MANAGEMENT'S DISCUSSION & ANALYSIS

For the three and six months ended December 31, 2021
(in United States dollars, except where noted)

This Management's Discussion and Analysis ("MD&A") of Monument Mining Limited ("Monument" or the "Company") as of February 28, 2022 should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the three and six months ended December 31, 2021 and the notes related thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), as well as the annual audited financial statements for the year ended June 30, 2021.

This MD&A contains "forward-looking statements" and should be read in conjunction with the *Cautionary Statement on Forward-Looking Statements* at the end of this MD&A. Non-IFRS performance measures referred under the section "*Non-IFRS Performance Measures"* in the MD&A are subject to risk factors set out in a cautionary note contained herein. All amounts are in United States dollars unless otherwise noted. References to "C$" or "CAD" are to Canadian dollars, "RM" are to Malaysian Ringgits and "AUD" are to Australian 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. EXECUTIVE SUMMARY

1.1 Second Quarter of Fiscal Year 2022 Highlights

- Murchison Phase 1 drilling results confirm discovery of new high-grade mineralization at the Junction Target;
- Murchison Phase 2 drilling started with 2,918 meters (12 RC holes) drilled;
- Peranggih RC drilling and channel sampling confirms the extension of oxide mineralization and potential supplies to the mill;
- Selinsing Flotation Plant Project is progressing as planned with 37% completion to date;
- Selinsing Gold Mine's Q2 production impacted by heavy monsoon rains:
  - 1,683 ounces ("oz") of gold produced in Q2, FY2022 (Q2, FY2021: 2,963oz);
  - 2,873oz of gold sold for $5.05 million in Q2, FY2022 (Q2, FY2021: 3,754oz for $6.84million);
  - Average quarterly gold price realized at $1,828/oz in Q2, FY2022 (Q2, FY2021: $1,889/oz);
  - Cash cost per ounce sold was $1,810/oz in Q2, FY2022 (Q2, FY2021: $1,103/oz);
  - Gross margin decreased by 106% to negative $0.15 million in Q2, FY2022 (Q2, FY2021: $2.69 million);
  - All-in sustaining cost ("AISC") increased to $2,146/oz in Q2, FY2022 (Q2, FY2021: $1,501/oz) (*section 15 "Non-IFRS Performance Measures")*.

1.2 Company Overview

Monument Mining Limited (TSX-V: MMY, FSE: D7Q1) is an established Canadian gold producer and mining asset developer. The Company owns a 100% interest in the Selinsing Gold Mine and the Murchison Gold Project portfolios, and a 20% interest in the Tuckanarra project Joint Venture (JV) as of December 31, 2021. The Selinsing Gold Mine is located in Pahang State, within the Central Gold Belt of Western Malaysia, and comprises the Selinsing, Buffalo Reef, Felda Land, Peranggih and Famehub projects. Murchison, comprised of the Burnakura and Gabanintha projects, and the Tuckanarra JV, is located in the Murchison region, Western Australia ("WA"), Australia.

Monument's primary business activities include advancing its mineral projects from exploration to production and conducting mining and processing operations to generate profit from sustainable precious metal production. The business strategy consists of four perspectives. The shareholder perspective is to provide a satisfactory return to shareholders. The growth perspective is to increase its mineral resource inventory to achieve long-term sustainable production. The operational perspective is to maximize production performance and efficiency and to enhance exploration success. The financial perspective is to have effective budgetary and cost control, maintain efficient operational excellence and improve the quality of assets by advancing exploration and evaluation projects to production. The Company's long-term goal is to become a sustainable dividend paying gold producer.

Monument has an experienced management team with the demonstrated ability to advance projects from exploration to production, and effectively and profitably operates producing mines. The Company employs approximately 200 people and is committed to the highest standards of environmental management, social responsibility, and health and safety for its employees as well as for its neighboring communities. Monument's Head Office is located in Vancouver, British Columbia, Canada. It operates through its subsidiaries in Pahang State, Malaysia and Western Australia, Australia.

1.3 Review of Operations

Corporate Strategies

As a junior gold producer, Monument's overall strategy is to build incremental gold resources and reserves through exploration, production expansion and disciplined acquisitions, as well as to build up market awareness in order for the market to reflect the Company's value thus transforming the Company's upside potential to benefit its shareholders. The Company grows its value by developing gold assets and building up gold reserves that provide sustainable cash flow therefore creating value for shareholders that can be reflected into the market cap. Our strategy is to focus on these three areas. In February 2021 the Company announced its value creation strategy to increase gold resources and reserves through exploration, expansion, and disciplined acquisitions.

The Company's tactical goals are summarized as follows:

- Convert the current oxide plant to a sulphide plant in a two-phase construction plan (flotation plant and BIOX® plant), with production from the flotation plant to commence in July 2022;
- Establish the Murchison Gold Project as a cornerstone gold development project by completing a two-year exploration program;
- Proceed with a disciplined acquisition to increase the Company's gold production profile.

The achievement of the above goals relies on available financial resources and other conditions. For more than a decade the Company's development has primarily depended on cash generated by oxide production at the Selinsing Gold Mine. As oxide materials are being depleted, it is critical for the Company to launch the Selinsing Sulphide Flotation Project in order to return to its historical production levels through the new life of mine. It is also critical for the Company to develop its Murchison Gold Project into a cornerstone producing asset that will reduce its reliance on a single cash generating operation: success in exploration for new gold is the most economical way to increase shareholder value. In management's opinion the Murchison Project is highly prospective, as confirmed by the results in the Phase 1 drilling program.

The proceeds from the divestiture of Monument's base metal assets have provided financing to implement the corporate strategy. However, there are no guarantees that the Company can be successful due to uncontrollable risk factors, including change of market conditions, operation risks, the volatility of gold prices and demand of gold related products, a volatile global economic environment, and the ongoing impact of the Covid-19 pandemic.

General Operations

Following consolidation of its asset portfolio through the sale of the Mengapur base metal project in fiscal 2021, the fiscal year 2022 sees the continuation of a focus of implementation of the corporate strategies to advance exploration at the Murchison Gold Project for new gold discovery and flotation plant construction at the Selinsing Gold Mine to achieve gold concentrate production and extend the life of mine.

During the second quarter, all assay results from the Phase 1 drilling program undertaken in July-August 2021 at Burnakura, a primary gold project in the Murchison Gold Portfolio have been received, and the new discovery at the Junction Target is highly encouraging and supportive of the Company's strategy to test new drill targets away from existing resources. A Phase 2 drilling program commenced during the second quarter and is focused on extensions to known mineralization and existing resources.

At Selinsing, the flotation plant construction was at 37% completion by the end of the Q2. The earth work and most of the site preparation work was completed in Q2, and the fabrication work of major mechanical equipment including flotation cells started on October 1, 2021 and is ahead of schedule. The major construction contractors were selected and purchase orders for major long lead items have been dispatched. Construction activities are scheduled to commence in early Q3, FY2022, and the construction remains on track for completion by June 2022 followed by wet commissioning.

Gold production improved in the second quarter after recovering from the Covid-19 related mining ban in Q1, FY2022, however, mining was impacted by heavy rainfall during the monsoon season, with local rivers flooding. Combined with lower gold grades mined at Peranggih, the production generated a negative cash flow over the quarter.

In the second quarter the operation consumed cash of $4.02 million, compared to the cash generated in the same quarter of the prior year of $0.80 million, and the six months operations consumed cash of $4.00 million compared to the cash generation in the same period of last year of $1.54 million. Total cash drawn for investment activities in Q2 totaled $3.74 million including exploration, mine development and flotation construction, and $6.81 million for the six months period; lease payments were $0.01 million for Q2 and $0.02 million for the six months period. The cash balance was down to $27.80 million as of December 31, 2021 from $35.57 million as of September 30, 2021 and from $38.62 million as of June 30, 2021.

Until the flotation plant is operational, both oxide and transitional sulphide materials will continue to be processed through the existing oxide plant, and therefore past production cannot be used as an indicator of future performance for making investment decisions. The new life of mine production will commence upon completion of the flotation plant to supply marketable sulphide gold concentrates. And it is planned that the BIOX® plant will be added to the treatment process to produce gold bullion if a niche market can be established.

1.3.1 *Project Development*

Flotation Plant Project

FY 2022 project development is to complete the Phase 1 Sulphide Project development that includes flotation plant construction and mine development at the Selinsing Gold Mine in Malaysia, aimed to produce saleable sulphide gold concentrates. The flotation plant construction includes project management, project validation, flotation design and engineering, procurement, construction and commissioning. Mine development includes upgrading of tailing storage facilities, pit push backs and pre-stripping.

The Phase 1 development is expected to be completed by June 2022 with an estimated cost of up to $20 million. As of December 31, 2021, 37% of overall project has been completed with cost incurred of $6.06 million.

During Q2 Mincore Pty Ltd. ("Mincore") completed the detailed engineering design of the flotation plant. Equipment specifications and data sheets were completed and material take-offs / bills of material were issued for concrete, structural steel, piping, valves and electric cables instrumentation. All civil and structural, mechanical and piping drawings were issued for construction.

Purchase orders for major long lead items of equipment were sent to the selected manufacturers. The tender bid for plant construction was issued, and major construction contractors were selected and are scheduled to commence work in early February 2022. The proposed plant site was prepared with earth filling and compaction completed for most of the area required for the construction work.

The flotation pilot plant has been setup and is successfully running at the SGMM laboratory.

Tailing Storage Facility (TSF) Upgrade

The TSF level needs to be raised to 540 meters level to accommodate flotation plant operation for about 3 years. The TSF upgrade, which started in February 2021, continued with 91.9% completion by the end of Q2. The work has been put on hold subsequently since the current capacity will be adequate for production until May 2023.

Murchison Project Development

No mine development was planned during the second quarter of fiscal year 2022. While focusing on exploration, the Company continued to maintain the plant and other facilities to the extent they are operationally ready for efficient commissioning when production is restarted. Site accommodations and catering are fully functional to host administrative, exploration and mining activities.

1.3.2 *Production*

The challenges of the Covid-19 pandemic continue to be felt, however, the Selinsing Mine was able to operate at full capacity in Q2 and more than 95% of the workforce are now fully vaccinated. The site recorded seven positive cases in the quarter, and 23 employees were instructed to quarantine due to close contact. Screening, isolation, quarantining and social distancing procedures are undertaken in accordance with the Company's Covid-19 preventive policies and health authority requirements across all its operating sites and offices.

Selinsing production levels in Q2 were impacted by heavy rains, especially in the Peranggih open pits, however, contained gold from Peranggih was also lower than expected and an investigation has been undertaken to determine the reasons for this. The operation is expected to catch up though Q3 and Q4, FY2022, however, as Peranggih has no defined resources and reserves, the estimated mineralized materials might not be able to generate economic returns.

Mining in Q2 continued to deliver transitional leachable sulphide ore from Selinsing Pit 4 South West, oxide ore from Buffalo Reef C2, and oxide mineralized materials from Peranggih, and although additional material was processed to offset the under performance of mining at Peranggih, this comprised lower grade Selinsing leachable sulphide ore and old tailings. A total 85,209 tonnes of ore were mined in Q2 (Q2, FY2021: 112,073 tonnes), with 41,208 tonnes from Selinsing (Q2, FY2021: 54,664 tonnes), 4,205 tonnes from BR North (Q2, FY2021: 2,139 tonnes), and 39,796 tonnes of oxide mineralized materials from Peranggih (Q2, FY2021: 49,581 tonnes).

Due to lower mining rates and shortages of stockpiled materials, mill feed decreased by 16% to 129,000 tonnes (Q2, FY2021: 152,836 tonnes) and the average head grade was also lower at 0.56g/t (Q2, FY2021: 0.89g/t), partly offset by an improved recovery of 63.2% (Q2, FY2021: 58.4%). Gold recovered was 1,481oz (Q2, FY2021: 2,560oz) and gold production was 1,683oz (Q2, FY2021: 2,963oz).

A total of 2,873oz of gold were sold for gross revenue of $5.05 million (Q2, FY2021: 3,754oz for $6.84 million), of which 2,150oz sold at an average realized price of $1,828 per ounce from production (Q2, FY2021: 3,050oz at $1,889 per ounce), 723oz at $1,545 per ounce from gold prepaid delivery (Q2, FY2021: 704oz at $1,525 per ounce from gold prepaid delivery and 19oz gold equivalent offset by part of $1.5 million loan repayment from Concept Capital Management against 983oz gold delivery obligation from June to October 2021).

Q2 gross margin from mining operations was negative $0.15 million (Q2, FY2021: positive $2.69 million) before operation expenses, non-cash depreciation and accretion expenses of $1.62 million (Q2, FY2021: $0.92 million). The loss from mining operations was $1.78 million (Q2, FY2021: $1.62 million income) and the net loss was $2.50 million (Q2, FY2021: $0.65 million net loss).

Total cash spent on project development in Q2 was $3.74 million (Q2, FY2021: $1.69 million) of which $0.59 million (Q2, FY2021: $1.23 million) was at Selinsing to sustain production, $2.19 million (Q2, FY2021: $0.07 million) for Phase I of the Sulphide Project development,

$0.14 million for sampling and geology, mainly at Peranggih (Q2, FY2021: $0.06 million), and $0.82 million (Q2, FY2021: $0.25 million) at Murchison, including $0.10 million for care and maintenance, $0.66 million for exploration and $0.06 million for plant maintenance.

During the six months ended December 31, 2021, the Selinsing Mine generated a gross margin of $0.20 million (Q2, FY2021: $5.75 million), before non-cash depreciation and accretion expenses of $2.24 million (Q2, FY2021: $1.68 million). Gold production decreased by 58% to 2,726oz (Q2, FY2021: 6,467oz), and the Company sold a total of 4,296oz (Q2, FY2021: 6,854oz) for gross revenue of $7.43 million (Q2, FY2021: $12.75 million), comprising 2,850oz (Q2, FY2021: 6,150oz) at an average realized price of $1,823 per ounce (Q2, FY2021: $1,899 per ounce) from production and gold prepaid delivery of 1,446oz at $1,545 per ounce (Q2, FY2021: 704oz at $1,525 per ounce).

Cash cost per ounce increased by 64% to $1,810 per ounce for the quarter ended December 31, 2021 from $1,103 per ounce in the same quarter of last year due to less tonnes processed and a reduction in the mill feed grade, slightly offset by an increase in recovery.

Cash cost per ounce increased by 65% to $1,683 per ounce for the six months ended December 31, 2021 from $1,021 per ounce in the same period of last year, also due to less tonnes processed and a reduction in the mill feed grade, and again offset by an improved recovery

Production and financial results for the three and six months ended December 31, 2021, are summarized in Figure 1 below:

Figure 1: Operating and Financial Results

Selinsing, Felda Block 7, Buffalo Reef		Three months ended		Six months ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Operating results	Unit				
Ore mined	t	85,209	112,073	160,181	193,649
Waste removed (1)	t	1,770,975	963,863	3,713,309	2,022,019
Stripping ratio		20.78	8.60	23.18	10.44
Ore stockpiled	t	83,401	90,502	83,401	90,502
Ore processed	t	129,000	152,836	285,611	319,268
Average ore head grade	g/t Au	0.56	0.89	0.55	0.94
Process recovery rate	%	63.2	58.4	64.2	61.3
Gold recovery	oz	1,481	2,560	3,258	5,903
Gold production	oz	1,683	2,963	2,726	6,467
Gold sold	oz	2,873	3,754	4,296	6,854
Financial results					
Gold sales	US$'000	5,046	6,835	7,429	12,754
Gross margin	US$'000	(153)	2,694	195	5,753
Weighted average gold price					
London Fix PM	US$/oz	1,827	1,890	1,823	1,899
Monument realized (2)(5)	US$/oz	1,828	1,889	1,823	1,899
Cash costs per ounce sold (3)(5)					
Total cash cost per ounce	US$/oz	1,810	1,103	1,683	1,021
All-in sustaining costs per ounce (4)(5)					
Total all-in sustaining cost per ounce	US$/oz	2,146	1,501	2,114	1,300

(1) Waste removed of 3,713,309t for the six months ended December 31, 2021 includes 1,849,124t operating waste, 1,313,582t for TSF construction fill and 550,603t used for cutback (For the six months ended December 31, 2020, waste removed of 2,022,019t included 1,791,589t operating waste, 177,830t for cutback and 52,600t for TSF construction fill). The cost of waste removed for TSF construction was capitalized and not included in mining operations.

(2) Monument realized a weighted average gold price of $1,823/oz for the six months ended December 31, 2021, excluding 1,446oz gold prepaid delivery during the period. For comparison purposes, Monument realized a weighted average gold price of $1,899/oz for the six months ended December 31, 2020, excluding 704oz gold prepaid delivery during the period. Readers should refer to section 15 "Non-IFRS Performance Measures".

(3) Total cash cost per ounce sold includes production costs such as mining, processing, TSF maintenance, camp administration, royalties, storage, temporary mine production closure, community development cost and property fees, net of by-product credits. Cash cost excludes amortization, depletion, accretion expenses, idle production costs, capital costs, exploration costs and corporate administration costs. Readers should refer to section 15 "Non-IFRS Performance Measures".

(4) All-in sustaining cost per ounce includes total cash costs, operation expenses, sustaining capital expenditures, corporate administrative expenses for the Selinsing Gold Mine including share-based compensation, exploration and evaluation costs, and accretion of asset retirement obligations. Certain other cash expenditures, including tax payments and acquisition costs, are not included. Readers refer to section 15 "Non-IFRS Performance Measures" for detailed descriptions of each calculation.

(5) Average gold price realized, cash cost per ounce sold and all-in sustaining cost are non-GAAP measures; for a reconciliation from this measure to the most directly comparable measure specified, defined, or determined under IFRS and presented in our financial statements. Readers should refer to section 15 "Non-IFRS Performance Measures".

Figure 2: Gold production and cash costs per ounce

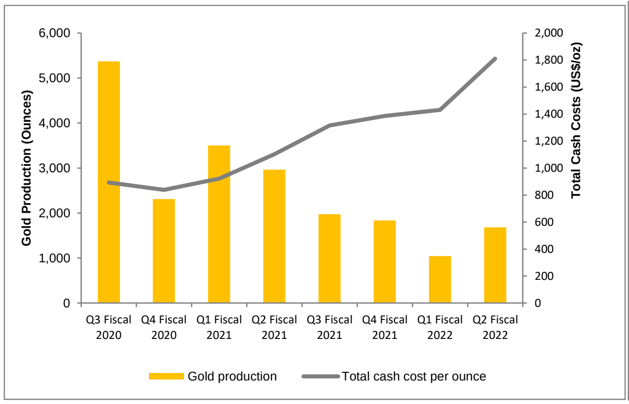
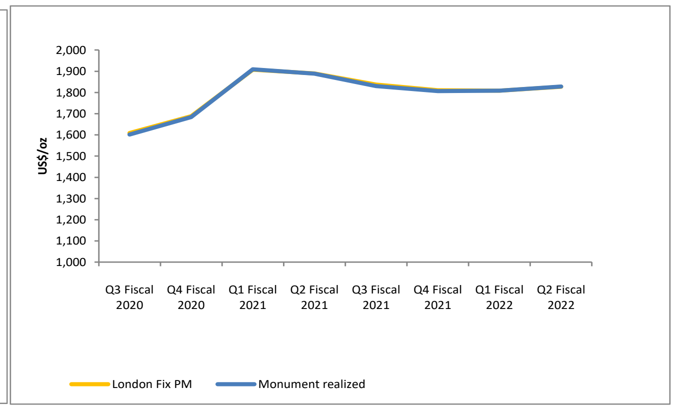


Figure 3: Quarterly Average Gold Price



1.3.3 *Exploration*

Malaysia

Peranggih is the current focus for identifying additional mineable material to extend production from the oxide plant at Selinsing, and the Phase 1 and 2 Reverse Circulation ("RC") drilling programs (3,317 meters in 68 holes) were concluded in Q1 FY2022, with significant intercepts including 5m at 6.88 g/t Au from 10m (PGRC076), 14m at 1.5 g/t Au from 16m (PGRC077), 13m at 1.39 g/t Au from 11m (PGRC089), 9m at 1.52 g/t Au from 29m (PGRC102), 21m at 1.24 g/t Au from 21m (PGRC113) and 10m at 1.56 g/t Au from 8m (PGRC117).

Drilling has been to a maximum depth of 70m, at 20m by 20m spacing, targeting a steeply dipping high-grade mineralized structure and approximately 70% of holes have hit gold mineralization above an oxide cut-off (>0.35g/t Au) at less than 50m below the surface, defining a mineralized zone 830m long and 60m wide.

Exploration in the second quarter FY2022 comprised 396 channel samples, which tested extensions to known mineralization at Peranggih, where follow-up RC drilling is planned in Q3 FY2022, and also a new prospect at Mentique, where further mapping and sampling are to be undertaken.

Western Australia

Monument began a 2-year exploration program at the Murchison Gold Project in Q1 FY2022, with the aim of discovering significant additional resources and thereby establishing Murchison as a cornerstone project for the Company.

The Phase 1 RC and aircore ("AC") drill program was concluded in Q1 FY2022, and comprised 3,465m in 46 RC holes and 10,484m in 349 AC holes, which were designed to test new targets away from known resources.

All assays from the Phase 1 drilling were received in January 2022, subsequent to the second quarter, and significant intercepts include 5m at 1.53 g/t Au from 31m (21BNRC037), 2m at 0.81 g/t Au from 111m and 3m at 1.91 g/t Au from 119m (21BNRC038) and 2m at 1.56 g/t Au from 60m and 2m at 3.70g/t Au from 106m (21BNRC039) at Munro Bore, 8m at 0.97g/t Au from 5m (21BNRC008) and 7m at 0.82g/t Au from 18m (21BNRC026) at FLC2, and 3m at 10.2g/t Au from 22m (21BNAC213) at the newly discovered Junction Target.

A Phase 2 RC and diamond drilling (DD) program commenced in November 2021, and a total of 2,918m in 12 RC holes were completed during the second quarter of FY2022, testing for extensions to known mineralization and resources at the NOA1, NOA2, NOA78 and Alliance target areas.

1,406 RC samples from the Phase 2 drilling were dispatched to ALS Geochemistry, Perth during the quarter, DD drilling was rearranged and postponed to March due to availability of the dillrigs.

1.4 FY2022 Activity Highlights

- On July 5, 2021, Monument announced that the Selinsing Gold Mine had resumed production after the 7 week mining ban according to the Movement Control Order ("MCO"). 80% of staff were allowed at the site, while the MCO moved to Phase II.
- On July 6, 2021, the Company announced that the independent flotation test work undertaken at Bureau Veritas Laboratory in Perth had successfully replicated the positive results achieved by the on-site metallurgical laboratory to produce a marketable gold concentrate at the Selinsing Gold Mine.
- On July 20, 2021, the Company announced the commencement of a planned exploration drilling program at the Murchison Gold Project in Western Australia. The first stage of the drill program planned for 18,000 meters and combines aircore ("AC") and RC drilling and is designed to test new high quality structural targets beneath cover for potential mineralization that may lead to the identification of shallow stand alone or satellite gold deposits to supplement the current resource base at the 100% owned Burnakura gold project.
- On September 20, 2021, the Company announced the successful completion of an upscaled Phase 1 AC and RC drill program at its Murchison Gold Project in Western Australia. All samples were dispatched from site and received by ALS Geochemistry, Perth, Western Australia.
- On October 14, 2021, the Company announced the current progress on flotation plant construction at the Selinsing Gold Mine in Malaysia in relation to flotation design and engineering, commencement of construction for civil foundation work. It also updated the status of the mining production.
- On October 28, 2021, the Company announced the results from its Annual General Meeting of shareholders. Resolutions tabled at the AGM as proposed in the Information Circular dated on September 27, 2021. Each resolution and each nominee of the board of directors had been approved by a vast majority of the shares voted.
- On November 26, 2021, the Company announced the drill results at its Peranggih Gold Prospect in Malaysia. The drill program confirmed the extension of significant mineralization down-dip of the previously explored area by shallow percussion rotary air blast ("RAB") drilling along a northwest striking shear structure.
- On December 15, 2021, the Company announced the commencement of the Phase 2 drilling program at its Murchison Gold Project in Western Australia, which is targeting down dip and down plunge extension of known high grade deposits, some of which were mined historically. A total 5,546 drill meters are planned combining reverse circulation ("RC") and diamond drilling ("DD") targeting completion by February 2022.
- On January 19, 2022, the Company announced the results from the Phase 1 drilling program at its Murchison Gold Project, which included the discovery of the new 'Junction Target', where AC drilling intersected gold under transported cover in association with a significant shear zone and no known historical drilling or surface sampling.

2. PROJECT UPDATE

2.1 Selinsing Gold Portfolio

The Selinsing Gold Portfolio is located in Pahang State, Malaysia. It includes the Selinsing Gold property ("Selinsing"), the Buffalo Reef property ("Buffalo Reef"), the Felda Land ("Felda") and the Famehub properties ("Famehub"). Buffalo Reef lies continuously and contiguously along the gold trend upon which the Selinsing Gold Property is located. Both Felda and Famehub are located east and north of the Selinsing and Buffalo Reef properties. The 1.0 million tonnes per annum gold processing plant is situated at the Selinsing site, which provides easy access to all the Company's gold properties.

Among those properties, Selinsing and Buffalo Reef are primary gold properties acquired on June 25, 2007 and are at the development and production stage while others are at the exploration and evaluation stage except Felda Block 7.

The Company acquired exclusive irrevocable exploration licenses over 896 acres of Felda through its subsidiary Able Return Sdn Bhd from the Settlers, with consent from the Federal Land Development Authority. Pursuant to these agreements with the Settlers, and subject to regulatory approval, certain portions of Felda can be converted to mining leases upon exploration success at the Company's discretion. The exclusive mining permits are automatically assigned for mining to the Company in the event of approval of the mining leases obtained by those Settlers. In October 2017, a portion of Felda ("Felda Block 7") was converted into proprietary mining leases.

Famehub was acquired in September 2010 and covers an area of approximately 32,000 acres of prospective exploration land to the north of Buffalo Reef and east of the Selinsing Gold Mine. Snowden completed a NI 43-101 Technical Report on Famehub dated August 2010. The Company targets the consolidation of Selinsing, Buffalo Reef and Famehub, which are all situated around the Selinsing Gold Mine, as a long-term strategic exploration portfolio in order to extend the life of the mine.

(in United States dollars, except where noted)

2.1.1 Resources and Reserves and Results of the Feasibility Study

According to the Snowden NI 43-101 Report dated January 31, 2019, the Company has Proven and Probable Mineral Reserves of 5.7 million tonnes at the Selinsing Gold Mine, including the Selinsing and the adjacent Buffalo Reef and Felda Block 7 deposits in Pahang State, Malaysia. All Mineral Reserves and Mineral Resources were updated by Snowden as Independent Qualified Person defined under NI43-101 standards.

The tables below summarize the estimated Mineral Reserves and Mineral Resources reported by classification and ore type, all expressed in metric tonnes and troy ounces (1 ounce = 31.1035 g). The updated Mineral Reserves are estimated using an average gold price of $1,300 per ounce.

Selinsing-Buffalo Reef/Felda Reserves as of March 31, 2018 (Snowden)												
Category	OXIDE (above approx. 0.4 g/t Au cut-off)			TRANSITION (above approx. 0.75 g/t Au cut-off)			SULPHIDE (above approx. 0.75 g/t Au cut-off)			**OXIDE + TRANSITION + SULPHIDE**		
	kTonnes	g/t	Au (kOz)	kTonnes	g/t	Au (kOz)	kTonnes	g/t	Au (kOz)	**kTonnes**	**g/t**	**Au (kOz)**
Mineral Reserves (based on a US$1,300/oz gold price)												
Proven*	1,265	0.47	19	-	-	-	45	1.53	2	**1,310**	**0.51**	**21**
Probable**	991	0.91	29	757	1.72	41.9	2,680	2.03	175.1	**4,428**	**1.73**	**246**
P+P	2,256	0.67	48	757	1.72	42	2,725	2.02	177	**5,738**	**1.45**	**267**

*Proven Reserve is entirely stockpile material;
**Probable Oxide Reserve comprises oxide ore in Selinsing, Buffalo Reef, Felda deposits, and in Selinsing old tailings; Probable Transition and Sulphide Reserves comprise ore in Selinsing, Buffalo Reef and Felda deposits.

Selinsing-Buffalo Reef/Felda Resources as of March 31, 2018 (Snowden)												
Category	OXIDE (above 0.3 g/t Au cut-off)			TRANSITION (above 0.5 g/t Au cut-off)			SULPHIDE (above 0.5 g/t Au cut-off)			**OXIDE + TRANSITION + SULPHIDE**		
	kTonnes	g/t	Au (kOz)	kTonnes	g/t	Au (kOz)	kTonnes	g/t	Au (kOz)	**kTonnes**	**g/t**	**Au (kOz)**
Mineral Resources, reported inclusive of Reserves (based on a potential US$2,400/oz gold price)												
Measured*	1,265	0.47	19	-	-	-	45	1.53	2	**1,310**	**0.51**	**21**
Indicated**	1,533	0.85	42	1,086	1.49	52	8,052	1.60	415	**10,671**	**1.48**	**509**
M+I	2,798	0.68	61	1,086	1.49	52	8,097	1.60	417	**11,981**	**1.38**	**530**
Inferred***	349	1.05	11.8	485	1.22	19	5,563	1.79	319	**6,397**	**1.70**	**350**

*Measured Resource is entirely stockpile material;
**Indicated Oxide Resource is a combination of oxide mineralization occurring in Selinsing, Buffalo Reef and Felda deposits plus Selinsing old tailings material; Indicated Transition and Sulphide Resources comprise mineralization occurring in Selinsing, Buffalo Reef and Felda deposits;
***Inferred Resource comprises mineralization occurring in Selinsing, Buffalo Reef and Felda deposits.

Based on these Reserves, the 2019 Feasibility Study has demonstrated an approximately six-year life of mine (LOM) with a net present value (NPV) of $27.56 million based on reported oxide and sulphide ore Reserves as of March 2018. Over the six-year LOM, a total 5.7 million tonnes of ore would be treated at an average grade of 1.45g/t Au for 223koz at a cost of $863.67 per ounce. At a gold price of $1,300 per ounce, the Selinsing Gold Mine Project would generate net cash flow after tax of $97.00 million from operations, or $45.00 million net of capital expenditure.

The opportunity to consider Inferred Resources was discussed in the Feasibility Study. The Inferred Mineral Resource inside the Reserve open pit designs potentially contains an additional 20koz of gold. The Inferred Mineral Resource external to the open pit design contains 130koz of gold. Recommendations have been made to initiate further exploration programs aimed at the conversion of Inferred Mineral Resources into Indicated Mineral Resources. Should those conversions be successful, the Mineral Reserves could potentially be significantly increased. The Selinsing Gold Mine has a proven record in converting oxide Inferred Mineral Resources to recovered ounces, even though historical records should not be used as an indicator of future performance.

2.1.2 Production

Mining:

Q2, FY2022 mining activities were carried out at Selinsing Pit 4 South West, Buffalo Reef C2 and Peranggih. Ore production was from transitional leachable sulphide ore at Selinsing pits, blended with oxide ore from old tailings, Buffalo Reef and Peranggih. Waste was mainly removed for TSF construction and cutback for the sulphide project, and Peranggih stripping activities.

Total materials mined in Q2, FY2022 increased by 73% to 1,856,184 tonnes from 1,075,935 tonnes in Q2, FY2021 due to additional waste removal prior to mining at Peranggih pits S1, S2 and Central and to provide material for the TSF main embankment. The stripping ratio increased by 142% to 20.78 from 8.60 in the same period of last year. Ore mined decreased by 24% to 85,209 tonnes from 112,073 tonnes. Total mining costs increased by 53% to $2.09 million during Q2, FY2022 (Q2, FY2021: $1.37 million) (Figure 12) mainly due to significantly more waste removed in Peranggih and more repair and dewatering activities caused by heavy rain and flooding during the monsoon season, especially in December 2021.

During the second quarter, a total of 859,095 tonnes of materials (Q2, FY2021: 205,199 tonnes) were mined at Peranggih, comprised of 819,299 tonnes of operational waste (Q2, FY2021: 155,618 tonnes) - the costs were recorded against inventory, 624,300 tonnes of capital waste (Q2, FY2021: nil tonnes) - the costs were recorded against mineral property, plant and equipment and then amortized over mining periods, and 43,499 tonnes of mineralized materials (Q2, FY2021: 42,511 tonnes) were fed into the mill – the costs were recorded against inventory.

Peranggih materials are continually being tested through close spaced drilling programs as a potential source of immediate oxide feed to the existing plant despite not having an established resource. The qualified mineralized materials are extracted and fed into the mill and the associated exploration costs are transferred from the evaluation and exploration account to the mineral property.

The Company continues to implement grade control drilling practices to manage mining cost increases during ramp up of mining rates to access additional ore and replenish stockpile levels. In addition, the mining contractor is actively upgrading their mining fleet in order to meet the Company's mining and development plan efficiently.

Ore stockpiles had significantly fallen from 127,095 tonnes as of June 30, 2021 to 83,401 tonnes as of December 31, 2021 mainly due to the adverse impact of the delay in blast permit issuance in the first quarter and rainfall and flooding in the first and second quarter of FY2022 resulting in a lower mining rate.

Given that stockpile levels were already low due to the impact of the Covid-19 pandemic, restoring them to a more appropriate level is a priority for the Company.

<u>Processing:</u>

Referring to Figure 1 Operating and Financial Results, processing throughput tonnage was 16% lower in Q2, FY2022 compared to Q2, FY2021 at 129,000 tonnes from 152,836 tonnes. This was caused by a significant reduction of stockpiled ore carried forward from Q1, FY2022 and a shortage of ore mined due to heavy rain during the quarter. Overall mill availability, utilization and efficiency were 87.4%, 68.5% and 59.9% respectively in Q2, FY2022 compared to 88.5%, 97.3% and 86.1% in Q2, FY2021.

Total ore feed in Q2, FY2022 had an average head grade of 0.56 g/t Au as compared to 0.89 g/t Au in the same quarter of last year due to lower grades than expected from Peranggih oxide mineralized materials and Selinsing leachable sulphide ore. As a result, gold recovery was significantly lower at 1,481oz as compared to 2,560oz for the same quarter of last year.

Total processing costs were $2.58 million as compared to $2.07 million in the second quarter of fiscal year 2021 and the cost per tonne processed increased to $14.28/t from $13.34/t, or 7% higher than the same period of previous year. The process recovery rate of 63.2% for the quarter ended December 31, 2021 was slightly higher than 58.4% in the second quarter of previous year. The higher processing cost was due to more processed low grade leachable sulphide ore with higher use of consumables, higher process downtime as a result of the shortage of ore by heavy rain for crushing and mechanical downtime due to scheduled repair and maintenance for crushers.

Figures 4 and 5 illustrate production results on a consolidated basis including Selinsing, Buffalo Reef and Felda Block 7 operations and Peranggih.

Figure 4: Gold production and cash costs per ounce

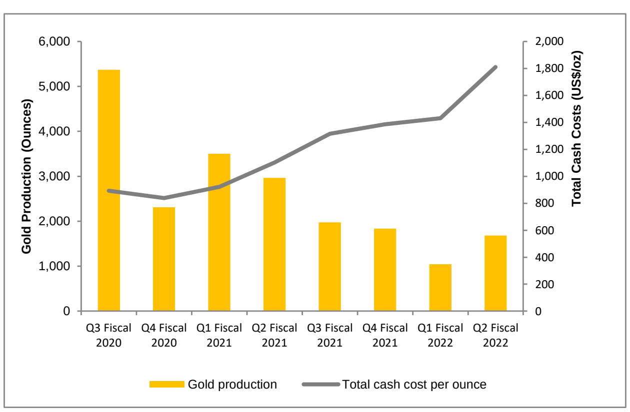
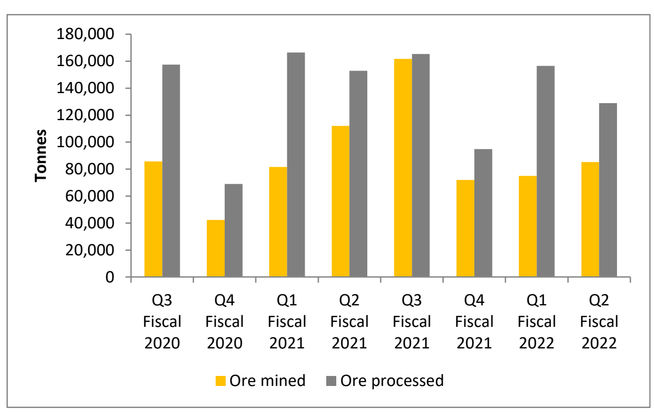


Figure 5: Selinsing Gold Mine: Operating Metrics



2.1.3 Development

Project development work at Selinsing includes the Sulphide flotation plant construction, , TSF development/mining cutback and test work for oxide mining assessment at Peranggih.

Selinsing sulphide project development

As of December 31, 2021, total expenditures of $6.06 million (June 30, 2021: $1.14 million) were spent for the Selinsing Sulphide Plant upgrade at Selinsing Gold Mine, including the adjustment of $0.77 million relocation of TSF expenditure from the last fiscal year.

The Sulphide project development comprises the Stage 1 Flotation plant project and Stage 2 BIOX® leaching plant. Flotation plant project development includes project management, project validation, flotation design and engineering, procurement, construction and commissioning.

Engineering Design: During the second quarter, 100% of the flotation plant detail engineering design work had been completed by Mincore Pte Ltd. Shop detailing design started subsequent to the quarter end after the completion of the detail engineering design and will be completed by April 2022.

Procurement of all major and long lead equipment was completed during the quarter. Fabrication is progressing well in the seller's workshop and equipment is scheduled to be delivered according to the contract schedule. The Company is actively managing the shipping and logistics risks associated with the global logistics shortage.

R&D Work: During the quarter ended December 31 2021, R&D work produced the sample of flotation concentrate for pressure filtration testwork by the filter press supplier McLanahan. It also achieved a key milestone that the pilot plant was successfully commissioned into operation, comprised ball mill and classifier, rougher / scavenger flotation cells and three stages of cleaner flotation. A one tonne sample of transition ore was crushed in the laboratory jaw crusher to 100% passing 2.0mm to provide feed for the pilot plant. The sample was duly processed using the same reagent regime planned for the full-scale plant. A total of 50kg of flotation concentrate was produced and a sample of this was sent to McLanahan for filter press testwork.

Antimony leaching tests were also carried out to support the gold concentrates marketing effort.

Flotation construction includes earthworks, civil engineering, structural engineering, mechanical and electrical installation and other associated plant upgrades. During the quarter the construction contract was awarded to Seong Henng Engineering Works (M) Sdn Bhd, an experienced Malaysian contractor which carried out the Selinsing Oxide Plant construction over 10 years ago. Civil foundation work commenced in January 2022 subsequent to the second quarter and is planned to be completed by the end of April 2022.

An application to add the sulphide processing circuit to the existing CIL processing plant operation and an amended EIA was approved by the Department of Environment ("DOE") on September 29, 2021. A revised environmental management plan that includes the sulphide processing was submitted to the DOE at the end of January 2022.

The production of flotation concentrate is expected to commence in July 2022 as soon as the flotation cells, concentrate thickener and filter press have been commissioned.

Mine development: Total TSF expansion progressed 91.9% as of December 31, 2021, reaching the 537m RL, providing adequate capacity till May 2023. Subsequent to the end of the second quarter, the TSF expansion was put on hold and a monitoring program has been reviewed and put in place. The remaining work to complete for 540m RL level will continue after commencement of production.

2.1.4 Exploration

Total exploration expenditures excluding development activities at the Selinsing Gold Portfolio for the three and six months ended December 31, 2021 were $0.13 million and $0.15 million respectively.

During the second quarter of fiscal year 2022, the main exploration activity was carried out at Peranggih. The Peranggih RC drilling campaign was completed during the first quarter FY2022 with 3,317m drilled in 68 RC holes. Results were released in November 2021 and confirmed the extension of significant mineralization down-dip of the previously explored area by shallow percussion rotary air blast ("RAB") drilling along a northwest striking shear structure. Overall, 70% of the designed holes hit gold mineralization above an oxide cut-off (>0.35 g/t Au) at relatively shallow depths less than 50m below the surface. The results defined wider, lower grade mineralization over an 830m long by 60m wide zone.

The Company has established the Peranggih deposit as a highly prospective oxide exploration target and source of oxide feed to the current processing plant. Geological evidence indicates that Peranggih occurs in the same regional shear structure hosting the Selinsing and Buffalo Reef gold deposits and is potentially mineralised by a hydrothermal breccia system containing oxide materials suitable to provide immediate minable/leachable oxide feed for sustainable production at the current oxide plant at Selinsing. Previous geochemical surveys, exploration drilling, grade control drilling, bulk sampling and results from the recently completed drilling program show encouraging results.

2.1.5 Environment, Safety and Health

The Company is committed to comply with Malaysia's environmental laws within the mandates of government authorities:

- The Department of Minerals and Geosciences ("JMG") for mining and processing activities including environmental jurisdiction inside the Company's project tenements;
- The Department of the Environment ("DOE"), whose jurisdiction lies outside of the Company's tenements, regarding quality of air and water discharge; and
- The Department of Safety and Health ("DOSH"), primarily concerned with occupational safety and health, lifting equipment, pressurized vessels, storage, and handling of hazardous chemicals.

During the three months ended December 31, 2021, no lost time injuries were recorded but there were eight accidents/incidents recorded and seven positive Covid-19 cases were recorded at the Selinsing operation. All reported incidents were shared among staff at safety toolbox meetings and new safety topics were raised at each of these meetings. Regular safety inspections were carried out by the HSE department and notices of improvement sent out to various departments for any immediate corrective action. Third party environmental compliance audits were conducted by accredited independent consultants and laboratories on environmental audits, ambient air quality and environmental noise monitoring.

2.2 Murchison Gold Portfolio

Western Australia

The Murchison Gold Portfolio was acquired in 2014 and consists of the 100% owned Burnakura and Gabanintha projects as well as the Tuckanarra gold property in which Monument has a 20% free carried interest. The portfolio is located in the Murchison Gold Field, a highly prospective historical gold province within the Murchison District of Western Australia. Burnakura and Gabanintha are located 40km southeast of Meekatharra, WA, and 765km northeast of Perth, WA. Tuckanarra is located approximately 40km southwest of Burnakura. The Murchison Gold Portfolio includes a number of mining and exploration tenements and lease applications covering approximately 230 square kilometres prospective (including the whole area of Tuckanarra which Monument has a 20% free carry interest) for resource extension, a fully operational gold processing plant at the Burnakura site, a newly developed camp site and necessary infrastructure. Underground mining was carried out by the previous owner of the Burnakura gold processing plant for several months and shortly thereafter it was placed into administration.

2.2.1 Resources

The Murchison Gold Project consists of a historical resource of 300koz Au of Indicated Resource and 344koz Au of Inferred Resource reported to a 1.0g/t Au lower cut-off, at the time of the acquisition in 2014, within a number of previously operated open pits and an underground mine. The Tuckanarra JV contains a total of 81koz of this historical resource. The Company believes that the quality of the data supporting the resources meets industry standards and considers this historical resource estimate to be relevant to its ongoing review of the Murchison Gold Project.

The current updated mineral resource estimation at Burnakura reported in the SRK NI 43-101 Report dated July 2018, comprised of an Indicated Mineral Resource of 4.043Mt @ 2.3g/t Au for 293koz and an Inferred Mineral Resource of 1.551Mt @ 1.8g/t Au for 88koz at a 0.5g/t Au grade cut-off for open pit and 3.0 g/t Au grade cut-off for underground. The Company has continued to improve its internal mining studies which will contribute towards the preparation of a preliminary economic assessment, in respect of the Burnakura deposits.

(in United States dollars, except where noted)

Figure 6: 2018 Mineral Resource estimate breakdown for Burnakura Project

Updated Mineral Resources, Burnakura Gold Project (SRK, July 2018)					
Deposit	**Category**	**Lower cut-off (Au g/t)**	**Tonnes (Kt)**	**Au (g/t)**	**Gold (Koz)**
NOA1-6	Indicated	0.5	1,030	2.1	68
	Inferred	0.5	609	2.3	44
ANA	Indicated	0.5	2,141	1.6	107
	Inferred	0.5	92	1.5	4
Authaal	Indicated	0.5	-	-	-
	Inferred	0.5	556	1.4	25
Federal City	Indicated	0.5	96	1.3	4
	Inferred	0.5	259	1.3	11
TOTAL*	**Indicated**	**0.5**	**3,267**	**1.7**	**179**
	Inferred	**0.5**	**1,516**	**1.8**	**84**
NOA7-8**	Indicated	3.0	776	4.6	114
	Inferred	3.0	35	3.9	4
GRAND-TOTAL	**Indicated**		**4,043**	**2.3**	**293**
	Inferred		**1,551**	**1.8**	**88**

Notes:
(1) Small discrepancies may occur due to rounding.
(2) All Mineral Resources have been reported on a dry tonnage basis.
(3) SRK is unaware of any issues that materially affect the Mineral Resources in a detrimental sense.
(4) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
(5) Mineral Resources estimated by David Slater (Principal Consultant, SRK), QP.
(6) *Open pit Resources (NOA1-6, ANA, Authaal, Federal City) are constrained in a Lerchs Grossman pit shell.
**Underground Resources (NOA7-8) are constrained to >3g/t Au and 200m vertical depth.

2.2.2 Development

Development work at Murchison is aimed at identifying and testing both regional exploration targets away from known mineralization, and also extensions to existing resources, while continuing to assess early production opportunities.

A mine plan was completed by management and an independent review conducted by SRK during FY2021, with the recommendations received by the board in May 2021. The scope of the SRK review had been extended to cover geotechnics, hydrology, environmental compliance, in addition to resource modelling, mining optimization and scheduling, metallurgical recoveries. From this, it was decided to find further exploration targets and extend exploration.

The Company continues to ensure that the plant and other facilities are operationally ready through its care and maintenance program to ensure efficient commissioning in the future. Site accommodations and catering are fully functional in readiness for the Company's personnel and mining contractors when a restart is approved.

2.2.3 Exploration

Monument's wholly-owned Burnakura and Gabanintha projects together cover 170km^2 of highly prospective gold-bearing Archean Greenstone terrane, and a significant standalone greenfield discovery would materially change the scope of the Murchison Gold Project. Alternatively, a number of smaller, shallow, satellite deposits within trucking distance of the Burnakura plant could also provide meaningful additions to the Company's existing resource base. Initial greenfield targets have been identified within the Company's tenements by Monument personnel and external consultants, based on geophysical, geological and structural interpretations, and some of these were tested in the Phase 1 drilling program completed in Q1 FY2022.

A 2 year exploration program began in Q1 FY2022 to explore for significant new resources to add to the current resource base: (1) testing some of the high priority regional targets through greenfield exploration of the current land package at Burnakura and Gabanintha and targeting the discovery of shallow stand alone or satellite gold deposits 'Phase 1'; and (2) testing down dip of high-grade mineralization and known resources, generally underneath existing pits 'Phase 2'.

Burnakura

Monument commenced its Phase 1 AC and RC drill program on July 3, 2021 and completed it by August 21, 2021. This first phase of drilling was designed to test new high quality structural targets beneath cover for potential mineralization that may lead to the identification of shallow stand alone or satellite gold deposits to supplement the current resource base. In addition, the drilling tested the strike continuation at Munro Bore Extension, adjacent to the Munro Bore deposit (not owned by Monument).

A total of 46 RC holes for 3,465m were completed against a plan of 12 holes for 1,260m, comprised of 1,301m for the planned Munro Bore Extension and additional 2,164m for the FLC2 and FLC3 prospects that was originally planned for Phase 2, but was brought forward to take advantage of increased drill rig availability. The Munro Bore mineralized structure was able to be successfully delineated within Monument's tenement.

A total of 349 AC holes were completed for 10,484m at the Authaal East, Burnakura South and Junction targets against a plan of 430 AC holes for 16,680m at Munro Bore Extension, Banderol South and Junction. The targets were tested as planned except the eastern line of the Junction target, which was not drilled due to steep terrain. The depth to blade refusal was generally less than anticipated resulting in fewer metres drilled than originally planned. Drill holes were angled at 60 degrees and generally spaced at 25m with lines spaced at between 400m to 950m.

Samples from the Phase 1 drilling were sent to ALS Geochemistry in Perth for analysis and all results, including 1m re-assays of mineralized composites, have now been received by the Company.

Key highlights of the Phase 1 drilling program include confirmation of a 160m strike extension of the historical Munro Bore deposit (outside of Monument's tenements), and a new high-grade gold discovery at the Junction target (3m at 10.2 g/t Au including 1m at 27.3 g/t Au from 21BNAC213), where AC drilling intersected gold under transported cover in association with a significant shear zone and no known historical drilling or surface sampling.

The Phase 2 drill program, which consists of over 5,500m of combined RC and diamond drilling beneath open pits along the high-grade North of Alliance ("NOA") structure started on November 20, 2021. During the quarter a total of 2,918m in 12 RC holes was completed in the NOA1, NOA2, NOA78 and Alliance areas, with 1,406 samples sent for assay, and following a break over the Christmas period, drilling recommenced in January 2022, and is expected to be completed by the end of March 2022.

Gabanintha

A full review of all historical maps and reports is planned to be completed for the Gabanintha project. An initial review indicated there is a substantial amount of information that needs to be collated before regional exploration programs can be designed. Additional pit mapping and a structural interpretation of the main Gabanintha pit area will also be completed to assist in drill hole targeting underneath the existing pits.

Tuckanarra

Odyssey Gold Ltd and Monument are joint venture partners for the Tuckanarra Project development. ODY has control over exploration by 80% and Monument has 20% free carried interest.

3. OVERVIEW OF FINANCIAL PEFORMANCE

3.1 SUMMARY

During the six months ended December 31, 2021, mill operations included processing Felda and Buffalo Reef super low-grade oxide ore, Selinsing leachable sulphide ore, Peranggih oxide materials, and old tailings through the Selinsing Gold Plant. Processing is currently in transition from oxide ore production to leachable sulphide ore production, and during this period the operational gross margin is expected to vary due to ore grade, recovery rates and volatile gold prices.

Figure 8: Financial Highlights

	Fiscal 2020		Fiscal 2021				Fiscal 2022	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	$	$	$	$	$	$	$	$
Revenues (000's)	11,618	5,404	5,919	6,835	4,397	6,085	2,383	5,046
Weighted average gold price								
London Fix PM (per ounce)	1,609	1,688	1,907	1,890	1,837	1,811	1,809	1,827
Monument realized (per ounce)	1,602	1,684	1,909	1,889	1,830	1,807	1,809	1,828
Net earnings (loss) before other items and tax (000's)	2,303	704	1,943	1,159	(396)	(1,009)	(755)	(2,124)
Earnings per share before other items and tax:								
- Basic	0.01	0.00	0.01	0.00	(0.00)	(0.00)	(0.00)	(0.01)
- Diluted	0.01	0.00	0.01	0.00	(0.00)	(0.00)	(0.00)	(0.01)
Net earnings (loss) after other items and tax (000's)	1,866	(1,273)	138	(649)	(96,104)	(2,702)	(1,267)	(2,502)
Earnings (loss) per share:								
- Basic	0.01	(0.00)	0.00	(0.00)	(0.30)	(0.01)	(0.00)	(0.01)
- Diluted	0.01	(0.00)	0.00	(0.00)	(0.30)	(0.01)	(0.00)	(0.01)

The quarterly financial results of the Company are outlined for the past eight quarters in Figure 8 above. The overall financial results of the Company reflect its income from gold mining operations, on-going corporate business development, administrative costs and other income or expenses such as foreign currency exchange gains or losses.

For the quarter ended December 31, 2021, net loss was $2.50 million, or ($0.01) loss per share (basic) compared to net loss of $0.65 million or ($0.00) loss per share (basic) of Q2, FY2021.

The change in net loss was attributable to the following factors:

- A decrease in income from mining operations due to less ore mined and processed and the impact of heavy rain, a lower average grade and higher stripping ratio
- A large increase in depreciation and amortization expenses due to higher stripping costs from significantly higher stripping ratio

Partially offset by:

- A decrease in interest expenses
- A decrease in foreign exchange loss
- A decrease in corporate expenses
- An increase in deferred income tax recoveries and decrease in current income tax expenses

3.2 Operating Results: Sales and Production Costs

Three months ended December 31, 2021

For the three months ended December 31, 2021, mining operations before non-cash amortization and depreciation generated a negative gross margin of $0.15 million, a decrease of 106% from gross margin of $2.69 million in the same quarter of last year.

After deducting non-cash depletion and accretion of $1.61 million (Q2, FY2021: $0.92 million) and operation expenses of nil (Q2, FY2021: $0.15 million), loss from mining operations was $1.78 million in the quarter as compared to income of $1.62 million in the same quarter of last year.

Gold recovery decreased by 42% to 1,481oz (Q2, FY2021: 2,560oz) due to a lower ore grade of 0.56 g/t, partially offset by a higher recovery rate of 63.2% (Q2, FY2021: 0.89 g/t and 58.4%), and a decrease in ore processed (129,000 tonnes as compared to 152,836 tonnes for Q2, FY2021).

Figure 9: Gross margin

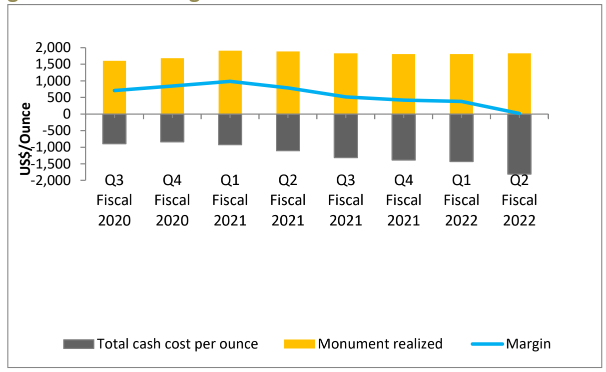
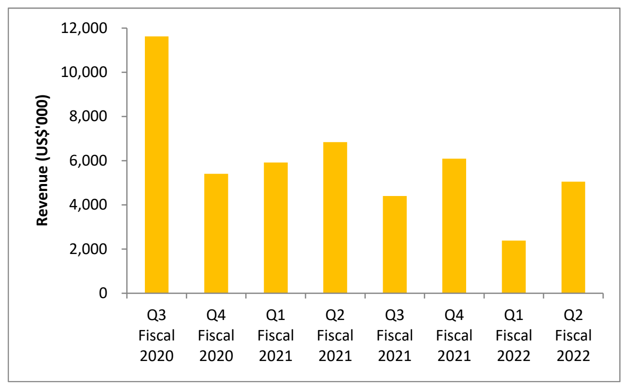


Figure 10: Selinsing Gold Mine: Revenue

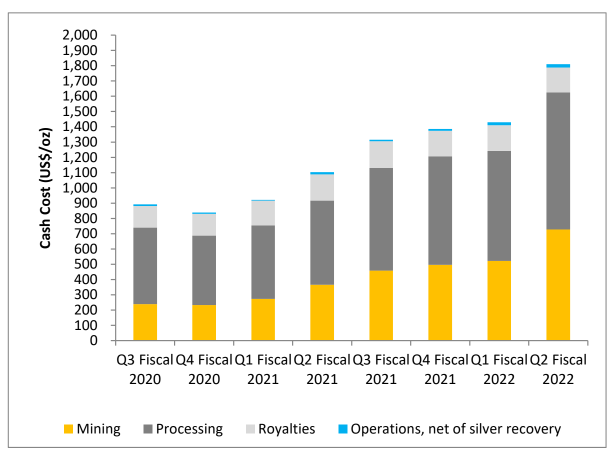


Sales

Gold sales generated revenue of $5.05 million as compared to $6.84 million of last year.

Gold sales revenue was derived from the sale of 2,150oz (Q2, FY2021: 3,050oz) of gold at an average realized gold price of $1,828 per ounce (Q2, FY2021: $1,889 per ounce) excluding gold prepaid delivery. There were 723oz gold sales from gold prepaid in this quarter at an average gold prepaid sale price of $1,545 per ounce (Q2, FY2021: 704oz at $1,525 per ounce gold prepaid delivery and 19oz equivalent of gold loan repayment settled by gold prepaid delivery).

Figure 11: Cash production costs by quarter



Production Costs

Total production costs were $5.20 million in Q2, FY2022 as compared to $4.14 million in the second quarter of last year. Cash cost per ounce increased by 64% to $1,810/oz from $1,103/oz last year. The overall increase was attributable to a 73% increase in total material moved (1,856,184 tonnes compared to 1,075,936 tonnes in Q2, FY2021) and a 37% drop in feed grade from 0.89g/t Au to 0.56g/t Au, heavy rain especially in December 2021, only partially offset by an increase in recovery to 63.2% (Q2, FY2021: 58.4%).

Figure 12: Production costs

	Three months ended		Six months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Production cost breakdown ('000s)	$	$	$	$
Mining	2,091	1,371	2,834	2,221
Processing	2,577	2,073	3,601	3,565
Royalties	470	645	709	1,149
Operations, net of silver recovery	61	52	90	66
Total production costs	**5,199**	**4,141**	**7,234**	**7,001**

Mining

For the three months ended December 31, 2021 total mining cash costs were $2.09 million as compared to $1.37 million for last year. The increase was mainly due to (1) significantly more waste was removed; and (2) higher maintenance, repair and dewatering costs due to heavy rain and flood damage, especially in December 2021. Mining production included: 85,209t of ore (three months ended December 31, 2020: 112,073t) at an average of 0.54 g/t as compared to 0.93 g/t in the same period of last year. As a result, contained gold was significantly lower at 1,478oz as compared to 3,242oz for last year; and 1,770,975t of waste (three months ended December 31, 2020: 963,863t). Waste mined for the three months ended December 31, 2021 included 980,338t of operating waste, 276,430t of waste cutback at Selinsing and Buffalo Reef, and 514,207t of waste fill related to the TSF upgrade, as compared to 828,637t of operating waste, 130,897t of waste cutback at Selinsing and Felda and 4,329t of waste removed for the TSF upgrade for the second quarter of last year. Based on high stripping ratio at Peranggih to access oxide materials and capital waste for TSF, the stripping ratio increased to 20.78 for the three months ended December 31, 2021, as compared to 8.60 last year. The cost of waste fill related to TSF upgrade is capital in nature and is excluded in mining operating costs.

Processing

For the three months ended December 31, 2021, total processing cash costs were $2.58 million as compared to $2.07 million last year. The increase was primarily due to higher repair and maintenance costs related to crushers and ball mills and mill stoppage due to a shortage of ore for crushing due to heavy rain as well as process, mechanical and electrical downtime. Total ore processed decreased by 16% to 129,000t from 152,836t of the second quarter last year. Mill feed for the three months ended December 31, 2021 comprised of nil oxide ore from Selinsing and 6,752t from Buffalo Reef and Felda (three months ended December 31, 2020: 10,375t at a recovery of 49.6% vs 16,190t at a recovery of 43.0%) and 45,005t at a recovery of 40% leachable sulphide ore from Selinsing (52,156t at a recovery of 44.2% in Q2, FY2021). In addition, 43,499t of materials from Peranggih were processed at a recovery of 75.3% (three months ended December 31, 2020: 42,511t at 76.1% recovery) and 33,745t of ore processed from Old Tailings at 74.7% recovery (three months ended December 31, 2020: 31,605t at 76.6% recovery). The contained gold in the mill feed were significantly reduced in Q2, FY2022: mill feed grade from 0.89g/t to 0.56g/t; but the recoveries increased from 58.4% in Q2, FY2021 to 63.2% in Q2, FY2022.

Royalties

For the three months ended December 31, 2021, total royalty cost decreased 27% to $0.47 million as compared to $0.65 million for last year, due to decreased production of gold and a lower gold price. Royalties paid are affected by average gold spot prices and the amount of gold produced and sold in the period.

Operation expenses

Since the beginning of the Covid-19 pandemic, there have been a number of operational suspensions at Selinsing in compliance with orders issued by the Malaysian government, and in the corresponding quarter of the previous year (i.e. three month period ended December 31, 2020), the milling capacity was reduced intermittently due to ongoing ore shortages caused by an 8 week mining ban in March to May 2020, and temporary explosives shortages. The costs of maintaining the idle capacity of $0.15 million in Q2, FY2021 were expensed against the operations account.

There were no equivalent costs incurred during three months ended December 31, 2021.

Non-cash Costs

For the three months ended December 31, 2021, non-cash production expenses amounted to $1.63 million (three months ended December 31, 2020: $0.92 million). This included depreciation and amortization of $1.59 million (three months ended December 31, 2020: $0.89 million) and accretion of asset retirement obligations of $0.04 million (three months ended December 31, 2020: $0.03 million).

Six months ended December 31, 2021

For the six months ended December 31, 2021, mining operations before non-cash amortization and depreciation generated a gross margin of $0.20 million, a decrease of 97% from $5.75 million in the same period of last year. After deducting non-cash depletion and accretion of $2.25 million (six months ended December 31, 2021: $1.68 million) and operation expenses of $0.05 million (six months ended December 31, 2021: $0.18 million), loss from mining operations was $2.11 million as compared to an income of $3.89 million in the same period last year.

Gold recovery decreased by 45% for the six months ended December 31, 2021 to 3,258oz (six months ended December 31, 2020: 5,903oz) due to a reduction in ore processed of 285,611t for the six months ended December 31, 2021 as compared to 319,268t for the six months ended December 31, 2020 and a lower feed grade of 0.55g/t Au (six months ended December 31, 2020: 0.94g/t Au), partially offset by a higher recovery of 64.2% (six months ended December 31, 2020: 61.3%). Total cash cost per ounce sold increased to $1,683/oz for the six months ended December 31, 2021 from $1,021/oz of the same period last year due to increases in mining and processing costs caused by harder, low-grade leachable sulphide material as well as higher repair and maintenance costs, an increase in costs related to pit dewatering, road clearing, slope repair and trimming, and pond desilting work, especially after the heavy rain, and additional costs to haul Peranggih ore from longer distance.

Sales

Gold sales generated revenue of $7.43 million for the six months ended December 31, 2021 as compared to $12.75 million of the same period last year. Gold sales revenue was derived from the sale of 4,296oz (six months ended December 31, 2020: 6,854oz) of gold at an average realized gold price of $1,823 per ounce (six months ended December 31, 2020: $1,899 per ounce). There was 1,446oz gold prepaid delivery for the six months ended December 31, 2021 (six months ended December 31, 2020: 704oz) at an average gold prepaid sale price of $1,545 per ounce (six months ended December 31, 2020: $1,525 per ounce).

Production Costs

Total production costs for the six months ended December 31, 2021 were $7.23 million as compared to $7.00 million of the same period last year. The increase was due to higher mining costs related to more waste mined and repair, high clearing and dewatering costs due to heavy rain and higher processing costs related to repair and maintenance of the crushers and ball mills.

Cash cost per ounce increased by 65% to $1,683/oz during the six months ended December 31, 2021 as compared to $1,021/oz of the same period last year. The increase was attributable to the harder leachable sulphide materials with lower grade being processed which led to increases in mining and processing costs and increase in repairs and maintenance costs.

Mill feed head grade was 0.55g/t Au for the six months ended December 31, 2021 which was comparable to 0.94g/t Au of the same period last year.

Mining

Mining activities continued to focus on Buffalo Reef C2, Felda Block 7 as well as the Selinsing Pit 4 south west cutback where mining began in December 2019, and also Peranggih. During the six months ended December 31, 2021, several open pits supplied ore to the Selinsing Plant – Selinsing Pit 4/5/6 (transition), BRC2 (oxide) in Buffalo Reef, Felda Block 7, and Peranggih (oxide). The Selinsing transition ore feed to the CIL plant is continually being evaluated based on ongoing lead nitrate leaching tests.

For the six months ended December 31, 2021, cash cost per ounce of mining operations increased by 104% to $660/oz from $323/oz of last year, mainly due to increased tonnage of operating waste mined and lower ore grade. Additional mining costs were incurred for repairing, maintenance, clearing and dewatering of pits due to heavy rain in the monsoon season. The mining of harder leachable sulphide ore materials in transition zones for mill feed to supplement current processing also contributed to the increased cost. Mining production included 160,181t of ore (six months ended December 31, 2020: 193,649t) and 3,713,309t of waste (six months ended December 31, 2020: 2,022,019t). Waste mined for the six months ended December 31, 2021 included 1,849,124t of operating waste, 550,603t of waste cutback at Selinsing and 1,313,582t of waste fill related to the TSF upgrade, as compared to 1,791,589t of operating waste, 177,830t of waste cutback at Selinsing and 52,600t of waste removed for the TSF upgrade for the same period last year. Based on the current fiscal year's mining sequence, the stripping ratio increased to 23.18 for the six months ended December 31, 2021 as compared to 10.44 of the same period last year. The cost of waste fill related to TSF upgrade is capital in nature and is not included in mining operating costs. Cost per tonne mined decreased by 22% from $1.82/t to $1.42/t.

Processing

For the six months ended December 31, 2021 total processing cash costs were $3.60 million as compared to $3.56 million of the same period last year. Processing cost per tonne was $12.76/t for the six months ended December 31, 2021; a 5% decrease from $13.38/t of the same period last year. The decrease was primarily due to operating the ball mills for less running hours but at a considerably higher processing rate resulting in less consumables and lower power costs. Total ore processed decreased by 11% to 285,611t from 319,268t of the same period last year. Mill feed for the six months ended December 31, 2021 comprised of 88,694t super low-grade oxide, 16,850t oxide, 79,499t old tailings and 98,333t leachable sulphide as compared to those of the same period last year of 63,696t super low-grade oxide, 75,300t oxide, 82,268t old tailings and 86,945t leachable sulphide.

Royalties

For the six months ended December 31, 2021 total royalties decreased 38% to $0.71 million as compared to $1.15 million of last year, due to decreased production of gold and a lower average gold price. Royalties paid are affected by average gold spot prices and the amount of gold produced and sold in the period.

Operation expenses

During the Covid-19 pandemic, Selinsing gold production was suspended from March 18, 2020 to May 12, 2020 in compliance with the Movement Control Order ("MCO") issued by the Malaysian government.

For the six month period ended December 31, 2021, the milling capacity was reduced by running the primary mill or secondary mill alone in response to a shortage of ore. Mining production was interrupted for 8 weeks due to a mining ban in March to May 2020, and a temporary explosives shortage in Malaysia in quarter one of fiscal 2021 further reduced ore supplies to the mill. The costs of maintaining the idled capacity of $0.05 million were expensed against the operations account for the six months ended December 31, 2020.

Non-cash Costs

For the six months ended December 31, 2021, non-cash production expenses amounted to $2.25 million (six months ended December 31, 2020: $1.68 million). Included therein are depreciation and amortization of $2.18 million (six months ended December 31, 2020: $1.61 million) and accretion of asset retirement obligations of $0.07 million (six months ended December 31, 2020: $0.07 million).

3.3 Corporate General and Administrative

Figure 13: Corporate Costs (000's)

	Three months ended		Six months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	$	$	$	$
General and administration	174	275	433	453
Stock-based compensation	5	-	10	-
Legal, accounting and audit	58	93	115	189
Consulting fees	56	-	87	-
Shareholder communications	32	20	61	48
Travel	1	0	1	2
Regulatory compliance and filing	8	61	43	74
Amortization	12	11	23	22
Total Corporate Costs	**346**	**460**	**773**	**788**

Corporate expenses for the three months ended December 31, 2021 were $0.35 million (three months ended December 31, 2020: $0.46 million), $0.11 million lower than last year, mainly attributable to a decrease in salaries and wages and consulting fees during the quarter.

Corporate expenditures for the six months ended December 31, 2021 were $0.77 million (six months ended December 31, 2020: $0.79 million).

3.4 Other (Loss) Income

For the three months ended December 31, 2021, interest expense was $0.07 million, about $0.23 million less than the interest expense from gold prepaid sale and office lease in the same period of last year.

Foreign currency exchange loss was $0.50 million or $0.35 million less than that in the same period of last year.

For the six months ended December 31, 2021, interest expense was $0.20 million, about $0.52 million less than the interest expense from gold prepaid sale and office lease in the same period of last year.

3.5 Income Taxes

Income tax recovery for the three months ended December 31, 2021 was $0.19 million (three months ended December 31, 2020: tax expense $0.55 million) comprising a current tax expense of $0.27 million (three months ended December 31, 2020: $0.55 million) and deferred tax recovery of $0.46 million (three months ended December 31, 2020: $0.00 million).

Income tax expense for the six months ended December 31, 2021 was $0.03 million (six months ended December 31, 2020: $1.27 million) comprising of current tax expense of $0.28 million (six months ended December 31, 2020: $0.94 million) and deferred tax recovery of $0.25 million (six months ended December 31, 2020: $0.33 million).

4. 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 gold treatment plant expansions, production operations at Selinsing and exploration. The Company's cash and cash equivalents as of December 31, 2021 was $27.80 million a decrease of $10.83 million from June 30, 2021. The Company's cash and cash equivalents primarily comprised of cash held with reputable financial institutions and are invested in cash accounts. The funds are not exposed to liquidity risk and there are no restrictions on the ability of the Company to use these funds to meet its obligations. The Company's restricted cash of $0.32 million (December 31, 2020: $0.31 million) represented issued letters of credit and fixed deposits as guarantees for utilities, custom duties, and certain equipment.

The Company's cash flows from operating, financing, and investing activities during the three and six months ended December 31, 2021 are summarized as follows:

Figure 14: Cash Flows from Operating, Investing and Financing Activities

In US' 000s	**Three months ended**		**Six months ended**	
	December 31, 2021	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
	$	**$**	**$**	**$**
Cash provided from (used in) operating activities	**(4,023)**	**796**	**(4,000)**	**1,543**
Financing activities				
Payment of finance lease obligations	(11)	(12)	(19)	(19)
Cash provided from (used in) financing activities	**(11)**	**6**	**(19)**	**(1)**
Investing activities				
Selinsing Gold Portfolio	(2,913)	(1,364)	(5,505)	(1,754)
Murchison Gold Portfolio	(824)	(250)	(1,301)	(508)
Mengapur Project	-	(78)	-	(110)
Deposit received for Mengapur project sale	-	-	-	3,750
Proceeds from sale of 80% interests in Tuckanarra project	-	1,522	-	1,522
Cash provided from (used in) investing activities	**(3,738)**	**(170)**	**(6,807)**	**2,900**
Increase (decrease) in cash and cash equivalents	(7,772)	632	(10,826)	4,442
Cash and cash equivalents at the beginning of the period	35,569	13,935	38,623	10,125
Cash and cash equivalents at the end of the period	**27,797**	**14,567**	**27,797**	**14,567**
Cash and cash equivalents consist of:				
Cash	27,480	10,378	27,480	10,378
Restricted cash	317	4,189	317	4,189
	27,797	**14,567**	**27,797**	**14,567**

<u>Cash (used in) generated by operating activities</u>

For the three months ended December 31, 2021, the Selinsing Gold Mine used net cash in operating activities of $4.02 million, a decrease of $4.82 million as compared to a cash generation of $0.80 million in the same quarter of the previous year. Net cash used in investing activities for the three months ended December 31, 2021 amounted to $3.74 million (three months ended December 31, 2020: net cash used $0.17 million). Cash and cash equivalents decreased by $7.77 million as compared to an increase of $0.63 million in the same quarter of prior year.

For the six months ended December 31, 2021, the Selinsing Gold Mine used net cash in operating activities of $4.00 million, a decrease of $5.54 million as compared to a cash generation of $1.54 million in the same quarter of prior year.

Cash (used in) generated by investing activities

For the three months ended December 31, 2021, cash used in investing activities represented $2.91 million invested in Selinsing for sulphide project development (including phase 1 of the Flotation Plant construction), tailings storage facility upgrades and cutbacks, river diversion, and stripping activities (three months ended December 31, 2020: $1.36 million), while $0.82 million was invested in Murchison exploration and evaluation projects.

Net cash used in investing activities for the six months ended December 31, 2021 amounted to $6.81 million (six months ended December 31, 2020: net cash provided of $2.90 million). Cash and cash equivalents decreased by $10.83 million as compared to an increase of $4.44 million in the same quarter of the previous year.

Liquidity

Currents assets on December 31, 2021 were $43.17 million (June 30, 2021: $54.52 million). The decrease of $11.35 million was primarily due to a decrease in cash and cash equivalents of $10.83 million and $1.27 million lower inventory, partially offset by $0.92 million higher in accounts and other receivables.

Total assets on December 31, 2021 were $136.41 million (June 30, 2021: $141.78 million). The decrease of $5.37 million was due to the decrease in current assets described above, offset by an increase of $2.27 million in the property, plant and equipment primarily related to the Selinsing flotation plant and an increase in $3.72 million increase in mine development for Selinsing flotation plant project and exploration and evaluation expenditure at Peranggih and the Murchison project.

Current liabilities on December 31, 2021 were $4.56 million (June 30, 2021: $5.98 million). The decrease of $1.42 million was primarily due to a decrease in deferred revenue of $2.04 million for gold prepaid delivery in three months and a decrease of $0.43 million in income tax payable partially offset by increase in accounts payable of $1.07 million.

Total liabilities on December 31, 2021 were $13.27 million (June 30, 2021: $14.90 million). The decrease of $1.63 million was primarily due to a decrease in deferred revenue of $2.04 million.

On December 31, 2021, current assets exceeded current liabilities by $38.61 million (June 30, 2021: $48.54 million) demonstrating a strong net working capital position. The Company believes that this is sufficient to provide funding for shorter term items such as general administration, property care and maintenance, planned exploration, and day-to-day production at Selinsing as well as funding the Phase 1 of the Sulphide project that is currently underway.

With respect to longer term capital expenditure funding requirements to ensure Company's long term growth, the Company considers the cash flow generated from its operations as its primary sources, complimented by the equity market when necessary as a source of funding for major capital projects. Another possible source of capital could be proceeds from the sale of non-core assets. These capital sources will enable the Company to maintain an appropriate overall liquidity position.

5. CAPITAL RESOURCES

Capital Resources

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to develop and operate its current projects and pursue strategic growth initiatives; and maintain a flexible capital structure which lowers its cost of capital.

The Company's capital resources as of December 31, 2021 included cash and cash equivalents. The Company's primary sources of funding are cash flow generated from the sale of gold, debt and equity financing as well as other financial arrangements that can be reasonably considered and available to provide financial resources to the Company. Those arrangements include a $7.00 million gold prepaid sale with Concept Capital Management.

The Company continues to assess the viability of a re-start of production at Burnakura, which could potentially provide the Company with a second source of cash flow from the Australian operations.

Figure 15: Commitments and Contingencies (000's)

	2022	2023	2024	2025	2026	Total
	$	$	$	$	$	$
Lease commitments	12	-	-	-	-	12
Mineral property obligations	65	476	587	446	592	2,166
Purchase commitments						
Mine Operations	1,300	7	4	4	4	1,319
Flotation Construction	717	-	-	-	-	717
Total	**2,094**	**483**	**591**	**450**	**596**	**4,214**

Lease commitments relate to future contractually obligated payments of a long-term office lease recognized as a right-of-use asset. Mineral property obligations include exploration expenditures and levies mandated by relevant government authorities to keep tenements in good standing. Purchase commitments are mainly related to flotation plant construction and operations carried out in Malaysia and care and maintenance in Western Australia.

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6. OFF BALANCE SHEET ARRANGEMENTS

None.

7. TRANSACTIONS WITH RELATED PARTIES

The Company's related parties include key management, who have authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. Members of key management include five directors (executive and non-executive), the Chief Executive Officer ("CEO"), the Chief Financial Officer and the Vice President of Business Development who report directly to the CEO.

The remuneration of the key management of the Company, including salaries, director fees and share-based payments is as follows:

Figure 16: Key management compensation (000's)

	Three months ended		Six months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	$	$	$	$
Salaries	144	163	318	318
Directors' fees	34	45	67	81
Total compensation	**178**	**208**	**385**	**399**

Amount due to related parties as at December 31, 2021 was $nil (June 30, 2021: $0.03 million) relating to director fees. Directors' fees are paid on a quarterly basis. Any unpaid amounts due to directors are recorded in accrued liabilities and are unsecured and bear no interest.

8. SUBSEQUENT EVENTS

None

9. PROPOSED TRANSACTIONS

None

10. CRITICAL ACCOUNTING ESTIMATES

Refer to Note 3 of the unaudited condensed interim consolidated financial statements as at December 31, 2021. 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 amounts reported. Significant estimates and areas where judgment is applied include: accounting for gold prepaid sale arrangements, purchase price allocation and valuation of deferred exploration assets, ore reserve and mineral resource estimates, determination of useful lives for property, plant and equipment, inventory valuation, exploration and evaluation expenditures, impairment of non-current assets, provision for reclamation and remediation obligations, deferred taxes, share-based payments, derivative assets and liabilities, determination of commencement of commercial production, title to mineral properties, realization of assets, functional currency, business combinations and own use contracts. Actual results could differ from the Company's use of estimates and judgements.

11. CHANGES IN ACCOUNTING POLICY INCLUDING INITIAL ADOPTION

None.

12. FINANCIAL INSTRUMENTS – RISK EXPOSURE AND OTHER INSTRUMENTS

The Company's financial instruments are classified and subsequently measured at amortized cost and include cash and cash equivalents, restricted cash, trade and other receivables, and accounts payable and accrued liabilities. Refer to the consolidated financial statements as at December 31, 2021 for the details of the financial statement classification and amounts of income, expenses, gains, and losses associated with the relevant instruments. Details provided include a discussion of the significant assumptions made in determining the fair value of financial instruments. The Company's financial instruments are exposed to certain financial risks, including market risk, credit risk, and liquidity risk as outlined below.

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. The Company mitigates market risk by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

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 Company operates in Canada, Australia, and Malaysia whereby operations sell commodities and incur costs in different currencies. This creates exposure at the operational level, which may affect the Company's profitability as exchange rates fluctuate. The Company has not hedged its exposure to currency fluctuations but is actively monitoring and managing its foreign currency risk including hedging its exposure when necessary.

Exposure to the Canadian dollar is through corporate administration costs. The Company has exposure to the Australian dollar through the Company's Australian operations. The Company has exposure to the Malaysian Ringgit through the Company's Malaysian operations. Having strengthened in Q1 FY2022, the Malaysian Ringgit was little changed during the second quarter of FY2022 compared with the USD and CAD. A stronger Malaysian Ringgit increases costs in US dollar terms at the Company's Malaysian operations.

Based on the above net exposures as at December 31, 2021 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 $0.10 million (six months ended December 31, 2020: $0.13 million) in the Company's net income, a 5% depreciation or appreciation of the CAD against US dollar would result in an increase/decrease of approximately $0.01 million (six months ended December 31, 2020: increase/decrease $0.01 million) in net income and a 5% depreciation or appreciation of the AUD against the US dollar would result in an increase/decrease of approximately $0.02 million (six months ended December 31, 2020: increase/decrease $0.15 million) in net income.

Figure 17: Monthly USD to CAD Exchange Rates

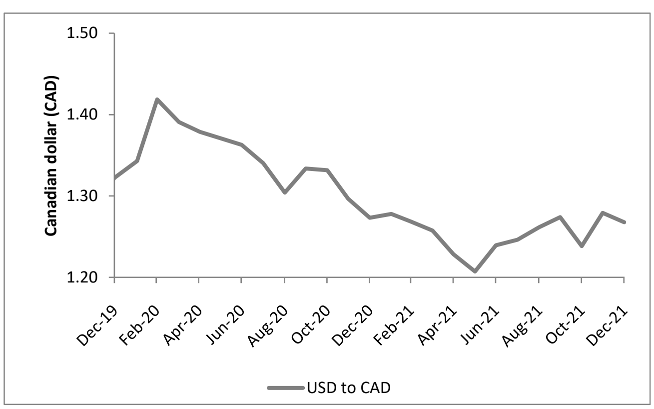
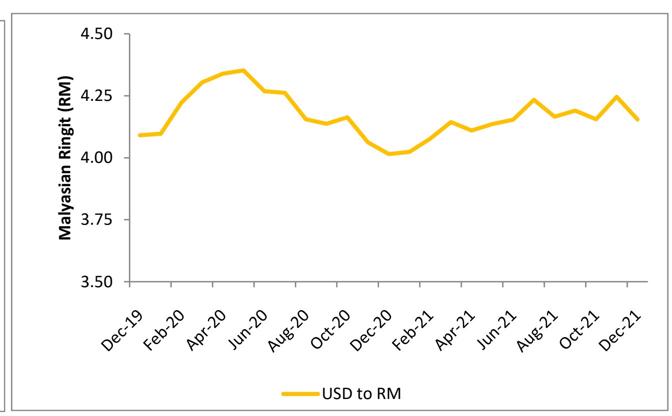


Figure 18: Monthly USD to RM Exchange Rates



(in United States dollars, except where noted)

Commodity price risk

The Company's revenues and cash flows were impacted by the fluctuation of gold prices. For the six months ended December 31, 2021, gold prices fluctuated within the range of $1,723 to $1,865 per ounce (six months ended December 31, 2020, 2020: $1,763 to $2,067 per ounce) based on London Fix PM prices. The Company has not hedged its exposure to commodity price fluctuations.

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 investments of financial instruments included in cash and cash equivalents is relatively unaffected by changes in short-term interest rates. 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 trade receivables is negligible.

The Company is exposed to concentration of credit risk with respect to cash, cash equivalents and cash held for sale of assets. The maximum exposure to credit risk is the carrying amounts as at December 31, 2021. An amount of $1.00 million (Jun 30, 2021: $1.09 million) is held with a Malaysian financial institution, $0.23 million (June 30, 2021: $1.96 million) with an Australian financial institution and $26.57 million (June 30, 2021: $35.57 million) is held with Canadian financial institutions. To mitigate exposure to credit risk, the Company has established policies to limit the concentration of credit risk to ensure counterparties demonstrate minimum acceptable credit worthiness and to ensure liquidity of available funds.

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 effective management of its capital structure together with 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.

13. OUTSTANDING SHARE DATA

The following details the share capital structure as at February 28, 2022, the date of this MD&A.

Figure 19: Share capital structure

Common shares	Quantity
Issued and outstanding	326,471,563

Restricted share units (1)	Quantity
	14,023,466

(1) On April 8, 2021, the Company granted 1.7 million performance RSUs to its directors, officers pursuant to the RSU plan, and 0.5 million RSUs were redeemed in October 2021. These have brought up the total outstanding RSU to 14.0 million from 12.8 million, leaving 7.6 million shares reserved available for grant under the plan.

14. RISKS AND UNCERTAINTIES

Monument Mining Limited is a mineral exploration, development, and gold production company. The exploration for and development of mineral deposits involves significant risks which even with a combination of careful evaluation, experience and knowledge may not be eliminated. While the discovery of a mineral deposit may result in substantial rewards, few properties which are explored are ultimately developed into production. Significant 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 with the impact on mineability and recoverability as well as metal prices which are highly cyclical. Government regulations are a significant factor to consider, 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 gold production at its Selinsing gold mine. The profitability of production is dependent on various factors that may not be controllable by the Company.

Some major risks associated with the business are, but 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 administrative delays common in Malaysia, unregistered prior agreements or transfers and title may be affected by undetected defect or litigation.

To the Company's best knowledge, title to its mineral properties is in good standing.

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 permits, compliance with governmental requirements, potential aboriginal claims as well as achieving profitable production from the properties or from the proceeds of their disposal.

Reserves and resource estimates

There is a degree of uncertainty attributable to the estimation of mineral reserves and mineral resources and the corresponding grades. Mineral 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 mineral deposit and may require the Company to reduce its estimates. Changes in gold recovery rates during milling and especially the impact of flotation and BIOX® Technology on treatment of gold sulphides may also adversely affect the viability of reserves and resources.

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 projections. The development of mining projects may also be subject to unexpected problems and delays that could increase the cost of development as well as the ultimate operating cost of relevant projects. Monument's decision to acquire, develop a mineral property and operate for 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 the ore to be mined and processed;
- anticipated recovery rates of gold extracted from the ore;
- anticipated material and spares cost associated with 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 that are relevant to the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on mineral properties, potential for a commercially viable production may diminish or be 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. Environmental liability may still exist for properties that the Company had a prior ownership or participating 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 mineral property pipelines

The Company will continue to assess targets to increase its mineral resource base. Additional capital may be required from time to time to provide funding for acquisitions and development in order to carry out its business strategy. The additional capital may come from public markets, debt financing and cash flows generated from current production, which are largely influenced by global and regional economies which are out of the Company's control. Management has successfully mitigated those risks in the past through exercise of due care, experience, and knowledge; however, those factors do not guarantee such risks will be successfully mitigated in the future.

Operation disruption caused by global pandemics

The Company's operations involve many risks including global pandemics which are inherent to the nature of the business, global economic trends and economic, environmental and social conditions in the geographical areas of operation. As a result, the Company is subject to a number of risks and uncertainties, each of which could disrupt or have an adverse effect on its operating results, business prospects or financial position. The Company continuously assesses and evaluates these risks, seeking to minimize them by implementing high operating and health standards and processes to identify, assess, report and monitor risk across the organization.

Foreign operations

The Company's properties are located in Malaysia and Western Australia. The Company has historically received strong support from the local, state, and federal governments for its gold mine development and operation. However, the political and country risk is considered external and not within the control of the Company.

The Company's mineral exploration and mining activities may be affected in varying degrees by 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 in Malaysia include, but 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, Occupational Safety and Health Act 1994, Income Tax Act 1967, Finance Act 2017, the Goods and Services Tax Act 2014 and Employment Act 1955.

The regulations the Company shall comply with in Western Australia include, but not limited to, Mines Safety and Inspection Act 1994, Dangerous Goods Safety Act 2004, Environmental Protection Act 1986, Corporations Act – Corporations (Western Australia) Acts 1961 and 1981, Income Tax – Income Tax Act 1962, Fringe Benefit Tax Assessment Act 1986, Payroll Tax Assessment 2002, Goods & Services Act 1999, and Fair Work Act 2009.

Failure to 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.

15. NON-IFRS PERFORMANCE MEASURES

This Management's Discussion and Analysis refers to cash costs per ounce sold, weighted average gold price, all-in sustaining costs per ounce sold ("AISC"), sustaining capital expenditures and exploration and evaluation expenditures included in AISC calculations. These are measures with no standardized meaning under International Financial Reporting Standards ("IFRS"), i.e. they are non-IFRS measures and may not be comparable to similar measures presented by other companies. Their measurement and presentation are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Cash cost per ounce sold

The Company has included the non-IFRS performance measure "cash cost per ounce sold". This non-IFRS performance measure does not have any standardized meaning prescribed by IFRS 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 performance measures prepared in accordance with 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 performance benchmark 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, and excludes amortization, depletion, reclamation, idle production costs, capital costs, exploration costs and corporate administration costs.

The following table provides a reconciliation for the cash cost per ounce sold for the three and six months ended December 31, 2021 and December 31, 2020:

(In thousands of US dollars, except where noted)	Three months ended		Six months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Production costs	5,199	4,141	7,234	7,001
Divided by ounces of gold sold (oz)	2,873	3,754	4,296	6,854
Total cash cost (US$/oz)	**1,810**	**1,103**	**1,683**	**1,021**

Weighted average gold price

The Company reports realized weighted average gold price and also London Fix PM weighted average gold price on a gold ounce sold basis. These non-IFRS performance measures do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. Realized weighted average gold price is computed gross revenue divided by ounces of gold sold excluding the revenue and ounces of gold deliveries to fulfill the obligation of gold prepaid sale. London Fix PM weighted average gold price is calculated weighted average London Fix PM gold price on gold sales. The Company believes that realized weighted average gold price provides additional information of gross revenue on a gold ounce sold basis, which is compared to London Fix PM weighted average gold price as market benchmark.

All-in sustaining cost per ounce

The Company reports all-in sustaining costs ("AISC") on a gold ounce sold basis. This performance measure has no standardized meaning and may not be comparable to similar measures presented by other issuers or used as a substitute for performance measures prepared in accordance with IFRS. The Company follows the guidance announced by the World Gold Council ("WGC") in September 2013 and updated in November 2018. The WGC is a non-profit association of the world's leading gold mining companies established in 1987 to promote the use of gold to industry, consumers, and investors. The WGC is not a regulatory body and does not have the authority to develop accounting standards or disclosure requirements. The WGC has worked with its member companies to develop a measure that expands on IFRS measures such as operating expenses and non-IFRS measures to provide visibility into the economics of a gold mining company. All-in sustaining costs are calculated by taking total cash costs and adding sustaining capital expenditures, corporate administrative expenses at the Selinsing Gold Mine including share-based compensation, exploration and evaluation costs, and accretion of asset retirement obligations. Sustaining capital expenditures are defined as those expenditures which do not increase annual gold ounce production at the Selinsing Gold Mine and exclude all expenditures for major growth or infrastructure projects and non-producing projects. Certain other cash expenditures, including tax payments and acquisition costs, are also excluded. The Company believes that this measure represents the total costs of producing gold from current operations and provides the Company and other stakeholders of the Company with additional information of the Company's operational performance and ability to generate cash flows.

The following table provides reconciliation for AISC of production at the Selinsing Gold Mine for the three and six months ended December 31, 2021 and December 31, 2020:

(In thousands of US dollars, except where note(	Three months ended		Six months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Production costs	5,199	4,141	7,234	7,001
By-product silver recovery	1	3	2	7
Operation expenses	0	149	48	179
Corporate expenses	25	21	30	49
Accretion of asset retirement obligation	37	33	69	68
Exploration and evaluation expenditures	135	73	150	105
Sustaining capital expenditures	769	1,216	1,553	1,500
All-in sustaining costs	**6,166**	**5,636**	**9,086**	**8,909**
Divided by ounces of gold sold (oz)	2,873	3,754	4,296	6,854
All-in sustaining costs per gold ounce sold (US$/oz)	**2,146**	**1,501**	**2,114**	**1,300**

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.

CAUTION ON FORWARD LOOKING STATMENTS

All statements, other than statements of historical fact, contained or incorporated by reference in this Management's Discussion and Analysis, but not limited to, any information as to the future financial or operating performance of Monument, constitute ''forward-looking information'' within the meaning of Canadian securities legislation and ''forward-looking statements'' within the meaning of the United States Private Securities Litigation Reform Act of 1995 (referred to herein as "forward-looking statements"). These statements are based on expectations, estimates and projections as of the date of this Management's Discussion and Analysis. Forward-looking statements include, without limitation, statements with respect to: possible events; 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; the timing and amount of estimated future production; costs of production; mine life; success of exploration, development and mining activities; permitting timelines; estimates of fair value of financial instruments; currency fluctuations; requirements for additional capital; government regulation and permitting of mining operations and development projects; environmental risks; unanticipated reclamation expenses; litigation, title disputes or other claims; and limitations on insurance coverage. The words ''plans'', ''expects'' or ''does not expect'', ''is expected'', ''budget'', ''scheduled'', ''estimates'', ''forecasts'', ''guidance'', ''targets'', ''models'', ''intends'', ''anticipates'', or ''does not anticipate'', or ''believes'', or variations of such words and phrases or statements that certain actions, events or results ''may'', ''could'', ''would'', ''should'', ''might'', or ''will be taken'', ''occur'' or ''be achieved'' and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Monument as of the date of such statements, are inherently subject to significant business, political, economic, and competitive uncertainties and contingencies. The estimates and assumptions of Monument contained or incorporated by reference in this Management's Discussion and Analysis, which may prove to be incorrect, include, but not limited to, the various assumptions set forth herein, or as otherwise expressly incorporated herein by reference as well as: (1) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; (2) permitting, development, operations, expansion and acquisitions at Malaysia (including, without limitation, land acquisitions for and permitting and construction of new tailings facilities) being consistent with our current expectations; (3) development of the Phase IV plant expansion on a basis consistent with Monument's current expectations; (4) political developments in Malaysian jurisdiction in which the Company operates being consistent with its current expectations; (5) the exchange rate between the Canadian dollar, Malaysian ringgit, Australian dollar and the U.S. dollar being approximately consistent with current levels; (6) certain price assumptions for gold; (7) prices for natural gas, fuel oil, electricity and other key supplies being approximately consistent with current levels; (8) production and cost of sales forecasts for Selinsing operations meeting expectations; (9) the accuracy of current mineral reserve and mineral resource estimates for the Company and any entity in which it now or hereafter directly or indirectly holds an interest; (10) labour and materials costs increasing on a basis consistent with Monument's current expectations; (11) outcomes and costs of ongoing litigation. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but not limited to: fluctuations in the currency markets; fluctuations in the spot and forward price of gold or certain other commodities (such as diesel fuel and electricity); changes in interest rates that could impact the mark-to-market value of outstanding derivative instruments; risks arising from holding derivative instruments (such as credit risk, market liquidity risk and mark-to-market risk); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, Malaysia, Australia or other countries in which the Company conducts business or may carry on business in the future; business opportunities that may be presented to, or pursued by, the Company; the Company's ability to successfully integrate acquisitions; operating or technical difficulties in connection with mining or development activities; employee relations; the speculative nature of gold exploration and development, including the risks of obtaining necessary licenses and permits; diminishing quantities or grades of reserves; adverse changes in our credit rating; and expected costs, developments and outcomes of ongoing litigation and other contests over title to properties,. In addition, there are risks and hazards associated with the business of gold exploration, development, and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding, and gold bullion losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can affect, and could cause, Monument's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, Monument. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements made in this Management's Discussion and Analysis are qualified by these cautionary statements and those made in our other filings with the securities regulators of Canada including, but not limited to, the cautionary statements made in the ''Risk Factors'' section. These factors are not intended to represent a complete list of the factors that could affect Monument. Monument disclaims any intention *or obligation to update or revise any forward-looking statements or to explain any material difference between subsequent occurrence of events and such forward-looking statements, except to the extent required by applicable law.*

Other information

Where we say ''we'', ''us'', ''our'', the ''Company'', or ''Monument'' in this Management's Discussion and Analysis, we mean Monument Mining Limited and/or one or more or all of its subsidiaries, as may be applicable.