CAD 0.25
CAD 0.30	500,000	Jul 29, 2012	0.08	500,000	CAD 0.30
CAD 0.30	1,600,000	Jun 08, 2013	0.94	1,300,000	CAD 0.30
CAD 0.30	500,000	Jun 10, 2015	2.94	500,000	CAD 0.30
CAD 0.42	3,000,000	Sep 29, 2015	3.24	2,000,000	CAD 0.42
CAD 0.60	600,000	Nov 30, 2015	3.41	300,000	CAD 0.60
CAD 0.68	20,000	Jan 27, 2016	3.57	10,000	CAD 0.68
CAD 0.62	150,000	Jul 28, 2016	4.07	-	-
CAD 0.61	150,000	Aug 29, 2016	4.16	-	-
CAD 0.42	1,070,000	Jan 11, 2017	4.52	-	-
CAD 0.45	180,000	Mar 7, 2017	4.67	-	-
Total	25,675,501		1.53	22,515,501	CAD 0.40

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 year ended June 30, 2012 as follows:

	For the years ended	
	June 30, 2012	June 30, 2011
Risk-free interest rate	1.26% – 2.15%	2.33%
Expected life	5 years	5 years
Expected volatility	83% - 86%	87%
Expected dividends	Nil	Nil

The weighted average fair value of options granted during year ended June 30, 2012 is $0.31 (2011 – $0.46).
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)

19. Earnings Per Share

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

	Year ended	
	June 30, 2012	June 30, 2011
Net income for the period attributable to common shareholders	$ 59,561,304	$ 32,391,772
Basic weighted average number of common shares outstanding	182,797,661	168,732,680
Effect of dilutive securities:		
Warrants	-	2,855,225
Options	4,321,891	8,552,549
Convertible notes warrants	-	708,800
Convertible notes shares	20,000,000	20,000,000
Diluted weighted average number of common share outstanding	207,119,552	200,849,254
Basic earnings per share	$ 0.33	$ 0.19
Diluted earnings per share	$ 0.29	$ 0.17

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

20. Non-controlling Interests

	June 30, 2012
Balance, June 30, 2011	$ -
Acquisition of Mersing Gold Project (Note 9 (d))	592,374
Acquisition of Mengapur Project (Note 9 (f))	23,571,429
Gain/(Loss) attributable to Mersing Gold Project (Note 9 (d))	(3,080)
Gain/(Loss) attributable to Mengapur Project (Note 9 (f))	25,556
Balance, June 30, 2012	$ 24,186,279

21. Related Party Transactions

a) Entities with common key management personnel

The amount of transactions which have been entered into with related parties during the period ended June 30, 2012 and June 30, 2011 as well as balances with related parties as at June 30, 2012 and June 30, 2011:

Transactions with Related Parties -	Year ended	
	June 30, 2012	June 30, 2011
Yukon Nevada Gold Corp.		
Reimbursement of expenses from related party	$ 444,037	$ 378,804
Reimbursement of expenses to related party	$ 595,113	$ 80,582

(in United States dollars, except otherwise stated)

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	June 30, 2012	June 30, 2011
Yukon Nevada Gold Corp.		
Receivable balance	$ 244,884	$ 10,902
Payable amount	$ 120,115	$ -

Transactions with Related Parties - Gold forward purchase (*)	Year ended	
	June 30, 2012	June 30, 2011
Queenstake Resources USA, Ltd.	$ 6,102,543	$ 6,602,306

(*) 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:

	Year ended	
	June 30, 2012	June 30, 2011
Salaries and directors' fees	$ 2,123,585	$ 2,038,737
Share-based payments	455,365	524,781
Total	$ 2,578,950	$ 2,563,518

c) Transaction with Director

A director of the Company provides general consulting services to the Company. For the year ended June 30, 2012, a Director earned $68,553 (year ended June 30, 2011 – $66,670) for such services, of which $0 was outstanding and included in accounts payable at June 30, 2012 (June 30, 2011 – $7,258)

22. Commitments and Contingencies

	2013	2014	2015	2016	2017	Total
Operating leases	$ 122,276	$ 19,443	$ 2,776	$ -	$ -	$ 144,495
Purchase commitments	2,496,256	-		-	-	2,496,256
Financing commitments	-	-	12,756,900	-	-	12,756,900
Mineral property fees	6,792	6,792	6,792	6,792	6,792	33,960
Total	$2,625,324	$ 26,235	$ 12,766,468	$ 6,792	$ 6,792	$ 15,431,611

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 11 and the Gold forward sale contract is discussed in note 12.

(in United States dollars, except otherwise stated)

23. Supplemental Cash Flow Information

	Year ended June 30, 2012	Year ended June 30, 2011
Interest Received	$ 135,517	$ 101,248
Income Taxes Paid	(1,667)	(1,023)
Non cash financing and investing activities:		
Share-based compensation charged to mineral property interests	36,478	6,881
Share-based compensation charged to plant and equipment	-	7,664
Deferred financing costs included in accounts payable	6,694	90,982
Amortization charged to Selinsing Gold Property	113,977	163,882
Expenditures on Mineral Properties included in accounts payable	1,304,354	100,886
Plant and equipment costs included in accounts payable	883,447	100,776
Fair value of exercise of stock options	66,153	321,671
Shares issued for Famehub acquisition	-	3,406,900
Shares issued for Mersing acquisition	843,292	-

24. 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

For the year ended 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**

For the year ended June 30, 2011	Current Assets	Plant & Equipment	Mineral Properties	Liabilities
Mine Operations	**$ 50,984,167**	**$ 34,122,578**	**-**	**$ 7,349,913**
Exploration & Evaluation	**$ 253,525**	**$ 829,694**	**$ 20,065,745**	**$ 242,024**
Corporate	**$ 17,089,059**	**$ 60,052**	**-**	**$ 36,134,879**

For the year ended June 30, 2012	Revenue	Depreciation & Amortization	Earnings/(Losses) from operations
Mine Operations	**$ 61,709,264**	**$ (3,884,324)**	**$ 51,031,045**
Exploration & Evaluation	**-**	**(331)**	**(244,546)**
Corporate	**-**	**(31,798)**	**8,797,281**
Total	**$ 61,709,264**	**$ (3,916,453)**	**$ 59,583,780**

(in United States dollars, except otherwise stated)

For the year ended June 30, 2011	Revenue	Depreciation & Amortization	Earnings/(Losses) from operations
Mine Operations	$ 52,379,851	$ (2,540,153)	$ 34,317,802
Exploration & Evaluation	-	(493)	(136,752)
Corporate	-	(21,630)	(1,789,279)
Total	$ 52,379,851	$ (2,562,276)	$ 32,391,772

b) Geographic segments

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

	Revenue		Plant and Equipment and Mineral Properties	
	2012	2011	2012	2011
Geographic information:				
Malaysia	$ 61,709,264	$ 52,379,851	$ 158,598,104	$ 55,018,017
Canada	-	-	55,646	60,052
Total	$ 61,709,264	$ 52,379,851	$ 158,653,750	$ 55,078,069

For the year ended June 30, 2012	Current Assets	Plant & Equipment	Mineral Properties	Liabilities
Malaysia	$ 25,730,288	$ 43,373,635	$ 115,224,469	$ 22,060,396
Canada	$ 24,449,513	$ 55,646	$ -	$ 19,380,623

For the year ended June 30, 2011	Current Assets	Plant & Equipment	Mineral Properties	Liabilities
Malaysia	$ 51,237,692	$ 34,952,272	$20,065,745	$ 7,591,937
Canada	$ 17,089,059	$ 60,052	$ -	$36,134,879

c) Significant customers

The following table represents sales to individual customers exceeding 10% of the annual gold sale for the following periods:

	For the year ended	
	June 30, 2012	June 30, 2011
Customer		
1	$ 31,896,551	$ -
2	29,812,713	52,379,851
Total gold sale	**$ 61,709,264**	**$ 52,379,851**

The Company is not economically dependent on a limited number of customers for the sale of its product because gold can be sold through numerous commodity market traders worldwide.

25. Subsequent Events

Exercised equity instruments

On July 21, 2012 GoldMet B.V., a Netherland based company ("GoldMet"), purchased 24,112,500 transferrable stock purchase warrants of Monument privately and exercised them at CAD$0.50 per share. The total number of warrants outstanding at the date of this report is 25,000,000.

In July 2012, the stock options of 2,900,000 expired, and 70,000 stock options were cancelled. Also, the warrants of 43,212,500 expired. In August 2012, stock options of 500,000 were exercised at CAD$0.30 per share. The total number of options outstanding at the date of this report is 22,205,501.

Extension of gold forward contract

On August 3, 2012 a new extension agreement was reached between Monument and Queenstake Resources USA, Ltd. extending the settlement date of the Second Gold Forward Purchase Agreement (note 6) to October 31, 2012. The Company charges penalty at 2.25% on principal, or $135,000 per month; unpaid interest will be added to the principal amount.

26. Transition to IFRS

The Company adopted IFRS in accordance with IFRS 1, “First – Time Adoption of International Financial Reporting Standards” on July 1, 2010. The Company’s first interim consolidated financial statements under IFRS were presented for the first quarter ended September 30, 2011. The Company’s Canadian GAAP statements of financial position as at July 1, 2010 and June 30, 2011 and the comprehensive income for the year ended June 30, 2011 have been reconciled to IFRS, with resulting differences explained below:

a) Decommissioning and rehabilitation provision

Under IAS 37 Provision, Contingent Liabilities and Contingent Assets, a change in the current market-based discount rate will result in a change in the measurement of the provision whereas under Canadian GAAP, discount rates are not changed unless there is an increase in the estimated future cash flows in which case the incremental cash flows are discounted at current market based rates. In addition, under Canadian GAAP, a credit-adjusted risk-free discount rate is used whereas under IFRS, the discount rate reflects the current market assessments of the time value of money and the risks specific to the liability. As a result of the provision for assets retirement obligations has been re-measured using the discount rate in effect at the transition date and adjustment has been recorded to corresponding assets. The Company recorded an increase to the Asset retirement obligation of $1,120,117 (2010) and $1,665,840 (2011) with an overall profit and loss adjustment of $68,268 (2011).

b) Share purchase warrants

On August 11, 2010, the Company issued 5,000,000 common share warrants in conjunction with the Gold Forward Sale. Each share warrant is exercisable at CAD 0.50 per share, expiring 5 years from the date of issuance. These share purchase warrants are considered derivative instruments under IFRS (IAS 32) and are revalued and retranslated at each reporting date. Changes in fair value are recorded in profit or loss. Under Canadian GAAP, these share purchase warrants were considered equity instruments.

On February 3, 2011, the TSX Venture Exchange consented to extend the term of 68,055,000 common share purchase warrants for 12 months, from an original expiry date of July 21, 2011 to an expiry date of July 21, 2012. Under Canadian GAAP, these share purchase warrants were considered equity instruments. The modification of the contract terms triggered the reassessment and remeasurement of the instrument. As the Company’s functional currency is United States dollars, share purchase warrants with an exercise price in a different currency are considered derivative instruments under IFRS (IAS 32) and are revalued and retranslated at each reporting date. Changes in fair value are recorded in profit or loss.

The Company recorded the following adjustments for IFRS financial reporting:

- In August 2010, the Company assessed the fair value of derivative warrants issued in conjunction with the issuance of gold forward contract; the amount of $1,655,715 recorded in contributed surplus for Canadian GAAP was reclassified into the derivative liability;
- As at June 30, 2011, the Company re-measured the derivative warrant liabilities issued in conjunction with the issuance of gold forward contract to a fair value of $1,906,185 which resulted in an adjustment to the statement of income and comprehensive income;
- On February 3, 2011 the Company re-classified share purchase warrants previously recorded in Canadian GAAP as equity instruments into financial liabilities upon the re-measurement of the fair value of share purchase warrants due to extension of the terms and recognized a derivative liability in amount of $17,095,542 and recorded an adjustment to retained earnings;
- As at June 30, 2011, the Company then re-measured the above mentioned derivative warrants liabilities to a fair value of $11,291,935, which resulted in a further adjustment to profit or loss.

c) Foreign currency translation

The Company changed its functional currency from Canadian dollars (“CAD”) to US dollar effective July 1, 2010, which is also the date of transition into IFRS. For the purpose of comparative disclosures, the Company restated June 30, 2010 amounts in US dollar using the current rate method. Under this method, equity items have been translated using the exchange rates prevailing on the transaction dates. Assets and liabilities have been translated using the exchange rate prevailing at the reporting date. All resulting exchange differences arising from the translation were included as a separate component of other comprehensive loss in the amount of $1,326,894 (as at July 1, 2010).

For IFRS reporting, a change in functional currency should be accounted for prospectively from the date of change and management should translate statement of financial position items into the new currency using the exchange rate at the date of change (IAS 21, foreign currencies). In accordance with IFRS, because the change was brought about by changed circumstances, it does not present a change in accounting policy and, therefore, a retrospective adjustment under IAS 8, Accounting policies, changes in accounting estimates and correction of errors, is not relevant. As all items are translated using the exchange rate at the date of change, the resulting translated amounts for non-monetary items are treated as their historical cost. There is no additional exchange differences arise on the date of the change under IFRS. As such an amount of $1,326,894 was removed from the translation reserve with a corresponding decrease in Share Capital of $1,118,547 and Retained earnings of 208,347 (as at July 1, 2010.)

d) Income taxes

Under IFRS, deferred tax has been recognized for temporary differences arising from differences between the functional currency in which an asset or liability is reported and its tax basis as determined in its local currency, translated at current exchange rates. Under Canadian GAAP, future income tax asset or liability is not recognized for such a temporary difference.

Under IFRS there is an initial recognition exemption for temporary differences arising from assets or liabilities subject to a transaction that is not a business combination and, at the time of the transaction, do not affect profit and loss for accounting or tax purposes. No such exemption is available under Canadian GAAP. On transition to IFRS, a tax liability associated with an asset acquisition that did not constitute a business combination was reversed with an associated reduction of mineral property.

The re-measurement of the provision for asset retirement obligations and the related asset did not result in changes to temporary differences and the deferred tax liability.

e) Gold forward sale

The gold sale under the Forward Sale Contract is in accordance with the Company’s expected purchase, sale and usage requirements; therefore the received consideration is deferred until the gold delivery is completed. The accretion expense previously recorded in Canadian GAAP has been reversed for IFRS reporting purposes. This resulted in a reduction in the Gold forward sale contract liability of $304,112 (2011).

f) Transactions with related parties

Canadian GAAP contains requirements for measuring related party transactions that is different to IFRS, which does not contain the scope exceptions for related parties.

During the year ended June 30, 2009, the Company purchased a ball mill from Avocet Mining LLP, a previous shareholder of Monument Mining Limited, for consideration of CAD 3,250,000 by issuing the Company’s common shares. Due to a lack of observable market value, the transaction has been measured at the carrying amount. The Company recorded a cost of the ball mill at the book value of CAD 712,672 provided by its previous owner and included the difference of CAD 2,537,328 in deficit.

Under IFRS, the mill should have been recorded at the fair value of consideration given, which is an equivalent of CAD 3,250,001. An adjustment was required on transition for the difference of $2,514,055 to increase plant and equipment at July 1, 2010 and retained earnings accordingly.

g) Gold inducement

Under Canadian GAAP, the gold inducement issued in conjunction with convertible notes (the inducement) (Note 13) was treated as a derivative financial instrument comprised of a foreign exchange component only. Under IFRS, the component of the inducement enabling the note holders to acquire from the Company a fixed amount of gold at a fixed price in US dollars at their discretion was also considered to be a derivative financial instrument.

The transition to IFRS resulted in an increase in gold inducement derivative liabilities of $4,589,518 at June 30, 2012 and $4,636,523 at June 30, 2011 with the changes in the fair value of this derivative liability reported in the statement of income and comprehensive income resulting in losses/(income) of ($47,005) and $4,636,523 for the years ended June 30, 2012 and 2011 respectively.

h) Presentation

The presentation of the cash flow statement in accordance with IFRS differs from the presentation of the cash flow statement in accordance with Canadian GAAP as the changes made to the statements of the financial position and statements of comprehensive income have resulted in reclassifications of various amounts on the statement of cash flows. However, as there have been no changes to the total operating, financing or investing cash flows, no reconciliation have been provided. The classification of certain items with the statement of comprehensive income has been adjusted with no effect to net income.

(in United States dollars, except otherwise stated)

	Notes	July 1, 2010		
		Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
ASSETS				
Current assets				
Cash and cash equivalents		$ 3,722,746	$ -	$ 3,722,746
Restricted cash		174,400	-	174,400
Trade and other receivables		1,843,755	-	1,843,755
Prepaid expenses and deposits		88,585	-	88,585
Inventories		4,769,981	-	4,769,981
		10,599,467	-	10,599,467
Non-current assets				
Plant and equipment	26 (a, f)	16,982,912	2,945,853	19,928,765
Mineral properties	26 (a, d)	35,724,585	688,319	36,412,904
Deferred costs		226,522	-	226,522
		52,934,019	3,634,172	56,568,191
TOTAL ASSETS		**$ 63,533,486**	**$ 3,634,172**	**$ 67,167,658**
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities		$ 3,624,057	$ -	$ 3,624,057
Finance lease obligations		13,882	-	13,882
		3,637,939	-	3,637,939
Non-current liabilities				
Finance lease obligations		44,771	-	44,771
Asset retirement obligations	26 (a)	2,419,940	1,120,117	3,540,057
Deferred tax liabilities		672,633	-	672,633
		3,137,344	1,120,117	4,257,461
Total liabilities		**6,775,283**	**1,120,117**	**7,895,400**
Equity				
Share capital	26 (c)	58,923,649	(1,118,547)	57,805,102
Capital reserve - warrants	26 (b)	-	2,612,024	2,612,024
Capital reserve - options	26 (b)	7,625,229	(2,526,677)	5,098,552
Retained earnings (accumulated deficit)	26 (a,c,f)	(8,463,781)	2,220,361	(6,243,420)
Translation reserve	26 (c)	(1,326,894)	1,326,894	-
		56,758,203	2,514,055	59,272,258
TOTAL LIABILITIES AND EQUITY		**$ 63,533,486**	**$ 3,634,172**	**$ 67,167,658**

(in United States dollars, except otherwise stated)

	Notes	June 30, 2011		
		Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
ASSETS				
Current assets				
Cash and cash equivalents		$ 49,063,026	$ -	$ 49,063,026
Restricted cash		103,500	-	103,500
Gold bullion		1,505,490	-	1,505,490
Trade and other receivables		1,924,131	-	1,924,131
Prepaid expenses and deposits		492,994	-	492,994
Inventories	26 (a)	15,027,143	210,467	15,237,610
		68,116,284	210,467	68,326,751
Non-current assets				
Restricted inventories	26 (a)	1,109,619	11,781	1,121,400
Plant and equipment	26 (a)	31,052,036	3,960,288	35,012,324
Mineral properties		20,065,745	-	20,065,745
Deferred costs		216,287	-	216,287
		52,443,687	3,972,069	56,415,756
TOTAL ASSETS		**$ 120,559,971**	**$ 4,182,536**	**$ 124,742,507**
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities		$ 4,903,751	$ -	$ 4,903,751
Finance lease obligation		15,746	-	15,746
		4,919,497	-	4,919,497
Non-current liabilities				
Finance lease obligations		32,257	-	32,257
Gold forward sale contract	26 (e)	2,896,772	(304,112)	2,592,660
Convertible notes		5,290,009	-	5,290,009
Derivative warrant liabilities	26 (b)	8,087,040	13,198,120	21,285,160
Derivative liabilities – gold inducement	26 (g)		4,636,523	4,636,523
Asset retirement obligations	26 (a)	2,583,970	1,665,840	4,249,810
Deferred tax liabilities		720,900	-	720,900
		19,610,948	19,196,371	38,807,319
Total liabilities		**24,530,445**	**19,196,371**	**43,726,816**
Equity				
Share capital	26 (b, c)	64,518,798	(1,034,791)	63,484,007
Capital reserve - warrants	26 (b)	-	2,612,024	2,612,024
Capital reserve - options	26 (a, b)	13,002,921	(7,136,071)	5,866,850
Retained earnings	26 (a,b,c,e,f,g)	19,834,701	(10,781,891)	9,052,810
Translation reserve	26 (c)	(1,326,894)	1,326,894	-
		96,029,526	(15,013,835)	81,015,691
TOTAL LIABILITIES AND EQUITY		**$ 120,559,971**	**$ 4,182,536**	**$ 124,742,507**

(in United States dollars, except otherwise stated)

Statement of Change in Equity	Notes	Common shares	Capital reserve - warrants	Capital reserve - options (Contributed Surplus)	Retained earnings (deficit)	Translation reserve	Total equity
Under Canadian GAAP as at June 30, 2010		$58,923,649	$ -	$7,625,229	$(8,463,781)	$(1,326,894)	$ 56,758,203
Differences increasing (decreasing) reported shareholders' equity							
Asset retirement obligation	26(a)	-	-	85,347	(85,347)	-	-
Share purchase warrants - to acquire mineral properties	26(b)	-	2,612,024	(2,612,024)	-	-	-
Foreign currency translation	26(c)	(1,118,547)	-	-	(208,347)	1,326,894	-
Transactions with related parties	26(f)	-	-	-	2,514,055	-	2,514,055
Under IFRS as at July 1, 2010		**$57,805,102**	**$2,612,024**	**$5,098,552**	**$(6,243,420)**	**-**	**$59,272,258**
Under Canadian GAAP as at June 30, 2011		$64,518,798	$ -	$13,002,921	$19,834,701	$(1,326,894)	$ 96,029,526
Differences increasing (decreasing) reported shareholders' equity							
Asset retirement obligation	26(a)	-	-	85,347	(82,706)	-	2,641
Share purchase warrants - private placement	26(b)	83,756	-	(2,953,679)	(8,422,012)	-	(11,291,935)
Share purchase warrants - gold forward sale contract	26(b)	-	-	(1,655,715)	(250,470)	-	(1,906,185)
Share purchase warrants - to acquire mineral properties	26(b)	-	2,612,024	(2,612,024)	-	-	-
Foreign currency translation	26(c)	(1,118,547)	-	-	(208,347)	1,326,894	-
Gold Forward Sale	26(e)	-	-	-	304,112	-	304,112
Transactions with related parties	26(f)	-	-	-	2,514,055	-	2,514,055
Gold Inducement	26(g)	-	-	-	(4,636,523)	-	(4,636,523)
Under IFRS as at June 30, 2011		**$63,484,007**	**$2,612,024**	**$5,866,850**	**$9,052,810**	**-**	**$81,015,691**

(in United States dollars, except otherwise stated)

Reconciliation of total comprehensive income

Reconciliations between the Canadian GAAP and IFRS total comprehensive income for three and nine months ended June 30, 2011 and the year ended June 30, 2011 is provided below. The Canadian GAAP statement of comprehensive income (loss) has been represented; following adjustments for IFRS, in an IFRS consolidated statements of comprehensive income format.

		Year ended June 30, 2011		
	Notes	Canadian GAAP	Effect of transition to IFRS	IFRS
Revenue - gold sale		$ 52,379,851	$ -	$ 52,379,851
Production costs		(9,134,079)	-	(9,134,079)
Gross margin from mining operations		43,245,772	-	43,245,772
Depreciation, depreciation and accretion of assets retirement obligations	26 (a)	(2,528,611)	68,268	(2,460,343)
Gain on disposal of scrap material		14,862	-	14,862
		(2,513,749)	68,268	(2,445,481)
Income from mining operations		**40,732,023**	**68,268**	**40,800,291**
Other operating costs				
General and administration		2,681,055	-	2,681,055
Share-based payments		1,058,329	-	1,058,329
Legal, consulting and audit		627,034	-	627,034
Amortization		163,091	791	163,882
Shareholders communication		222,500	-	222,500
Travel		343,146	-	343,146
Project investigation		190,104	-	190,104
Regulatory compliance and filing		57,553	-	57,553
		5,342,812	791	5,343,603
Operating income		**35,389,211**	**67,477**	**35,456,688**
Other income (loss)				
Foreign currency exchange gain (loss)	26 (c)	40,426	(62,466)	(22,040)
Accretion expense on convertible note	26 (c, b & e)	(1,145,509)	301,742	(843,767)
Change in fair value of gold forward purchase agreement		1,602,306	-	1,602,306
Gain/(loss) due to change in fair value of derivative warrant liabilities	26 (b)	(4,759,797)	5,469,382	709,585
Gain/(loss) due to change in fair value of derivative liabilities – gold inducement	26 (g)		(4,636,523)	(4,636,523)
Interest income		104,946		104,946
		(4,157,628)	1,072,135	(3,085,493)
Income before taxes		**31,231,583**	**1,139,612**	**32,371,195**
Income tax recovery, net		20,577	-	20,577
Net income		**$ 31,252,160**	**$ 1,139,612**	**$ 32,391,772**
Attributable to common shareholders		31,252,160	$ 1,139,612	32,391,772
Total comprehensive income		**$ 31,252,160**	**$ 1,139,612**	**$ 32,391,772**
Attributable to non-controlling interest		-	-	-
Attributable to common shareholders		**$ 31,252,160**	**$ 1,139,612**	**$ 32,391,772**

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Caution on Forward Looking Statements

Certain information contained in this report, including without limitation statements containing the words "believes", "plan", 'will', "estimates", "intends", "expects", and similar expressions, constitute "forward-looking" statements. Such forward-looking statements involve known and unknown risk, uncertainties and other facts that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implies by such forward-looking statements. Those forward looking statements are set forth under the heading "Outlook" if any, and elsewhere in the Management's Discussion and Analysis and may include statements regarding work in progress, timelines, and budget estimates of construction, commissioning and production of the gold treatment plant at Selinsing Gold Mine Project; exploration results and budgets, mineral reserve and resource estimates; capital expenditures; strategic plans; proposed financing transactions; or other statements that are not statements of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. Given the reasons, risks and uncertainties set forth above readers are cautioned not to place undue reliance on such forward-looking statements described in the Company's public filings with securities regulatory authorities. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties involved in fluctuations in gold and related commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and estimated economic return; the issuance of required permits; the changes in environmental legislations in all jurisdictions in which the Company operates; the need to obtain additional financing to develop properties and uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or development programs or in construction projects and uncertainty of meeting anticipated program milestones; uncertainty as to timely availability of permits and other governmental approvals and other risks and uncertainties disclosed in the Company's annual report and other information released by the Company and filed with the appropriate regulatory agencies.

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Vice President of Exploration, Malaysian Region

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