MANAGEMENT'S DISCUSSION & ANALYSIS

For the three and six months ended December 31, 2016
(in United States dollars, except where noted)

The following Management's Discussion and Analysis ("MD&A") of Monument Mining Limited ("Monument" or the "Company") as of February 28, 2017 should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the three and six months ended December 31, 2016 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The readers are also recommended to read this MD&A in conjunction with the audited consolidated financial statements for the year ended June 30, 2016 and related notes for additional details.

This MD&A contains "forward-looking statements" and the non-GAAP performance measure "unit cash cost per ounce sold" that are subject to risk factors set out in a cautionary note contained herein. All figures are in United States dollars unless otherwise noted. References to "C$" or "CAD" are to Canadian dollars, "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 First Quarter Highlights

- 3,841oz of gold sold for gross revenue of $4.64 million (Q2 fiscal 2016: 5,100oz sold for $5.68 million);
- 2,888oz of gold produced (Q2 fiscal 2016: 5,050oz);
- Cash generated from operating activities of $1.55 million (Q2 fiscal 2016: $0.81 million);
- Cash cost per ounce ("oz") of $840/oz (Q2 fiscal 2016: $639/oz);
- Ore processed 0.21 million tonnes (Q2 fiscal 2016: 0.25 million tonnes);
- Completed the NI 43-101 Technical Report on Prefeasibility Study at Selinsing/Buffalo Reef Project;
- Initiated a stock reclaim campaign to process higher grade leachable sulphide ore;
- Independent test review continued in parallel with in-house optimization for sulphide treatment at Selinsing; and
- The long lead equipment refurbished for Burnakura gold processing plant arrived at the site ready for installation.

1.2 Business 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 gold project portfolios of Selinsing and Murchison**.** Selinsing is located in Pahang State, within the Central Gold Belt of Western Malaysia, and is comprised of the Selinsing, Buffalo Reef, Felda Land and Famehub projects. Murchison is located in the Murchison region, Western Australia ("WA"), and is comprised of the Burnakura, Tuckanarra and Gabanintha projects. The Company also owns 100% of the Mengapur Polymetallic Project ("Mengapur Project") in Pahang State, Malaysia.

Monument's primary business activities include advancing its mineral projects from exploration stage to production stage and carrying out mining and processing operations to generate profit from sustainable precious metal and base metal production. Its main business objective is to increase its shareholders' value through building up a mineral property pipeline through acquisitions, exploration, development and production while mitigating associated business risks. The Company's long-term goal is to become a sustainable dividend paying, mid-tier gold, base metals and industrial mineral producer.

Monument has an experienced management team with a demonstrated ability to quickly build profitable operations. The Company employs approximately 190 people and is committed to the highest standards of environmental management, social responsibility, and health and safety for its employees and 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.

1.3 Review of Operations

The Company continues to build value on its foundation in fiscal 2017. At Selinsing, it has released a prefeasibility study, plans for start-up construction of Phase IV Sulphide circuit and further exploration drilling programs to increase the sulphide gold inventory. At Murchison, it will implement the early stage production plan and in parallel initiate a deep drilling program at Burnakura pursuing a long-term underground mining opportunity. The Company is seeking disciplined funding for these projects and gold project acquisition opportunities with a potential combination of equity and debt.

The second quarter of fiscal 2017 gold production generated gross margin from production of $0.04 million (Q2 fiscal 2016: $1.54 million) at the Selinsing Gold Mine. Cash generated from operating activities was $1.55 million (Q2 fiscal 2016: $0.81 million). The metallurgical testwork program has shown that a part of sulphide material at Buffalo Reef are leachable which together with the leach tank alteration and recovery of gold locked in the circuit has increased gold recovery in the current quarter.

During the quarter, the Company's development focuses on the completion of the prefeasibility study to increase life of mine of the Selinsing Gold Mine, and development of early stage production for additional cash generation at Murchison. During the second quarter, the positive cash flow generated from Selinsing gold production were offset by improvements of the Selinsing gold processing plant to maintain sustainable gold production, a total of $2.13 million (Q2 fiscal 2016: $2.96 million) was spent on these programs, comprised of $1.26 million (Q2 fiscal 2016: $1.76 million) at Selinsing, $0.79 million (Q2 fiscal 2016: $1.07 million) at Murchison on development of early stage production and project financing, and $0.08 million (Q2 fiscal 2016: $0.18 million) was spent on care and maintenance at Mengapur.

The Selinsing operation was monitoring and improving gold productivity by implementing initiatives such as alteration of the leach tank and other maintenance programs, selective mining based on geo-metallurgical testwork on Buffalo Reef that commenced in the first quarter targeting completion of geo-metallurgical modeling in third quarter of fiscal 2017, expediting the process of mining start-up preparation at Felda Land for extraction from the oxide orebody and completing the sulphide treatment testwork. During the quarter, the Company announced the commencement of mining preparation on Felda Block 7 at Selinsing upon acknowledgement of approval from the Pahang State authority to grant a Proprietary Mining Leases ("PML") to the underlying land owners ("Settlers"). The approval of the PML will allow the Company continuing to mine and feed oxide ore to the Selinsing mill, and enables the Buffalo Reef open pit to be developed for further sulphide production. The Company also announced the Proven and Probable Mineral Reserves at the Selinsing Gold Mine with the increased life of mine. The complete NI43-101 Technical Report produced by Snowden Mining Consultants as a result of the prefeasibility study was released on December 14, 2016 at www.sedar.com.

The Murchison operation focused on building a second gold production site to diversify its single cash flow generation. In the second quarter, additional mine plan optimization, metallurgical test work have been initiated to further increase level of confidence of internal economic study on the early stage gold production. SRK Consulting (Australasia) Pty Ltd has been engaged independently to conduct technical due diligence.

During the second quarter, the Company maintained a clean balance sheet with no debt.

1.3.1 Development

Selinsing Gold Mine

During second quarter, a prefeasibility study was completed and the results were concluded in the "NI 43-101 Technical Report – Selinsing Gold Mine and Buffalo Reef Project" (the "2016 PFS"), Sedar filed (www.sedar.com) on December 14, 2016. The 2016 PFS describes Proven and Probable Mineral Reserves at its 100% owned Selinsing operating gold mine, including the adjacent Buffalo Reef and Felda deposit in Pahang State, Malaysia. It has been prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects and is authored by Frank Blanchfield, BE (Min Eng), FAusIMM, Principal Mining Engineer, Snowden Mining Industry Consultants Pty Ltd., the primary Qualified Person, and other independent Qualified Persons.

The 2016 PFS has focused on a biological treatment approach as an economically viable option for the Company to maximize gold recovery from the sulphide material. A total Mineral Reserve of 279 koz of gold from 6,217 kt of ore at a grade of 1.40 g/t Au is reported, including 60 koz of gold from 2,736 kt of oxide ore at a grade of 0.68 g/t Au, which will support the Company's next 18 to 24 months production in transition period. Remaining sulphide ore will be processed primarily through an additional biological pre-treatment circuit planned to be added to the existing plant. Upon success of final design, in-house construction and commissioning, the upgraded plant will enable the Company to continue gold production at Selinsing for a further estimated five years through to 2023 without further ore discovery, as demonstrated by the 2016 PFS.

According to the 2016 PFS, a Phase IV plant expansion is required to process refractory sulfide material through a flotation-bioleach sulphide treatment process for a capital cost of $39.50 million based on Monument's estimated EPCM (Engineering, Procurement, Construction and Management) expenditure and "Selinsing Phase IV PFS Capex and Opex Revision" recently produced by Lycopodium, which is significantly reduced from the original cost described in the previous NI43-101 Technical Report Sedar filed in May 2013 prepared by Practical Mining. The investment expects to provide a $23.10 million NPV, and 34.8% rate of return.

Additional testwork to further optimize bioleach sulphide treatment recoveries has been commenced in parallel with completing Intec and acid leaching alternatives at its wholly owned Selinsing Gold Mine in Malaysia. Further exploration work is planned down the road in parallel with sulphide project development to increase sulphide resources since the mineralization structure open to all directions.

Burnakura Project

The Company has made the decision to put the Burnakura Project into early stage production based on its internal economic study of the project and a "Proposal for Front End Engineering Design (FEED)" for the planned Burnakura heap leach/CIL production with capital expenditures ("CAPEX") and operating expenditures ("OPEX") prepared by Como Engineers Pty Ltd ("Como Engineers").

The production strategy is to develop and optimize open cut mine operations through Alliance/New Alliance ("ANA"), extended to North of Alliance ("NOA") and Federal City. With the revised mine optimization, high grade ore will be processed through the CIL plant first, low grade ore will be stockpiled and processed through heap leach facilities. During the quarter, the internal economic study including the mine plan, engineering works and economic analysis has been sent to independent consultants for due diligence review for funding purpose; and additional metallurgical testwork and detailed mine delivery schedules for certain deposits were completed to mitigate the construction and operation risks, aiming to lift a level of confidence to achieve targeted economic viability. The internal economic assessment shows that the life of mine of the early stage production could be potentially extended.

The off-site engineering design, refurbishment and procurement work has been completed on long lead items including the purchase of a new TRIO CT2436 jaw crusher to replace the existing crusher on site, new and refurbished feed /discharge conveyors together with supporting steel works, self-cleaning magnet, triple deck screen and refurbished secondary Symons 51 cone crusher and a fully integrated MCC for plant control. The first delivery to the Burnakura mine site from Como Engineers was transported in December 2016. This crushing circuit was unloaded at Burnakura and ready for assembly and installation at the mine site, in early 2017, subject to completion of funding arrangements. The Heap Leach plant equipment including stackers and agglomerator are now stored adjacent to the proposed heap pad subsequent to the second quarter. A site inspection was completed with Como Engineers and a detailed proposal for primary secondary and tertiary crushing circuit, together with CIL feed plan and CIL recommissioning plan was proposed and a construction schedule was developed for implementation.

Other mine development activities include completion of a power strategy assessment, building the site power model and pit dewatering has been assessed for early stage production. Since August 2016, ongoing pre-construction site development activities have taken place at the Burnakura mine site including, preparing the light vehicle and processing workshop ready for construction activities in 2017. Preparing the store area for cataloguing and receipt of first fill inventory for the project and preparing the gensets for mobilizing off-site together with preparing the 3KVa transformer for repair were completed in the quarter.

The workforce planning has been submitted to management for review and included to the action plan. The key personnel have been located and the key operations management are now on board. The Amended Environmental Protection License for Crushing, Heap Leach and Dewatering was received during the quarter with approval from the Department of Environmental Regulation ("DER") for the operation of the proposed 0.50 million tonne per annum Heap Leach Facility. In addition, the Mining Proposal was submitted in December 2016 and the Mine Closure Plan was submitted subsequent to second quarter, this will complete all DER licensing requirements for operational readiness.

The Company's production decision is not based on a feasibility study of mineral reserves demonstrating economic and technical viability. Therefore, there is increased uncertainty with economic and technical risks of failure associated with this project, including but not limited to the risk that mineral quantities and grades might be lower than expected, and construction or ongoing mining and milling operations are more difficult or more expensive than expected; production and economic variables may vary considerably, due to the absence of detailed economic and technical analysis prepared in accordance with NI 43-101. There is no guarantee that production will begin as anticipated or at all or that the production will be able to generate positive cash flow as anticipated in order to return the Company's capital investment.

1.3.2 *Production*

The second quarter gold production included stockpiled leachable sulphide ore following the conversion of leach tank #1 to CIL that addressed organic carbon robbing. Gold production for the quarter, net of gold doré in transit and refinery adjustment, was 2,888oz (defined as good delivery gold bullion according to the London Bullion Market Association), a 43% decrease compared to 5,050oz in the corresponding period of the previous year.

The gold recovery rate in the quarter was reduced to 62.3% from 63.5% and gold recovery increased by 7% to 4,634oz from 4,320oz in the corresponding period of the previous year; average ore head grade increased by 35% to 1.12/t Au from 0.83g/t Au in the corresponding period of the previous year. The increased gold recovery was mainly due to the higher grade mill feed from stockpiled oxide and leachable sulphide ore. The production and financial results for the three months and six months ended December 31, 2016 are summarised in the following table:

Figure 1: Operating and Financial Results

Selinsing/Buffalo Reef		Three months ended		Six months ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Operating results	Unit				
Ore mined	t	18,205	96,602	80,086	201,929
Waste removed	t	218,166	549,598	713,365	1,323,177
Stripping ratio		11.98	5.69	8.91	6.55
Ore stockpiled	t	2,006,922	2,561,292	2,006,922	2,561,292
Ore processed	t	206,597	254,413	437,596	486,531
Average ore head grade	g/t Au	1.12	0.83	0.83	0.89
Process recovery rate	%	62.33	63.50	59.31	70.42
Gold recovery	oz	4,634	4,320	6,887	9,852
Gold production	oz	2,888	5,050	6,179	10,113
Gold sold	oz	3,841	5,100	6,191	15,100
Financial results					
Gold sales	US$'000	4,637	5,681	7,779	14,010
Gross margin	US$'000	39	1,535	(57)	3,869
Weighted average gold price					
London Fix PM	US$/oz	1,200	1,106	1,252	1,129
Monument realized (1)	US$/oz	1,207	1,114	1,256	1,130
Cash costs (2)					
Mining	US$/oz	145	94	164	92
Processing	US$/oz	625	483	660	392
Royalties	US$/oz	68	59	67	40
Operations, net of silver recovery	US$/oz	2	3	3	2
Total cash cost per ounce	US$/oz	840	639	894	526

(1) Monument realized US$/oz for the six months ended December 31, 2015 excludes 5,000oz settled on a gold forward sale.

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

During the quarter, the Company sold a total of 3,841oz of gold at an average realized price of $1,207 per ounce for gross revenue of $4.64 million compared to total 5,100oz of gold sold for $5.68 million in the corresponding period last year. The weighted average London Fix PM gold price for the quarter was $1,200 per ounce (Q2 fiscal 2016: $1,106 per ounce). Mining operations at Selinsing generated income of $0.04 million for the quarter compared to $1.54 million in the corresponding period last year. During the six months ended December 31, 2016 the Company sold a total of 6,191oz of gold at an average realized price of $1,256 per ounce for gross revenue of $7.78 million, compared to 15,100oz of gold sold for $14.01 million in the corresponding period last year, including 10,100oz of gold sold at an average price of $1,130 per ounce for $11.42 million, and 5,000oz of gold settled on a gold forward sale for $2.59 million. The average London Fix PM gold price for the six month period was $1,252 per ounce (Six months ended December 31, 2015: $1,129 per ounce). Mining operations at Selinsing incurred loss of $0.06 million for the six months ended December 31, 2016 compared to profit margin of $3.87 million in the corresponding period last year.

Cash cost per ounce increased by 35% to $840/oz from $639/oz in the quarter, mainly due to an increase in mining and processing cost per ounce that was partially attributed to plant downtime for mechanical issues and wet mill feed from the monsoon season that caused chute blockages. As a result, ore processed decreased by 19% to 0.21 million tonnes from 0.25 million in the same period last year. For the six months ended December 31, 2016 cash cost per ounce increased by 72% to $894/oz from $526/oz.

Figure 2: Gold production and cash costs per ounce

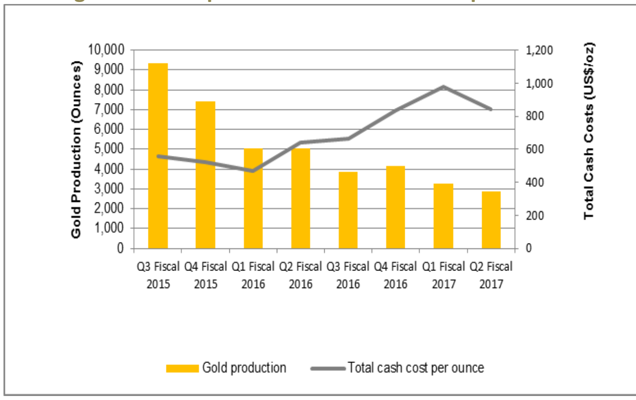
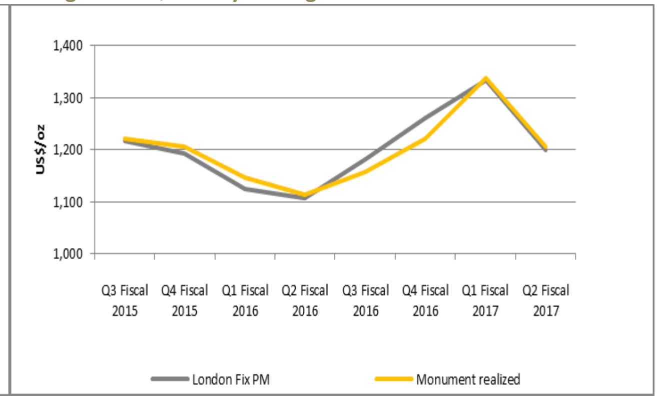


Figure 3: Quarterly Average Gold Price



1.3.3 *Exploration*

Malaysia

The Selinsing exploration programs in long run are to further discover sulphide resources to optimize economic result of the sulphide project and increase the life of mine. In short run, it is focused on locating more oxide and leachable sulphide ore to increase mill feed.

The second quarter exploration program focused on confirmation and infill drilling at Selinsing Pit IV and metallurgical drilling at Buffalo Reef South ("BRS"), designing an oxide trenching and drilling program at Peranggih deposit, and the extension of the geo-metallurgical program initiated after the Buffalo Reef and Felda Land drilling program ended in July 2016. Geo-metallurgy is aimed to define leachable mining blocks to improve mining and plant production by selecting drill hole samples within the life of mine oxide pits, starting with Buffalo Reef North ("BRN") and progressing south.

During the quarter, analysis results were received for 19 geo-metallurgical samples from the Buffalo Reef Central ("BRC") area and are being used for modelling. Composited geo-metallurgical sample analysis results were received for 28 geo-metallurgical samples from Peranggih 2014 drill core, which will be used to define leachable (oxide) zone levels and design a drilling and trenching program for the third quarter. An additional 43 geo-metallurgical samples from BRS were submitted to the Selinsing in-house laboratory for analysis. The geo-metallurgical modelling for BRN was completed along with its accompanying methodology report. The delineation of seven blocks with an estimated 1,660oz of leachable gold encourages confirmation work with the mining grade control and plant departments.

Drilling activities during the quarter were focused at Selinsing Pit IV for confirmation and infill drilling of a high grade ore zone. Utilising one in-house Desco core drill rig, the drilling comprised a total of 9 DD holes for 648m. Resource definition drilling produced 442 core samples that were submitted to SGS Mengapur laboratory for assays and analysis. Metallurgical drilling at BRS was also completed in the second quarter. Utilising one in-house Desco core drill rig, one hole was drilled with a total depth of 86m. A total of 68 samples were produced and submitted to SGS Mengapur laboratory for assays and to the Selinsing in-house laboratory for testwork analysis.

Western Australia

Exploration for the Company's Murchison Gold Portfolio is aimed to deliver a Preliminary Economic Assessment Study to explore a longer term of economic scale of the Burnakura Gold Mine production, fed by gold inventory extracted from Burnakura and Tuckanarra deposits through both open pit and underground mining. In the short run, it is to demonstrate the economic viability of the early stage production.

The second quarter exploration wrapped up the 2016 infill and extension drilling programs, consolidating sampling and assay work information, collar and down-hole survey, rehabilitation and completion of NOA North Resource modeling. NOA2 Resource modelling has commenced in the second quarter and has been completed subsequently in the third quarter. Under the 2016 exploration program, a total of 11,750m for 110 RC holes were drilled of which 9,758m for 93 holes in NOA North area, and 1,992m for 17 holes in NOA1_2 project area. These programs were aimed to increase the ounces for additional ore to be included in the early stage of the Burnakura Operation production.

The study on the available information and completed resource modeling update based on the new drilling information has evidenced positive indications for the increase of mineralized volume and gold grade/ounces for a good part of NOA7_8, in particular coming from the significant intercepts observed. It has also enhanced the strong potential for the continuity of deep mineralization in the central and north portions of NOA7_8 deposit.

A deep drilling program at the NOA7_8 deposit includes 5,237m RC and diamond drilling was previously announced aiming to test the underground potential to 500m in order to increase the life of mine, in conjunction with the early stage production plan. A preliminary review of underground potential was conducted based on extrapolation of existing ounce per vertical metres and confirmation of underground mining costs and benchmarked comparably against existing Western Australia cost rates, supporting the exploration strategy for designing a deeper drill program south of NOA7_8. This infill and extensional drilling will be used to update a resource statement that may potentially increase the life of mine at Burnakura for longer term production. The program was scheduled to start in the second quarter of fiscal 2017, however postponed subject to funding.

1.3.4 *The Mengapur Polymetallic Project*

Since acquisition of the Mengapur Project, the Company has carried out extensive exploration programs to confirm historical resources and metallurgical testwork in studying downstream products. The results when completed will be included in a preliminary economic assessment study ("PEA" study). The resource confirmation was largely completed in 2014 while metallurgical work is pending completion. The Mengapur site was placed into care and maintenance since fiscal 2015.

The Mengapur Polymetallic Project is a long term potential project in the Company's pipeline of projects. Upon completion of the Intec trial testwork on sulphide gold ore at the Company's Buffalo Reef project, the Company intends to apply Intec Technology in testing sulphide copper recovery at the Mengapur Project and manufacture copper metal in-country to supply local copper product fabricators, as opposed to shipping concentrate off-shore.

The major mining license for the Mengapur Project tenement was renewed in June 2016; exploration and mining license applications are pending for approval by Pahang State for Star Destiny Sdn. Bhd. ("SDSB"), a 100% owned subsidiary of Monument. Management continues its dialogue with the Pahang State authority to advance this process.

1.3.5 *Acquisitions*

The Company's primary strategy remains to build the Company on its current mineral portfolio, and to obtain and build high quality gold portfolios through acquisitions and development. It has continued looking for new acquisition opportunities based on risk profiles. It has also continued to reinvest free cash in exploration and development to increase value of its owned assets. These efforts would form a foundation to support sustainable production and future growth.

Exclusive Option Agreement on Matala Gold Project

On January 19, 2017, subsequent to the quarter, the Company announced that it has signed an Exclusive Option Agreement with Panex Resources Inc. ("Panex"), to acquire Panex's 51% controlling interest in the Matala Gold Project in Democratic Republic of Congo ("DRC") by issuing 20 million common shares of Monument to Panex subject to TSX Venture Exchange and regulatory approvals. Panex is a public company that acquired rights to earn up to 90% of the Matala Gold Project under a farm-in agreement with Afrimines SARL, the owner of Matala, in June 2016.

Pursuant to the terms of the Exclusive Option Agreement, the Company has paid a one-time option fee of $0.25 million to Panex to effect the six-month Exclusive Period accordingly.

Monument was interested in Matala since early 2016, however announced in May 2016 it would not proceed with the previously intended transaction. Panex has recently commenced an exploration program at Matala. The Option arrangement will allow the Company to further evaluate the drilling and exploration results at Matala in particular without large commitment. The DRC is host to world-class gold and copper mines with a low cost production profile.

MOU for Bisie North Tin and Gold Project

On February 13, 2017, subsequent to the quarter, the Company announced it has entered into a Memorandum of Understanding (the "MOU") with Klaus Eckhof and Mines D'OR SARL, a company incorporated in Democratic Republic of Congo ("DRC"), (together the "Vendor") to acquire a 60% interest in Bisie North Tin and Gold Prospect ("Bisie North") and an Exclusive Option to acquire a further 30% interest in Bisie North at its sole discretion. This is an additional move in exploring opportunities for potential large precious metal and other base metal projects in the DRC and elsewhere over recent years.

The tenement of Bisie North is registered under Mines D'OR and controlled by Klaus Eckhof. Bisie North is located in the Walikale District of North Kivu in the Democratic Republic of Congo ("DRC"), adjacent to the North of the Bisie Tin Project. In 2012 and 2013, Klaus Eckhof vended the Bisie Tin Project as a new promising tin discovery into a TSX-V listed company - Alphamin Resources Corp., which has now become one of the highest grade Tin projects in the world and close to construction stage. The mineralization structure and trend of the Bisie Tin Project opens to the northern boundary at Bisie North and it is highly likely that it could continue onto Bisie North. As the region is underexplored and these types of deposits occur in clusters, Bisie North is highly prospective. A NI 43-101 report for Bisie North is presently in preparation.

Under the MOU, the Company will pay $0.10 million in cash and issue 10,000,000 Monument shares to the Vendor for the 60% interest in Bisie North and an Exclusive Option for another 30% interest in Bisie. Should Monument choose to exercise the Option in acquiring a further 30% ownership within the next 6-month period, an additional 20,000,000 shares will be issued to the Vendor. Closing of the transaction is subject to certain conditions including completion of due diligence and a definitive agreement, and obtaining the Board and TSX-V approvals.

The Company will re-evaluate the above initiatives subject to a further development.

1.4 Corporate Activities

- On July 11, 2016, the Company announced significant intercept assay results at NOA 7 and 8 at Burnakura from the fiscal 2016 exploration programs. Significant intercepts included 6.00m @ 8.35g/t and 12.00m @ 7.16g/t.
- On August 16, 2016, the Company announced a deep drilling program at NOA 7 and 8 at Burnakura ("Deep Drilling Program").
- On August 29, 2016, the Company announced the progress on Intec sulphide ore treatment testwork program. An independent confirmation metallurgical testwork program has been recommended, designed and carried out by Orway Metallurgical Consultants ("Orway") after a review of the results from the second Intec pilot campaign.
- On September 26, 2016, the Company reported that the appeal filed by the Defendant against the Judgement on the Mersing matter granted by Shah Alam High Court was upheld by the Court of Appeal in favour of Monument.
- On October 31, 2016, the Company reported that it has commenced mining preparation on Felda Block 7 at Selinsing upon acknowledgement of the approval from Pahang State authority to grant a Proprietary Mining Leases to the underlying land owners (previous "Settlers"), including a total 39 acres of private land (previously classified as "Felda Land").
- On November 9, 2016, the Company announced Proven and Probable Mineral Reserves at its 100% owned Selinsing operating gold mine, including the adjacent Buffalo Reef deposit in Pahang State, Malaysia. The technical report is titled "NI 43-101 Technical Report -- Selinsing Gold Mine and Buffalo Reef Project" and dated December 14, 2016 (the "Selinsing 2016 NI43-101 Pre-Feasibility Study", or the "PFS"). All Mineral Reserves and Mineral Resources were estimated by Snowden Mining Industry Consultants Pty Ltd as an Independent qualified person defined under NI 43-101 standards.
- On December 6, 2016, the Company announced that it executed a term sheet with Lascaux Resource Capital Fund for $1.30 million in convertibles notes ("Notes") and a $13.00 million gold prepaid facility ("PFA"), subject to certain conditions precedent including but limited to execution of a definitive agreement of both the Notes and PFA, and board and regulatory approval.
- On December 15, 2016 the Company announced the results from its Annual General Meeting. All of management's nominees for directors being Robert F. Baldock, Cathy Zhai, Zaidi Harun, Graham Dickson, and Michael John Kitney were approved by shareholders. All resolutions were approved as proposed by more than 98% of the shares voted including Restricted Share Plan.
- On January 19, 2017 subsequent to the second quarter, the Company has entered into an Exclusive Option Agreement to acquire a 51% Matala project interest from Panex Resources Inc., a public company that acquired rights to earn up to 90% of the Matala Gold Project under a farm-in agreement with Afrimines SARL, the owner of Matala, in June 2016.
- On January 3, 2017, subsequent to the quarter, the Company announced the operational readiness work progress at the Burnakura Gold Project in Western Australia to upgrade the gold processing plant for an early stage of gold production.
- On January 11, 2017, subsequent to the quarter, the Company reported that, following up on the announcement of the Selinsing 2016 NI43-101 Pre-Feasibility Study, additional testwork to further optimize bioleach sulphide treatment recoveries commenced in parallel with completing Intec and acid leaching alternatives at its wholly owned Selinsing Gold Mine in Malaysia.
- On February 13, 2017, the "Company" announces it has entered into a Memorandum of Understanding (the "MOU") with Klaus Eckhof and Mines D'OR SARL, a company incorporated in Democratic Republic of Congo ("DRC"), (together the "Vendor") to acquire a 60% interest in Bisie North Tin and Gold Prospect ("Bisie North") and an Exclusive Option to acquire a further 30% interest in Bisie North at its sole discretion.

2. PROJECT UPDATE

2.1 Selinsing Gold Portfolio

The Selinsing Gold Portfolio is located in Pahang State, Malaysia, including Selinsing Gold property ("Selinsing"), Buffalo Reef property ("Buffalo Reef"), Felda Land ("Felda") and 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 properties are located east and north of Selinsing and Buffalo Reef properties.

Among those properties, Selinsing and Buffalo Reef are primary gold properties acquired on June 25, 2007 and are at development and production stage while others are at exploration and evaluation stage. The 1.00 million tpa gold processing plant is situated on the Selinsing site, easily accessible by all of its owned properties.

The Federal Land Development Authority ("FELDA") Land is gazetted as a group settlement area covering 3,920 acres owned by local individual "Settlers". Monument signed agreements with Settlers with consent from FELDA allowing exploration to be carried out at the FELDA Land where exploration rights have been acquired from Settlers, and mining license to be granted under certain conditions. FELDA is the Federal Government overriding authority governing the operations, palm oil production, marketing and other functions for the Settlers. The Company has submitted applications on behalf of settlers to obtain mining licenses over certain FELDA areas in 2013 and has received approval from the State authority. It is expected to carry out mining activities in the current fiscal year.

(in United States dollars, except where noted)

Famehub Properties were acquired in September 2010, containing approximately 32,000 acres of prospective exploration land to the north of Buffalo Reef along the trend and east of the Selinsing Gold Mine. The Company has reviewed the exploration programs at all of these properties, targeting the consolidation of its Selinsing and Buffalo Reef properties together with the Famehub Properties around the Selinsing Gold Mine as a long term exploration strategic portfolio in order to extend the life of the mine. Snowden completed a NI 43-101 Technical Report on the Famehub area dated August 2010 that may be found on Monument's website.

2.1.1 Resources and Reserves

On December 14, 2016, the Company filed a report titled "NI 43-101 Technical Report -- Selinsing Gold Mine and Buffalo Reef Project" (the 2016 PFS") at www.sedar.com.

The 2016 PFS has reported Proven and Probable Mineral Reserves at Selinsing, including the adjacent Buffalo Reef deposit in Pahang State, Malaysia. All Mineral Reserves and Mineral Resources were estimated by Snowden as Independent qualified person defined under NI 43-101 standards. The

The tables below summarize the newly estimated Mineral Reserves and Mineral Resources by area and ore type, all expressed in metric tonnes and Troy ounces (1 ounce = 31.1035 g).

Selinsing-Buffalo Reef/Felda Reserves as of June 30, 2016 (Snowden)												
Category	OXIDE (above approx. 0.3 g/t Au cut-off)			TRANSITION (above approx. 0.7 g/t Au cut-off)			SULPHIDE (above approx. 0.7 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$1,255/oz gold price)												
Proven*	2,171	0.52	36	-	-	-	165	1.45	8	**2,335**	**0.59**	**44**
Probable	565	1.31	24	698	1.8	40	2,619	2.03	171	**3,882**	**1.88**	**235**
P+P	2,736	0.68	60	698	1.8	40	2,784	2	179	**6,217**	**1.4**	**279**

*Proven Reserve is entirely stockpile material; Probable Reserve comprises in situ material occurring in Selinsing and Buffalo Reef/Felda deposits

The updated Mineral Reserve was estimated using an average gold price of US$1,255 per ounce. To identify the Selinsing and Buffalo Reef Ore Reserve a process of: ore dilution application, Whittle pit optimization, staged pit design, production scheduling and mine cost analysis was undertaken. Significant sulphide Mineral Reserves were identified following a metallurgical engineering investigation by Lycopodium Minerals Pty Ltd. The mining method is conventional open pit drill and blast, load and haul on a 2.5 m mining flitch with a 10 m high blasting bench, reflective of semi-selective mining. The excavator bucket size of 2.3 m3 is matched to this selectivity. A waste ore stripping ratio of approximately 6 was identified for mining. Overall, block dilution has reduced the recovered ounces by approximately 10% and marginally increased the ore tonnage processed.

Selinsing-Buffalo Reef/Felda Resources as of June 30, 2016 (Snowden)												
Category	OXIDE (above 0.3 g/t Au cut-off)			TRANSITION (above 0.7 g/t Au cut-off)			SULPHIDE (above 0.7 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 US$1,776/oz gold price)												
Measured*	2,171	0.52	36	-	-	-	165	1.45	8	**2,336**	**0.59**	**44**
Indicated	790	1.17	30	950	1.66	51	5,830	1.93	361	**7,570**	**1.81**	**441**
M+I	2,961	0.69	66	950	1.66	51	5,995	1.91	369	**9,906**	**1.52**	**485**
Inferred	380	1.03	13	353	1.46	17	3,640	2.13	249	**4,373**	**1.98**	**279**

*Measured Resource is entirely stockpile material; Indicated and Inferred Resource comprises in situ material occurring in Selinsing and Buffalo Reef/Felda deposits

The updated mineral resource estimate incorporates a new property-wide resource block model, which includes a total of 126 new surface diamond and RC drilling results for 18,639.8m at Selinsing since the last resource estimate completed in 2012. In the same period, a total of 522 drill holes were completed for 47,673.4 m at the Buffalo Reef deposit, including the Felda area. Drill hole assays received as of February 24, 2016 were used in this Resource and Reserve update along with the June 30, 2016 mine face positions as surveyed by Monument.

Exploration has continued at Selinsing and Buffalo Reef after June 2016, focused on defining mineralization at depth below the existing pits, within gap zones in between the known resources that contain little drill hole information, and to convert inferred materials to indicated and/or measured materials. Also metallurgical drilling has been completed, aiming to get sulphide material to be used in metallurgical testwork.

The 2016 Selinsing and Buffalo Reef/Felda Mineral Resources were estimated by John Graindorge, an employee of Snowden, who is the independent Qualified Person for the June 30, 2016 Mineral Resources as defined by NI 43-101. The 2016 Selinsing and Buffalo Reef Mineral Reserves were estimated by Frank Blanchfield, an employee of Snowden, who is the independent Qualified Person for the June 30, 2016 Mineral Reserves as defined by NI 43-101.

2.1.2 Production

For the second quarter the Selinsing gold plant processed a total of 206,597t (Q2 fiscal 2016: 254,413t) and gold recovery was 4,634oz (Q2 fiscal 2016: 4,320oz). The average ore head grade increased to 1.12g/t for the quarter from 0.83g/t for the corresponding period of the previous year. The increased head grade was mainly due to the processing of higher grade leachable sulphide ore that represented 48% of ore processed in the quarter compared to 11% in the same period last year. Following the completion of the leach tank #1 conversion to a CIL (Carbon in Leach) tank from the CIP (Carbon in Pulp) tank in the first quarter that addressed organic carbon pre-robbing, a stockpile reclaim campaign was initiated as gold could now be recovered from previously stockpiled leachable sulphide ore. As mill feed was primarily from stockpile during the quarter, mining ceased for seven weeks and ore mined was 18,205t (Q2 fiscal 2016: 96,602t).

For the six months ended December 31, 2016 the Selinsing gold plant processed a total of 437,596t (Six months ended December 31, 2015: 486,531t) and gold recovery was 6,887oz (Six months ended December 31, 2015: 9,852oz). The average ore head grade decreased to 0.83g/t for the six months ended December 31, 2016 from 0.89g/t for the corresponding period last year due to higher amounts of SLG ore processed. For the six months ended December 31, 2016 mill feed comprised of 50% SLG oxide, 27% oxide and 24% leachable sulphide ore compared to the same period last year of 20% SLG oxide, 68% oxide and 12% leachable sulphide ore. Ore mined decreased to 80,086t (Six months ended December 31, 2015: 201,929t). The decrease in ore mined was mainly due to ceased mining operations for seven weeks over November 2016 and December 2016 as a stockpile reclaim campaign primarily feed the mill in second quarter.

The figures below illustrate production results on a consolidated basis including both the Selinsing and Buffalo Reef operations.

Figure 7: Selinsing Gold Mine: Revenue

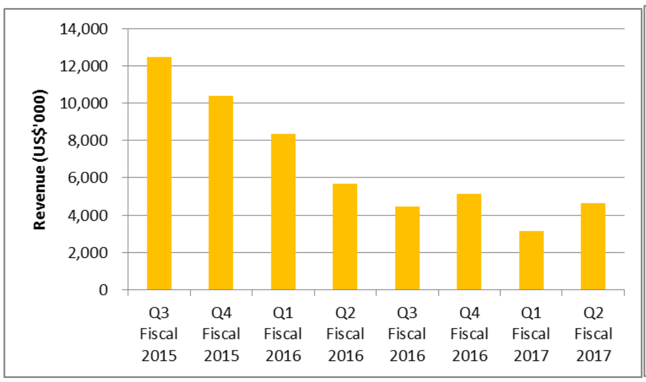
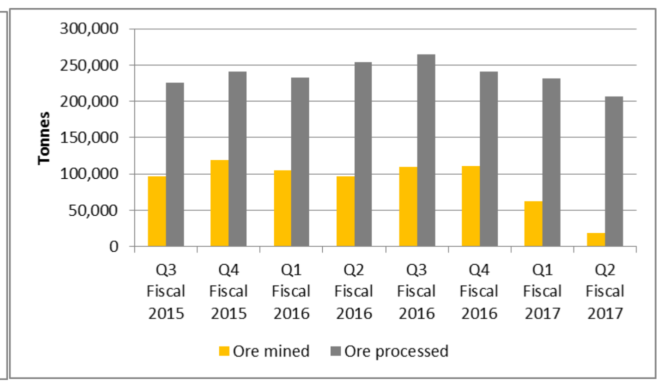


Figure 8: Selinsing Gold Mine: Operating Metrics



The Company commenced mining at the southern area of the Buffalo Reef project in January 2013 and the northern area in July 2014. The oxide ore mined is sold under commercial terms to Able, the owner of the Selinsing processing plant. Production output is consolidated with the Selinsing gold mine. During the second quarter total ore mined from Buffalo Reef was 12,324t (Q2 fiscal 2016: 58,962t).

2.1.3 Development

For the six months ended December 31, 2016 the Company incurred expenditure of $0.38 million (Six months ended December 31, 2015: $0.55 million) related to the Intec Project and sulphide treatment development that is capitalized to Construction in Progress under Plant, Property and Equipment and project to date, the Company has incurred expenditure of $2.17 million. The expenditure on the Intec Project is eligible for research and development tax credits in Malaysia.

Additional testwork to further optimize bioleach sulphide treatment recoveries has been commenced in parallel with completing Intec and acid leaching alternatives at its wholly owned Selinsing Gold Mine in Malaysia.

A prefeasibility study was carried out in 2016 on Selinsing, Damar and Felda area that incurred $0.15 million during the six months ended December 31, 2016.

2.1.4 Exploration

The Selinsing exploration programs in long run are to further discover sulphide resources to optimize economic result of the sulphide project and increase the life of mine. In short run, it is focused on confirm more oxide and leachable sulphide ore to increase mill feed.

During the quarter, exploration focused on confirmation and infill drilling at Selinsing Pit IV and metallurgical drilling at Buffalo Reef South ("BRS"), designing an oxide trenching and drilling program at Peranggih deposit, and the geo-metallurgy program aimed to define leachable mining blocks for plant production, with a total of 109 geo-metallurgical samples submitted to the Selinsing in-house laboratory for analysis. A total of 734m of diamond drill core have been logged this quarter from 9 Resource definition drill holes at Selinsing Pit IV and one metallurgical hole at BRS. From the logged holes and trenches, a total of 730 DD core definition samples and surface rock-channel samples were collected and submitted to SGS Mengapur Laboratory this quarter, comprised by 510 DD core definition core samples from Selinsing Pit IV and BRS and 220 rock-channel and grab samples from trenches at BRS. A total of 570 definition core and rock surface trench-channel sample assay results returned this quarter, composed of 399 Resource definition and metallurgical core samples from Selinsing Pit IV and BRS deposits, respectively, and 171 trench and slope samples from the BRS area.

Selinsing: Drill hole assay results for the exploration drilling conducted to the east of Selinsing Pit IV aimed to test continuity of high grade zone just beneath Pit IV floor, while checking reliability of historical drill holes locations, and confirmed the accuracy of the current Resource blocks' locations and continuity of the gold high grade zone. Exploration expenditure was $0.16 million during the six months ended December 31, 2016 comprising of $0.08 million on geological work, $0.03 million on assays, $0.03 million on drilling and $0.02 million on site activities, compared to the six months ended December 31, 2015 of $0.12 million, comprising of $0.03 million on geological work, $0.05 million on assays and $0.04 million on site activities.

Felda: Felda exploration program is to discover new resources and enable the Buffalo Reef Central and Buffalo Reef South open pits to be extended at depth. During the six months ended December 31, 2016, exploration expenditure at Felda was $0.07 million comprising of $0.01 million on assays, $0.01 million on drilling, $0.04 million on geological work, and $0.01 million on site activities, compared to the six months ended December 31, 2015 of $0.45 million comprising of $0.04 million on assays, $0.18 million on drilling, $0.06 million on geological work and $0.17 million on site activities.

Buffalo Reef: Exploration drilling in the quarter was designed to provide sulphide samples from Buffalo Reef South area for metallurgical testwork. Total exploration expenditure for the six months ended December 31, 2016 of $0.68 million was incurred at Buffalo Reef and Buffalo Reef Gap areas comprised of $0.24 million on assays, $0.06 million on drilling, $0.18 million on geological work and $0.25 million on site activities, compared to the six months ended December 31, 2015 of $1.04 million comprised of $0.22 million on assays, $0.29 million on drilling, $0.15 million on geological work, $0.01 million on metallurgical work and $0.37 million on site activities.

Regional exploration: Recent exposure due to rain of road-cut outcrop at the west of Selinsing Pit IV (Bamboo Shoot area) have revealed quartz extensions and some highly oxidized veining about 10-cm thick that have been channel sampled. A total of eight vertical channel samples were collected every 10 meters and another eight grab or selective chip samples were also taken and submitted to Selinsing in-house laboratory. The vertical channel samples ranged from 0.07g/t Au to 0.23g/t Au while the selective samples ranged from 0.05g/t Au to 1.6g/t Au. Trenching, slope sampling and mapping of this area are planned in the next quarter to verify the potential of mineralised leachable oxide material to be included in the mine plan for the current fiscal year.

2.1.5 Environment, Safety and Health

The Company's commitment to comply with Malaysia's environmental laws follows three main government authorities and each have made site inspections during the year:

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

During the quarter, Selinsing operations recorded one Loss Time Accident. All reported accident and incidents were shared among supervisors and staff at safety toolbox meetings. Third party environmental compliance audits were conducted by accredited independent consultants and laboratories on drinking water quality, environmental audits, scheduled waste, and chemical storage, in addition to hoist, compressor, furnace, scrubber and stack certifications.

The DOSH visited the site for chemical and hygiene enforcement and all issues were duly complied. The Company's Health, Safety and Environment compliance committee met monthly to discuss the status and ensure the requirements of JMG, DOE and DOSH are adhered to in a timely manner.

2.1.6 Litigation

SMSB vs Monument for purported "Joint Venture Interest"

On October 10, 2012, Selinsing Mine Sdn Bhd ("SMSB") filed a Writ and Statement of Claim against Monument and its wholly-owned subsidiaries, Selinsing Gold Mine Manager Sdn. Bhd. ("SGMM") and Able Return Sdn. Bhd. ("Able") (together "Monument"). SMSB is claiming for, among others, a 5% "Joint Venture interest" from the profit of the gold production from Monument's Selinsing Gold Mine. SMSB was the previous sub-lease holder of the Selinsing Gold Mine and had sold the Selinsing Gold Mine to Monument free and clear of any encumbrances. The transaction was closed on June 25, 2007 and SMSB was paid in full. SMSB did not make its claim in relation to the purported "Joint Venture Interest" until October, 2012. Monument denies that SMSB has any joint venture interest in the Selinsing Gold Mine and has continued to vigorously defend this claim.

On February 26, 2013, the High Court in Shah Alam, Selangor, granted SMSB's application for a summary judgment against Monument, including a conditional stay of the summary judgment for Monument to transfer cash of approximately $9.4 million into a bank account jointly maintained by legal counsel of the respective parties. On April 20, 2015, Monument deposited $9.4 million into the said joint account pending disposal of the full trial (refer to note 4).

Monument VS Summer and Kesit for 100% of SMSB shares

On February 16, 2015, Monument and its wholly owned subsidiary Able Return Sdn Bhd. filed a writ at the Kuantan High Court against Summer Empire Sdn. Bhd. ("Summer") and Kesit Pty Ltd ("Kesit") claiming for the return of the entire 100% of the issued shares of Selinsing Mine Sdn. Bhd.

Summer was the trustee appointed by SMSB to hold the entire 100% of the issued shares of SMSB in trust for Able, a wholly owned subsidiary of Monument through which Monument holds a 100% interest of the Selinsing Gold Mine. In the course of proceeding, it was found that Summer had been dissolved. The Kuantan High Court granted Monument's application on September 10, 2015 to add Peter Steven Kestel as a co-Defendant in the existing suit. The decision of the Kuantan High Court had been affirmed by the Court of Appeal.

The matter is now pending interlocutory applications filed by both parties.

The Arci Suit

On July 30, 2015, the Company announced that Hong Teck, Yee Fook Choy, Yee Choong Khoon and Yong Choong Yim (as the administrator of the estate of Yong Kat Keong), in their capacities as former partners of Arci, have filed a suit against TRA Mining (Malaysia) Sdn. Bhd. ("TRA"), SMSB (the Plaintiff in the 5% JV Suit), Monument and its subsidiaries ARSB and SGMM in the Shah Alam High Court, Malaysia via Writ of Summons No.: 22NCvC-291-05/2015 (the "ARCI Suit"). Peter Steven Kestel is the director in both TRA and SMSB.

The Plaintiffs in Arci Suit alleges, among other things, that Arci continued to hold title to MC 1/113, one of the mining leases that Monument acquired from SMSB (the holder of the sublease of MC 1/113) in June 2007 and the ownership of such lease gives Arci the rights to the profits generated under the claimed mining lease. The mining lease claimed by Arci was forfeited by Pahang State Government in 2008; subsequently a new mining lease was directly granted to ARSB, long before commencement of the gold production.

Monument denies that it or Able has any liability with respect to the Arci Claim. The Arci Suit had been struck out by the Shah Alam High Court on August 24, 2016. Arci filed an appeal on September 21, 2016 against the striking out order at the Court of Appeal, Putra Jaya and now pending a hearing date from the Court of Appeal.

2.2 Murchison Gold Portfolio

The Murchison Gold Portfolio is 100% owned by the Company and acquired in 2014, consisting of the Burnakura, Gabanintha, and Tuckanarra gold properties, located in the Murchison Mineral Field, a highly prospective historical gold province within the Murchison District of Western Australia. Burnakura and Gabanintha are located 40 km southeast of Meekatharra, WA and 765 km northeast of Perth, WA. Tuckanarra is located approximately 40 km south west of Burnakura.

Murchison Gold Portfolio includes a number of mining and exploration tenements and lease applications covering approximately 514 square kilometres of mining land prospective for resource extension, and a fully operational gold processing plant at the Burnakura site, a newly developed camp site and all necessary infrastructure. Underground mining was carried by the previous owner of the Burnakura gold processing plant for several months and shortly after it was placed in administration.

2.2.1 Resources

The Murchison Gold Project consists of a historical resource as at October 2013 of 6.41 million tonnes at an average grade of 2.7g/t containing 546,000 ounces of gold within a number of previously operated open pits and an underground mine, which was determined by BM Geological Services in the report Murchison Gold Project: Burnakura and Gabanintha resource inventory (December 2013). The Company believes that the quality of the data supporting the resources meets industry standards. The historical resources have been reported in line with the JORC guidelines, and resource confidence categories and the reliability of the estimate are consistent with this standard. Monument considers this historical resource estimate to be relevant to its ongoing review of the Murchison Gold Project.

(in United States dollars, except where noted)

A qualified person has not done sufficient work to classify the historical estimate on the property as current mineral resources under NI 43-101 and Monument is not treating the historical resource estimate on the property as current mineral resources except Alliance and New Alliance which is described below.

The technical report titled "NI 43-101 Technical Report on the Alliance and New Alliance Gold Deposits, Burnakura, Western Australia" was filed on SEDAR describing the mineral resource estimate for the Alliance and New Alliance gold deposit on its Murchison Property in Western Australia, dated April 2, 2015 and amended August 7, 2015, indicating that the total contained gold ounces have been increased compared to the historical inventory estimate. The NI 43-101 report has been prepared in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* and is authored by Darryl Mapleson (MAIG, FAusIMM) of BM Geological Services, the primary Qualified Person and other independent Qualified Persons.

An Indicated Mineral Resource of 1.88mt@1.6g/t Au for 98,400oz and an Inferred Mineral Resource of 0.10mt@1.5g/t Au for 4,400oz was reported at a 0.5g/t Au grade cut-off. This represents a very positive initial outcome toward the preparation of a preliminary economic assessment in respect of the Alliance/New Alliance deposits. The company is now undertaking a program of ongoing exploration over the remainder of the historical resources that were acquired in February 2014.

Figure 9: Mineral Resource for Alliance and New Alliance at a 0.5g/t Au cut-off

Deposit	Indicated				Inferred			
	Density (g/cm^3)	Tonnes (Mt)	Au (g/t)	Contained Au (Koz)	Density (g/cm^3)	Tonnes (Mt)	Au (g/t)	Contained Au (Koz)
Alliance	2.3	0.64	2.5	50.8	2.5	0.02	1.4	0.7
New Alliance	2.3	1.24	1.2	47.6	2.7	0.08	1.5	3.7
Total	**2.3**	**1.88**	**1.6**	**98.4**	**2.6**	**0.10**	**1.5**	**4.4**

Notes:
(1) Mineral Resources that are not mineral Reserves do not have demonstrated economic viability; and
(2) Mineral Resources determined by Adrian Shepherd, B.App.Sc., MAusIMM CP(Geo), Cube Consulting Pty. Ltd.

Significant work has been done since the NI 43-101 report was released, as summarized in this MD&A. The Company continued to improve its internal economic study to optimize the economic viability for an early stage production. The further deep drilling program was proposed in the quarter to pursue a Preliminary Economic Assessment on the Burnakura Gold Project under NI 43-101 standards.

2.2.2 Exploration

Exploration drilling activities at the Murchison Gold Portfolio ("Murchison") that concluded in the first quarter has completed 2016 drilling programs at NOA, Burnakura Gold Project with total RC drilling of 11,750m, that included 9,758m for 93 holes in the NOA North project area and 1,992m for 17 holes in NOA1_2 project area, designed to increase the ounces for additional ore to be included in the early stage of Burnakura production plan.

For the six months ended December 31, 2016, exploration incurred expenditure of $1.03 million at Murchison that included $0.04 million on assays, $0.03 million on drilling, $0.16 million on geological work, $0.03 million on metallurgical, $0.19 million on property fees, $0.05 million on plant maintenance and $0.53 million on site activities, compared to the six months ended December 31, 2015 of $2.22 million that included $0.15 million on assays, $0.61 million on drilling, $0.42 million on geological work, $0.08 million on metallurgical, $0.17 million on property fees, $0.11 million on plant maintenance and $0.67 million on site activities.

2.2.3 Development

The Company has prioritized and focused on the commencement of gold processing at the Burnakura Gold Mine. The current plan will be accomplished by immediately recommissioning the existing CIL plant and constructing a new heap leach facility in Year 2 of the life of mine. The Company has also taken proactive approach in analyzing its critical risk path in order to eliminate possible bottle necks that would cause delay of initiating the CIL plant operations.

Plant design and engineering

The Front End Engineering Design ("FEED") Report from Como Engineers contains details for the design criteria, equipment lists, flowsheets, drawings, CAPEX, OPEX and schedules for COMO to supervise and assist in the refurbishing, constructing and commissioning of the CIL plant and heap leach facility. The Company has concluded the initial economic study for an early stage production and has extended its studies to NOA, Tuckanarra and other areas to further increase the life of mine.

"Issued for Construction" piping and instrumentation drawings (P&ID) for primary and secondary crushing circuit have been approved and ready for construction. Revised site layout drawings were also received from Como that shows the CIL plant with the new primary, secondary and tertiary crushing circuit. The ROM wall design, primary crusher concrete design, secondary crusher and screen area concrete design drawings are completed and electrical design is 95% complete.

Procurement of long lead items are primarily completed, such as quality refurbished secondary and tertiary crushers with delivery of the crushers to site during the quarter. Fabrication of the new conveyor weightometer, containerized switchroom for the motor control centre (MCC), Secondary crushing screen and conveyors with tail pulley, drive, electric motors, and replacement idlers and rollers were all completed and transported to site at the end of the quarter.

Off-site engineering design, refurbishment and procurement incurred $0.42 million during the six months ended December 31, 2016 and $1.36 million total expenditure as of December 31, 2016.

Mine plan and mine development

Mining strategy including reverse cycle grade control drilling and sampling strategy has been reviewed for the bulk of the ore material to be extracted from Alliance and New Alliance ("ANA") pits first, Federal City and Authaal pits, and then NOA deposits followed by the Tuckanarra Project. Operation Readiness schedule based on early CIL start-up and pre-strip mining activities has been completed.

A comprehensive resource review of the life of mine ("LOM") was completed during the quarter that comprised of validating the geological block model data including weathering surface categorization, together with corresponding pit optimizations. Following the review, the Company engaged mining consultants, Entech, to build a LOM production schedule, which includes ore type by weathering surface and variable throughput rates. The production model now measures more precisely the impact of sending lower grade material to the CIL. In addition, pit optimizations have been completed with several production strategies modelled to maximize recoverable ounces through the CIL Plant.

In addition to the mine development work described the above, site preparation and development for production was on going. Clean-up of the laboratory, light vehicle workshop and wash down area was completed together with placement of new culvert for the ROM access ramp earthworks. The Company has ensured that the plant and other facilities are being kept in good care and maintenance order with a view to future commissioning, and the site accommodation and catering are fully functional for Como Engineers to start construction work.

During the first quarter, the Company incurred $0.53 million on site activities, $0.05 million on plant maintenance and $0.19 million on property fees at Murchison.

Environmental study

Environmental permitting by independent consultants, Animal Plant Mineral Pty Ltd ("APM"), has been ongoing. The heap leach facility license amendment was received from with the Department of Environment Regulation ("DER") for internal review and during the quarter, approval was received from the DER for operation of the proposed 0.50 million tonne per annum heap leach facility.

In addition, APM has been working with Monument on the Mining Proposal for the Department of Mines and Petroleum, collecting and collating data as it is available from mine planning. The Mining Proposal was submitted in December 2016 and the Mine Closure Plan was submitted subsequent to the quarter in January 2017, this will complete all DER licensing requirements for operational readiness, ensuring enough time before mining commences.

During the six months ended December 31, 2016, the Company incurred $0.03 million on the Mining Proposal and Closure Plan work.

2.3 Mengapur Polymetallic Portfolio

Mengapur was previously owned by Malaysian Mining Corporation in the 1980's and early 1990's which defined the historical Polymetallic resources in a full bankable feasibility study. The title of Mengapur was subsequently divided and distributed to different owners.

Monument acquired 100% of Mengapur from those owners, in fiscal 2012 and 2013 through strategic steps aimed to maximize economic value of the project, except for the oxide magnetite materials in the top soil at Cermat Aman Sdn Bhd ("CASB") that were not included in the historical resources in the full bankable feasibility study.

2.3.1 Resources

The Mengapur Polymetallic deposit contains a historical Copper ("Cu"), Sulphur ("S"), Gold ("Au"), Silver ("Ag") oxide and sulphide Resource from a drilling campaign conducted in the 1980's as previously reported in the Snowden report (January, 2012). The historical resource consisted of 224 million tonnes ("mt") averaging 0.597% Cu equivalent ("eqv") (6.54% S, 0.25% Cu, 0.16g/t Au, and 8.86g/t Ag) at a cut-off grade of 0.336% Cu eqv from geologic Zones A, B, and C. A historical sulphide reserve from Zone A consists of 64.8mt averaging 0.737% Cu eqv (8.63% S, 0.27% Cu, 0.21g/t Au, and 2.59g/t Ag) at the same 0.336% Cu eqv cut-off grade (Snowden, 2012). As outlined above, the Company completed 64,000 meters of exploration drilling verifying these historic resources and is now in the process of advancing them to NI 43-101 compliance and is awaiting issue of an ML title over the Star Destiny ML application.

2.3.2 Development

The Mengapur Project continues to represent a very significant opportunity for a long term mining asset owned by the Company with downstream commodity products. A preliminary economic assessment study ("PEA" study) was initiated during fiscal 2014 and was placed on hold in fiscal 2015. The Draft of Preliminary Economic Assessment in confirming historical resources is pending renewal approval of the exploration license at Star Destiny, a part of the Mengapur Project. The prospecting exploration permit of SDSB expired on September 23, 2012. The Company submitted an application of renewal in November 2011 to the Pahang State authority; it also submitted two applications for mining licenses in 2009 and 2010 over sections of the same area. Another application for a mining lease over the prospecting land was also submitted in August 2012. The Company has yet to receive an official notification from the Pahang State authority in response to its applications. According to the Mining Enactment 2001 of Malaysia, until receipt of official notification with the Company's consent, the exploration rights remain intact. During fiscal 2016, the Company renewed the mining lease ("ML") through its 100% owned subsidiary CASB.

The Company has evaluated the production alternatives for the Mengapur Project including copper and made progress in refurbishing and upgrading its 1,000 tpd beneficiation copper flotation and iron magnetite recovery pilot plant. The plant is considered to be a 1,000 tpd pilot plant to demonstrate economics of in-house copper metal production with potential iron and other metal by-products. Due to the recent dramatic decline in iron ore price and volatility in copper and iron prices, the pilot plant development and early stage production has been placed on hold since 2015. The Company intends to apply Intec Technology to carry out test work on copper metal recovery after successful Intec testwork on gold sulphide at Buffalo Reef and the Selinsing Gold Plant.

During the six months ended December 31, 2016, the Company incurred expenditure of $0.41 million (Six months ended December 31, 2015: $0.60 million) on site activities and infrastructure at Mengapur. Site activities at Mengapur included environmental compliance, erosion and sediment control. Care and maintenance activities were carried out to ensure the facility and assets are kept in good condition.

The scientific and technical information in Section 2 has been reviewed and approved by Mr. Roger Stangler, B.S.c, MEng, MAusIMM, MAIG, a Qualified Person defined in accordance to National Policy 43-101, and Chief Managing Geologist of the Company.

3. FINANCIAL RESULTS

3.1 Summary

During the six months ended December 31, 2016, operations continued to process mainly super low grade ore and following a leach tank conversion to CIL completed in the first quarter, leachable sulphide ore, through the Selinsing Gold Plant in transition from oxide ore production to sulphide ore production. The production gross margin is expected to vary from time to time due to lower recovery rates and volatile gold prices.

Figure 10: Balance sheet extract

Balance Sheet (in thousands of US dollars)	December 31, 2016 $	June 30, 2016 $	June 30, 2015 $
Current assets	32,423	34,576	43,124
Non-current assets	221,998	224,478	219,388
Total assets	**254,421**	**259,054**	**262,512**
Current liabilities	4,633	6,238	9,638
Non-current liabilities	12,684	14,205	11,741
Equity attributable to shareholders	237,104	238,611	241,133
Total liabilities and shareholders' equity	**254,421**	**259,054**	**262,512**
Working capital (including restricted cash)	**27,790**	**28,338**	**33,486**

Figure 11: Operating highlights

	Fiscal 2015		Fiscal 2016				Fiscal 2017	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	$	$	$	$	$	$	$	$
Revenues (000's)	12,459	10,370	8,329	5,681	4,457	5,128	3,142	4,637
Average gold price								
London Fix PM (per ounce)	1,218	1,192	1,124	1,106	1,183	1,260	1,335	1,200
Monument realized (per ounce) (1)	1,221	1,206	1,147	1,114	1,158	1,221	1,337	1,207
Net earnings (loss) before other income attributable to common shareholders (000's)	3,665	3,667	1,569	644	371	(965)	(824)	(890)
Earnings (loss) per share before other income:								
- Basic	0.01	0.01	0.01	0.00	0.00	(0.00)	(0.00)	(0.00)
- Diluted	0.01	0.01	0.01	0.00	0.00	(0.00)	(0.00)	(0.00)
Net earnings (loss) after other income and tax Attributable to common shareholders (000's)	3,622	3,178	116	(4,584)	2,500	288	(1,442)	(65)
Earnings (loss) per share:								
- Basic	0.01	0.01	0.00	(0.01)	0.01	0.00	(0.00)	(0.00)
- Diluted	0.01	0.01	0.00	(0.01)	0.01	0.00	(0.00)	(0.00)

(1) Q1 Fiscal 2016 excludes 5,000oz settled on a gold forward sale.

The quarterly operating results of the Company are outlined for the past eight quarters in Figure 11 above. The overall operating 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 fair value gains or losses and foreign currency exchange gains or losses.

For the three months ended December 31, 2016, mining operations generated income of $0.04 million compared to $1.54 million of the corresponding period last year, and corporate expenses increased by 4% to $0.93 million from $0.89 million of the corresponding period last year. Net loss for the quarter was $0.07 million, or $(0.00) per share (basic) compared to $4.58 million or $(0.01) per share (basic) in the corresponding period of prior year. The increase in earnings quarter over quarter was mainly due to lower income from mining operations, offset by income tax expense of $0.01 million (Q2 fiscal 2016: $4.00 million expense) and foreign currency exchange gain of $0.83 million (Q2 fiscal 2016: $1.34 million loss).

For the six months ended December 31, 2016, mining operations incurred loss of $0.06 million compared to income of $3.87 million of the corresponding period last year, and corporate expenses were steady at $1.66 million from $1.66 million in the corresponding period last year. Net loss for the six month period was $1.51 million, or $(0.00) per share (basic) compared to $4.47 million or $(0.01) per share (basic) in the corresponding period of prior year. The increase in earnings period over period was mainly due to lower income from mining operations, offset by income tax expense of $0.22 million (Six months ended December 31, 2015: $3.95 million) and foreign currency exchange gain of $0.41 million (Six months ended December 31, 2015: $2.83 million loss).

3.2 Operating Results: Sales and Production Costs

For the three months ended December 31, 2016, mining operations generated income of $0.04 million compared with the prior year corresponding period of $1.54 million. For the six months ended December 31, 2016, mining operations incurred loss of $0.06 million compared with the prior year corresponding period income of $3.87 million. The decrease in mill feed and gold production were the main cause for the current period losses. The production team at the Selinsing Mine has continued improvements to boost productivity and the bottom line during the quarter through the optimization of workforce and operational processes.

Sales

The price of gold is a significant factor affecting the Company's profitability and operating cash flows. Gold sales generated $4.64 million for the quarter compared to $5.68 in the corresponding period last year. The revenue comprised of 3,841oz of gold sold (Q2 fiscal 2016: 5,100oz) from production at an average realized gold price of $1,207 per ounce (Q2 fiscal 2016: $1,114 per ounce) for the quarter. The average London Fix PM gold price was $1,200 per ounce for the quarter compared to $1,106 per ounce for the corresponding period of the previous year.

For the six months ended December 31, 2016, gold sales generated $7.78 million compared to $14.01 million, of which $11.42 million from production and $2.59 million from the settlement of a gold forward sale, in the corresponding period last year. The revenue comprised of 6,191oz of gold sold from production at an average realized gold price of $1,256 per ounce (Six months ended December 31, 2015: 10,100oz at an average realized gold price of $1,130 per ounce). The average London Fix PM gold price was $1,252 per ounce for the six months ended December 31, 2016 compared to $1,129 per ounce for the corresponding period of the previous year.

Production Costs

Total production costs increased by 11% in the quarter to $4.60 million, compared to $4.15 million in the same period last year. The increase in cost was mainly attributed to depreciation that increased to $1.33 million for the quarter from $0.85 million in the same period last year offset by the lower amount of gold sold of 3,841oz in the quarter compared to 5,100oz in the same period last year.

For the six months ended December 31, 2016 total production costs decreased by 23% to $7.84 million, compared to $10.14 million in the same period last year. The decrease in cost was mainly attributed to the lower amount of gold sold of 6,191oz compared to 15,100oz in the same period last year.

A breakdown and further analysis of the cash cost components is provided below, including a historical graphical summary demonstrating the breakdown by quarter. In accordance with IFRS and internal policy, the Company has capitalized a portion of stripping costs incurred during the period to access the ore body for future production.

Figure 12: Cash margin

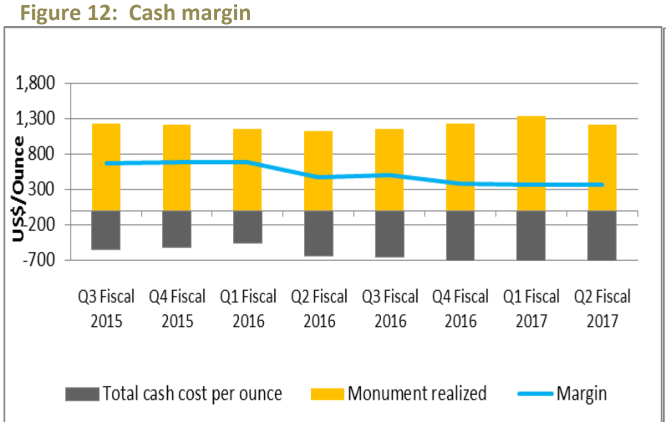


Figure 13: Cash production costs by quarter

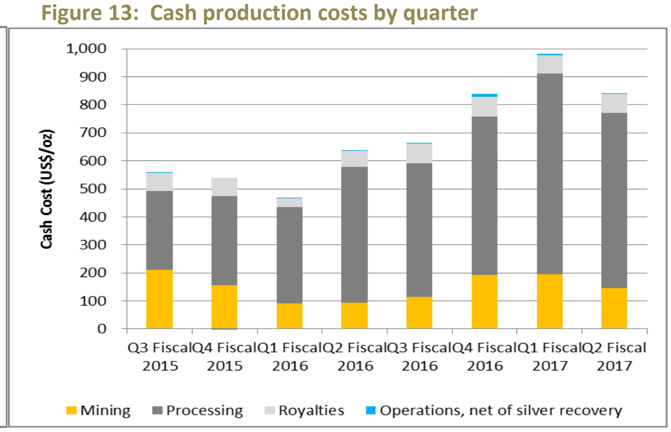


Figure 14: Cash production costs

	Three months ended		Six months ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Cash cost breakdown	US$/oz	US$/oz	US$/oz	US$/oz
Mining	145	94	164	92
Processing	625	483	660	392
Royalties	68	59	67	40
Operations, net of silver recovery	2	3	3	2
Total cash cost	**840**	**639**	**894**	**526**
Reconciliation of Non-GAAP measure	US$'000	US$'000	US$'000	US$'000
Production costs per consolidated financial statements	4,598	4,146	7,836	10,141
Less: Non-cash expenditure, depreciation & amortization	(1,368)	(887)	(2,300)	(2,193)
Total production cash costs	**3,230**	**3,259**	**5,536**	**7,948**
Divided by ounces of gold sold (oz)	3,841	5,100	6,191	15,100
Total cash cost (US$/oz)	**840**	**639**	**894**	**526**

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

Mining

Total mining cost increased by 17% in the quarter to $0.56 million, compared to $0.48 million in the same period last year. On a per ounce basis, mining cash costs increased to $145 per ounce compared to $94 per ounce in the same period last year mainly from less ore mined and higher waste ratio. Total materials mined decreased by 63% to 0.24 million tonnes in the quarter compared to 0.65 million tonnes in the same period last year, while total ore mine decreased by 81% to 0.02 million tonnes in the quarter compared to 0.10 million tonnes in the prior year quarter as mining was stopped for seven weeks over November 2016 and December 2016 while mill feed was generated from a stockpile reclaim campaign.

(in United States dollars, except where noted)

Figure 15: Mine operating metrics (before capital allocation)

		Three months ended		Six months ended	
	Unit	Decmeber 31, 2016	December 31, 2015	Decmeber 31, 2016	December 31, 2015
Mining					
Ore mined	Tonnes	18,205	96,602	80,086	201,929
Waste removed	Tonnes	218,166	549,598	713,365	1,323,177
Stripping ratio	Waste:Ore	11.98	5.69	8.91	6.55
Ore stockpiled	Tonnes	2,175,060	2,561,292	2,175,060	2,561,292

Processing

Total processing costs for the quarter were $2.40 million compared to $2.47 million in the same period last year with less gold produced and sold in the current quarter. On a per ounce basis, processing cash costs increased to $625 per ounce (Q2 fiscal 2016: $483 per ounce) while total ore processed was 0.21 million tonnes in the quarter compared with 0.25 million tonnes in the same period last year. The main reason for the higher processing cash cost was plant maintenance costs from mechanical breakdowns and downtime from the monsoon season which also negatively affected plant throughput. Average mill feed grade for the quarter was 1.12g/t Au, compared to the 0.83g/t Au in the same period last year, a 35% increase, as a result of the higher grade mill feed from processing stockpiled oxide and leachable sulphide ore. Processing recovery rate slightly decreased by 2% to 62% quarter over quarter. Following a leach tank conversion to CIL that was completed in the first quarter of fiscal 2017, previously stockpiled leachable sulphide ore was added to mill feed and this reduced the amount of super low grade ore processed in the current quarter.

For the six months ended December 31, 2016 total processing costs decreased by 31% to $4.08 million compared to $5.93 million in the same period last year. Total ore processed decreased by 10% to 0.44 million tonnes from 0.49 million tonnes in the same period last year. For the six month period, average mill feed grade was 0.83g/t Au compared to 0.89 g/t Au in the same period last year. Process recovery rate also decreased by 16% to 59% compared to the same period last year.

Royalties

The Company pays royalties to the Malaysian Government based upon 5% of the market value of gold produced and an additional 2% to the PKNP (Pahang State Development Corporation) for gold produced from the Buffalo Reef ore. Total royalties cost decreased by 13% to $0.26 million in the quarter compared to $0.30 million in the same period last year. For the six month ended December 31, 2016 total royalties decreased by 32% to $0.42 million compared to $0.61 million in the same period last year. Royalties paid are affected by average gold spot prices and the amount of gold produced and sold in the current period.

Non-cash Costs

For the quarter, non-cash production expenses included depreciation and amortization of $1.33 million and accretion of asset retirement obligations in the amount of $0.04 million, compared to $0.85 million and $0.04 million in the same period last year, respectively. The decrease in total non-cash production expenses is mainly due to the reduction gold ounces sold. For the six months ended December 31, 2016, depreciation and amortization was $2.21 million and accretion of asset retirement obligations in the amount of $0.09 million, compared to $2.11 million and $0.09 million in the same period last year, respectively.

3.3 Corporate General and Administrative

Figure 16: Corporate Costs

	Three months ended		Six months ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	$	$	$	$
General and administration	484	360	941	708
Stock-based compensation	-	-	-	1
Legal, accounting and audit	254	316	451	559
Shareholder communications	89	59	120	100
Travel	62	87	73	188
Regulatory compliance and filing	37	47	45	54
Project investigation	-	-	21	-
Amortization	3	22	6	46
Total Corporate Costs	**929**	**891**	**1,657**	**1,656**

Corporate expenditure for the quarter of $0.93 million (Q2 fiscal 2016: $0.89 million) was 4% higher compared to the same period last year. General and administration costs were $0.48 million (Q2 fiscal 2016: $0.36 million), or 34% higher for the quarter, primarily due to

$0.09 million, or a 31% increase in salaries and wages expenses to $0.39 million (Q2 fiscal 2016: $0.29 million) primarily due to changes in salary allocation. Legal, accounting and audit expenses decreased by $0.06 million, or 20%, to $0.25 million in the quarter compared to $0.32 million in the same period last year. Travel expenses decreased by $0.02 million, or 28% to $0.06 million in the quarter compared to $0.09 million in the same period last year.

For the six months ended December 31, 2016 corporate expenditure was $1.66 million compared to $1.66 million in the same period last year. Corporate expenditure included travel cost of $0.07 million compared to $0.19 million in the same period last year. General and administration costs were 33% higher for the six month period, primarily due to a 32% increase in salaries and wages expenses to $0.78 million (Six months ended December 31, 2015: $0.59 million) and 61% increase in office rent and utilities to $0.12 million (Six months ended December 31, 2015: $0.07 million). Legal, accounting and audit expenses decreased 19% to $0.45 million for the six months ended December 31, 2016 compared to $0.56 million in the same period last year.

3.4 Other Income (Loss)

Income from other items for the quarter was $0.83 million compared to a loss of $1.23 million in the same period last year. The change for the quarter was mainly due to $2.16 million increase in foreign currency exchange gain to $0.83 million (Q2 fiscal 2016: loss of $1.34 million) due to appreciation of US currency.

For the six months ended December 31, 2016 income from other items was $0.43 million compared to a loss of $2.73 million in the same period last year. The change was mainly due to $3.23 million increase in foreign currency exchange gain to $0.41 million compared to foreign currency exchange loss of $2.83 in the same period last year.

3.5 Income Taxes

Income tax expense for the quarter was $0.01 million (Q2 fiscal 2016: $4.00 million) consisting of current tax expense of $0.22 million (Q2 fiscal 2016: $1.88 million) and deferred tax recovery of $0.21 million (Q2 fiscal 2016: $2.12 million deferred tax expense). For the six months ended December 31, 2016 income tax expense was $0.22 million consisting of current tax expense of $0.33 million and deferred tax recovery of $0.11 million compared to the same period last year income tax expense of $3.95 million that consisted of current tax expense of $1.88 million and deferred tax expense of $2.08 million.

The Company's taxable income from gold production in Malaysia is offset by available tax allowances and carryforwards. The Company successfully reviewed its mining allowance with the Malaysia tax authority and a favourable ruling was obtained fiscal 2016 to utilize the allowance earlier. As a result the Company has income tax receivable of $2.11 million, the refundable amounts comprised of $1.98 million from fiscal 2015 and fiscal 2016 tax paid and $0.13 million from fiscal 2017 instalments.

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 the gold treatment plant expansions, production operations at Selinsing and exploration.

The Company's cash and cash equivalents, including the restricted cash balance as at December 31, 2016 was $15.35 million, a decrease of $5.56 million from the balance held at June 30, 2016 of $20.91 million.

- For the three and six months ended December 31, 2016, cash in the amount of $1.55 million was provided from operations and $0.56 million was spent on operations, respectively (Three and six months ended December 31, 2015: $0.81 million and $0.08 million provided from operations, respectively);
- For the three and six months ended December 31, 2016, $0.06 million and $0.12 million of cash was used in financing activities, respectively (Three and six months ended December 31, 2015: $0.06 million and $0.12 million, respectively); and
- For the three and six months ended December 31, 2016, $2.13 million and $4.89 million of cash was spent on investing activities for exploration and development costs, property, plant and equipment acquisitions and construction, respectively (Three and six months ended December 31, 2015: $3.02 million and $5.23 million, respectively).

The cash outflow from financing activities for the three and six months ended December 31, 2016 consisted of finance lease payments for equipment related to the on-site SGS laboratory at Mengapur. Under the terms of the lease agreement, SGS Malaysia provides full laboratory services and charges additional fees for assays exceeding the agreed limit. The related equipment provided by SGS Malaysia will be transferred to the Company at the end of the lease term on January 31, 2017. The lab has been used for all exploration assay work and metallurgical test work across Monument's Malaysian operations.

During the second quarter, cash investment in exploration and evaluation activities totalled $1.32 million compared to $2.60 million in the corresponding period last year, cash of $0.55 million (Q2 fiscal 2016: $1.04 million) was used on the Murchison Gold Portfolio in

Australia, $0.69 million (Q2 fiscal 2016: $1.42 million) cash was used the Selinsing Gold Portfolio in Malaysia and $0.08 million (Q2 fiscal 2016: $0.14 million) was used for care and maintenance for the Mengapur Polymetallic Portfolio.

During the six months ended December 31, 2016, cash investment in exploration and evaluation activities totalled $2.80 million compared to $4.63 million in the corresponding period last year, cash of $1.54 million (Six months ended December 31, 2015: $2.62 million) was used on the Murchison Gold Portfolio in Australia, $1.08 million (Six months ended December 31, 2015: $1.65 million) cash was used the Selinsing Gold Portfolio in Malaysia and $0.18 million (Six months ended December 31, 2015: $0.36 million) was used for care and maintenance for the Mengapur Polymetallic Portfolio.

During the second quarter, cash expenditure on property, plant and equipment ("PPE") was $0.81 million, compared to $0.42 million in the same period last year. The main expenditure on PPE was $0.57 million (Q2 fiscal 2016: $0.34 million) incurred on deferred stripping, equipment and sulphide treatment development for Selinsing in Malaysia and $0.24 million (Q2 fiscal 2016: $0.03 million) on the Burnakura early stage production development in Australia.

For the six months ended December 31, 2016, cash expenditure on PPE was $2.08 million, compared to $0.96 million in the same period last year. The PPE expenditure comprised of $1.26 million (Six months ended December 31, 2015: $0.73 million) on Selinsing in Malaysia and $0.82 million (Six months ended December 31, 2015: $0.18 million) on the Burnakura in Australia.

As at December 31, 2016, the Company had positive working capital of $27.79 million compared to $28.34 million as at June 30, 2016. The decrease of $0.55 million was the result of cash spent on operations and investing activities carried out by the Company to expand its mineral base and pipeline of mineral property projects.

5. CAPITAL RESOURCES

The Company's capital resources as at December 31, 2016 included cash and cash equivalents. The Company's primary sources of funding are cash flow generated from the sale of gold, debt, equity financing through the issuance of stock, and other financial arrangement that can be reasonably considered and available to provide financial resources to the Company. The Company exercises its best effort to seek and utilize its capital resources in an efficient manner in order to meet its business commitments including exploration and mineral property development, acquisitions, capital asset upgrades and working capital.

On December 6, 2016 the Company announced that it executed a term sheet with Lascaux Resource Capital Fund I LP for $1.30 million in convertible notes (the "Notes") and a $13.00 million gold prepaid facility ("PFA", and combined with the Notes the "Proposed Investment"). The funds from the Notes are to be used for specific final technical work that is required as part of the conditions precedent of the PFA for the Burnakura Gold Project. The Company plans to raise additional capital that together with the PFA would be expected to place the Burnakura Gold Project into commercial production. The closing of the Proposed Investment is subject to certain conditions precedent including but not limited to execution of a definitive agreement of both the Notes and the PFA, and board and regulatory approval.

Figure 17: Commitment and Contingencies (000's)

	2017	2018	2019	2020	2021	Total
	$	$	$	$	$	$
Operating leases	46	47	40	40	40	213
Mineral property obligations	155	540	643	613	686	2,637
Purchase commitments	641	-	-	-	-	641
Total	**842**	**587**	**683**	**653**	**726**	**3,491**

Operating leases relate to premises leases. Purchase commitments are mainly for Selinsing mine operations in Malaysia and mineral property obligations are mainly for the Murchison Gold Portfolio in Western Australia.

Commitments relating to mineral property obligations are included in exploration and evaluation expenditure. This expenditure is required to keep tenements in good standing with relevant government authorities.

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: five directors (executive and non-executive), the Chief Executive Officer ("CEO"), the Chief Financial Officer and the Vice President of Business Development who directly reports to the CEO.

The remuneration of the key management of the Company as defined above including salaries, director fees and stock-based compensation is as follows:

Figure 18: Key management compensation (000's)

	Three months ended		Six months ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Salaries	247	246	498	497
Directors' fees	62	72	118	140
Total compensation	**309**	**318**	**616**	**637**

There were no amounts due to related parties at December 31, 2016 (December 31, 2015: $nil million). The directors' fees are paid on a quarterly basis, any unpaid amounts due to directors are recorded against accrued liabilities, unsecured and bear no interest.

8. SUBSEQUENT EVENTS

Refer to note 27 of the unaudited condensed consolidated interim financial statements as at December 31, 2016.

9. CRITICAL ACCOUNTING ESTIMATES

Refer to note 3 of the consolidated financial statements as at June 30, 2016. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions that affect the amounts reported. Significant estimates and areas where judgment is applied include: purchase price allocation and valuation of deferred consideration assets, ore reserves and mineral resource estimates, depreciation and amortization and determination of useful lives, 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.

10. CHANGES IN ACCOUNTING POLICY INCLUDING INITIAL ADOPTION

Refer to note 3 of the unaudited condensed consolidated interim financial statements as at December 31, 2016.

11. FINANCIAL INSTRUMENTS – RISK EXPOSURE AND OTHER INSTRUMENTS

The Company's financial instruments are classified as loans and receivables (cash and cash equivalents, restricted cash and trade and other receivables, financial assets at fair value through profit or loss (FVTPL) (marketable securities), other financial liabilities (accounts payable and accrued liabilities) and financial liabilities at fair value through profit or loss (FVTPL) (gold forward contract). Refer to the condensed consolidated interim financial statements as at December 31, 2016 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.

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. The Malaysian Ringgit weakened slightly during the quarter compared with the USD and CAD. A weaker Malaysian Ringgit reduces costs in US dollar terms at the Company's Malaysian operations.

Based on the above net exposures as at December 31, 2016 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 $0.13 million (June 30, 2016: $0.15 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 $0.04 million (June 30, 2016: $0.09 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 $nil million (June 30, 2016: $0.05 million) in net income.

Figure 19: Monthly USD to CAD Exchange Rates

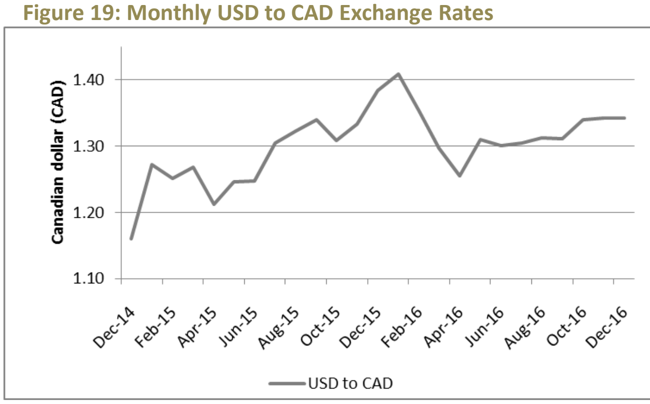
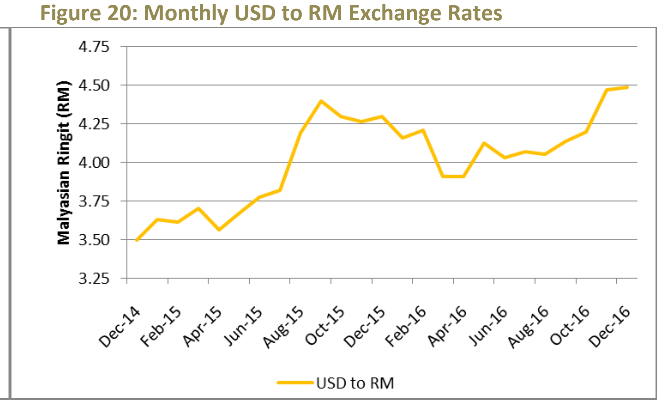


Figure 20: Monthly USD to RM Exchange Rates



Commodity price risk

For the quarter, the Company's revenues and cash flows were impacted by gold prices in the range of $1,313 to $1,126 per ounce (Q2 fiscal 2016: $1,049 to $1,184 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 the investments of financial instruments included in cash and cash equivalents is relatively unaffected by changes in short-term interest rates. The investments are generally held to maturity and changes in short-term interest rates do not have a material effect on the Company's operations.

Credit risk

The Company is exposed to concentration of credit risk with respect to cash and cash equivalents. As at December 31, 2016, the maximum exposure to credit risk is the carrying amounts with $9.91 million (June 30, 2016: $10.68 million) held with a Malaysian financial institution, $0.07 million with an Australian financial institution (June 30, 2016: $0.33 million) and $5.37 million (June 30, 2016: $9.90 million) held with a Canadian financial institution. 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.

(in United States dollars, except where noted)

12. OUTSTANDING SHARE DATA

The following details the share capital structure as at February 28, 2017, the date of this MD&A (Figure 21).

Figure 21: Share capital structure

Common Shares (1)	Quantity
Issued and outstanding	322,718,030
	322,718,030

Stock options (2)	Exercise Price	Expiry date	Quantity
	CAD$0.45	07-Mar-17	150,000
	CAD$0.33	04-Sep-18	200,000
			350,000

(1) 14,000,000 common shares are held in escrow in relation to the Intec Transaction. The terms of escrow period has been extended to July 16, 2017.

(2) During the six months ended December 31, 2016, 100,000 stock options expired and 13,043,666 stock options were voluntarily forfeited by management. The Company will take the forfeitures into account when determining grants of RSUs under the RSU plan (Note 18(a)).

13. RISKS AND UNCERTAINTIES

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

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

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

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

Title to mineral property interests

Although the Company has taken steps to verify the title to its mineral property interests, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to administrative delays common in Malaysia, unregistered prior agreements or transfers and title may be affected by undetected defect.

To the best of the Company's knowledge, title to its properties are in good standing, except the prospecting exploration permit for the Star Destiny prospect that expired on September 23, 2012. The Company submitted an application of renewal in November 2011 to the Pahang State authority; it also submitted two applications for mining licenses in 2009 and 2010 over sections of the same area. Another application for a mining lease over the prospecting land was also submitted in August 2012. The Company has yet to receive an official notification from the Pahang State authority in response to its applications and several inquiries regarding the title status. According to the Malaysia Mining Engagement 2007, the Company has considered its status quo for the Star Destiny tenement title remaining intact.

Realization of assets

Mineral property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, obtaining of permits, satisfaction of governmental requirements and possible aboriginal claims, attainment of successful production from the properties or from the proceeds of their disposal.

Reserves and resource estimates

There is a degree of uncertainty attributable to the estimation of Reserves and Resources and the corresponding grades. Reserve and Resource estimates are dependent partially on statistical information drawn from drilling, sampling and other data. Reserve and Resource figures set forth by the Company are estimates, and there is no certainty that the mineral deposits would yield the production of metals indicated by Reserve and Resource estimates. Declines in the market price for metals may adversely affect the economics of a deposit and may require the Company to reduce its estimates. Changes in gold recovery rates during milling and especially the impact of the Intec 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 and the ultimate operating cost of the relevant project. 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 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 on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

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

Additional funding for 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 fund such acquisitions and development in order to fulfill 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 integrated world 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 into the future.

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 risk is considered external and not at the control of the Company.

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

The regulations the Company shall comply with in Malaysia include, but are not limited to, the Mineral Enactment Act 2001, Mineral Development Act 2004, Environmental Quality Regulations 1978, The Planning Guideline for Environmental Noise Limit and Controls, Factories and Machinery Act 1967, Occupational Safety and Health Act 1994 and the Goods and Services Tax Act 2014.

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

14. 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.

15. NON-GAAP PERFORMANCE MEASURES

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

16. 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'' or ''forward-looking statements'' within the meaning of certain securities laws, including the provisions of the Securities Act (Ontario) and are based on expectations, estimates and projections as of the date of this Management's Discussion and Analysis. Forward-looking statements include, without limitation, possible events, 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, 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, title disputes or 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 are 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 III plant expansion on a basis consistent with Monument' current expectations; (4) the viability, permitting and exploration of Mengapur project being consistent with Monument' current expectations; (5) political developments in Malaysian jurisdiction in which the Company operates being consistent with its current expectations;(6) the exchange rate between the Canadian dollar, Malaysian ringgit, Australian dollar and the U.S. dollar being approximately consistent with current levels; (7) certain price assumptions for gold;(8) prices for natural gas, fuel oil, electricity and other key supplies being approximately consistent with current levels;(9) production and cost of sales forecasts for Selinsing operations meeting expectations; (10) 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; (11)

labour and materials costs increasing on a basis consistent with Monument's current expectations. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are 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 contests over title to properties, particularly title to undeveloped 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 actual 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. .