## 1.1 Date

The following management discussion and analysis of Monument Mining Limited ("Monument" or the "Company") as of February 28, 2012 should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the six months ended December 31, 2011 and related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Board. Comparative information included in December 31, 2011 interim condensed consolidated financial statements and in this MD&A has been restated in accordance with IFRS. Information prepared in accordance with Canadian general accepted accounting principles ("Canadian GAAP") has been noted. This discussion addresses matters we consider important for an understanding of our financial condition and results of operations as of the three and six months ended December 31, 2011, as well as our outlook.

NON-GAAP PERFORMANCE MEASURES

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

All amounts herein are expressed in United States dollars unless otherwise indicated. 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.

## 1.2 Overview

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

The Company's current 100% owned primary gold properties - Selinsing Gold Project ("Selinsing"), Buffalo Reef Prospect ("Buffalo Reef") and Famehub properties ("Famehub") - are located in the Central Gold Belt of Western Malaysia. While the gold production at Selinsing continues to generate healthy cash flow in the six months ended December 31, 2011, Management seeks further growth of resources and expansion of production capacity through building up the portfolios of mineral properties in Malaysia and the gold plant expansion.

The fiscal 2012 is a year of expansion and diversification for the Company moving towards building a middle tier mineral resource company based on its current portfolios including the producing gold mine, the advanced exploration gold project and grass root gold prospective properties. During the first quarter, the Company acquired 49% of Mersing Gold Project through an earn-in agreement. Mersing Project has potential to host primary gold mineralization. In addition, the Company acquired 100% common shares of Star Destiny Sdn. Bhd., which holds 100% right of the exploration permit pertaining to a prospective land totaling 750 Hectares in Pahang State, Malaysia. The property is adjacent to the west and south of Mengapur Polymetalic Project, another major project of the Company for potential growth.

The Company commenced due diligence in August 2011 on the Mengapur Polymetalic Project located in Pahang State, Malaysia. The management believes this project might introduce significant economic prospects that can add potential value to the shareholders and diversify their investment risk. A Project Oversight Committee ("POC") for Mengapur Project was established and led by Graham Dickson, the technical director of the Company. The POC is comprised of geologists, mining engineers, processing plant engineers, metallurgists, chemists, environmentalists and financial and marketing experts to assess the Mengapur Polymetalic Project. The Company engaged Snowden Mining Industry Consultants ("Snowden") to prepare a NI 43-101 compliant technical report which was complete in November 2011 and was SEDAR filed on December 2, 2011 (refer to www.sedar.com).

A Definitive Acquisition Agreement was signed concurrently with completion of due diligence on November 24, 2011 to acquire a 70% of interest in the Mengapur Project.

At the General and Special Meeting held on December 30, 2011, shareholders approved by a considerable margin the Company's proposed acquisition of the Mengapur Project in Malaysia and the proposed private placement financing, which may create the proposed placee, Tulum Corporation Ltd., as a "control person", who is, defined under applicable rules of the TSX Venture Exchange ("TSX-V"), acquiring more than 20% of the Company's issued and outstanding shares at the closing of the private placement. On February 21, 2012, the Company announced that it has closed the acquisition using cash on hand upon receipt of the TSX-V's acceptance. The private placement of up to CAD$70,000,000 for the development of the Mengapur acquisition, pending the acceptance of TSX-V, has also been successfully negotiated at more favorable terms.

During the six months period ended December 31, 2011, in order to expand the production capacity, the Company commenced the Phase III gold processing plant expansion at the Selinsing Gold mine from 400,000 tpa to approximately 1,000,000 tpa targeting completion in May 2012. Concurrently it also has commenced the Stage II Tailing Storage Facility (the "TSF") construction. The stage II Tailings Storage Facility expansion is designed to accommodate 10 years discharge from the 1 million tonnes per annum ("tpa") gold treatment plant.

The six month period exploration has produced a total of 3,791 drill metres on Selinsing and Buffalo Reef. The drill team was diverted to the Mengapur Project confirmation drilling program in order to complete the due diligence under a tight time constrained program.

***Financial and Operating Highlights***

(1) Key gold production statistics

| Selinsing Gold Mine | Fiscal 2010 | Fiscal 2011 | Q1 2012 | Q2 2012 | Fiscal 2012 to date |
|---|---|---|---|---|---|
| **Operating results** | | | | | |
| Ore mined (tonnes) | 662,330 | 740,909 | 124,736 | 128,557 | 253,293 |
| Ore processed (tonnes) | 272,120 | 351,999 | 86,343 | 84,182 | 170,525 |
| Average ore head grade (g/t Au) | 3.08 | 4.31 | 4.53 | 5.25 | 4.89 |
| Process recovery rate | 58.7% | 92.9% | 95.1% | 95.3% | 95.2% |
| Gold production (ounces) | 13,793 | 44,438 | 11,846 | 11,736 | 23,582 |
| Gold sold (ounces) | 13,793 | 40,438 | 8,372 | 12,765 | 21,137 |
| **Financial results** | | | | | |
| Gold sales (US$'000)[(a)] | 16,316 | 56,627 | 14,430 | 21,084 | 35,514 |
| Per ounce data | | | | | |
| Cash cost per ounce | 216 | 242 | 297 | 307 | 303 |
| Average spot gold price, US$/ounce | 1,089 | 1,372 | 1,702 | 1,688 | 1,695 |
| Average realized gold price, US$/ounce | 1,183 | 1,400 | 1,724 | 1,652 | 1,680 |

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

(2) The Phase III gold plant expansion construction at the Selinsing Gold Mine is approximately 50% complete and is progressing as planned targeting completion by May 2012;

(3) In November 2011 the Company acquired the 100% common shares of Star Destiny Sdn. Bhd. ("SDSB") by cash through its wholly-owned Malaysian subsidiary. SDSB is a Malaysian company holding 100% right of the exploration permit pertaining to totaling 750 Hectares of prospective land adjacent to the Mengapur Polymetalic Project in Pahang State, Malaysia,

(4) In November 2011 the NI43-101 compliant technical report was completed by Walter Dzick, B.Sc., MBA, P. Geo., MAusIMM, and Rod Carlson, B.Sc., M.Sc., MAIG, of Snowden Mining Industry Consultants ("Snowden"), and SEDAR filed on December 2, 2011 as "Monument Mining Limited: Mengapur Project, Pahang State, Malaysia, Project No. V1165", representing a compilation of historic information and data that has been provided to Snowden by the Company. All economic assessments and resource

statements included in the Report are considered historic in nature and there is no certainty that any economic assessments will be realized;

(5) At the Annual General and Special Shareholder's Meeting held on December 30, 2011, the Mengapur Project acquisition and the CAD$70 million private placement that may create the placee, Tulum Corporation Ltd., as a "control person were approved by shareholders. A new board of directors of seven directors were elected;

(6) On February 21, 2012, upon receipt of the TSX-V acceptance, the Company announced that it has closed the acquisition of a 70% interest in the Mengapur Polymetalic Project located in Pahang State, Malaysia; the private placement of up to CAD$70,000,000 for the Mengapur acquisition, pending for the acceptance of the TSX-V, has also been successfully negotiated at more favorable terms.

### *1.2.1 Property Agreements*

**Selinsing Gold Project**

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

During the year ended June 30, 2011, the Company acquired exploration rights for consideration of $102,921, covering prospective land that lies adjacent to the Selinsing operating open pit, which allows the exploration programs to be scheduled accordingly.

**Damar Consolidated Exploration Sdn. Bhd.**

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

The Company acquired exploration rights for consideration of $35,090, covering prospective land that lies adjacent to the Buffalo Reef, which allows the exploration programs to be scheduled accordingly.

**Acquisition of Famehub Properties**

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

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

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

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

In September 2011 the Company signed an Earn-In Agreement with a Malaysian company, Emas Kehidupan Sdn. Bhd. ("EK") and its 30% joint venture partners, under which Monument has the right to earn or acquire up to a 100% interest in the "Mersing Gold Project" (previously known as the "Gunung Arong Gold Prospect"). Pursuant to the terms of Earn-in Agreement, Monument shall acquire 49% of the Mersing Project by paying $500,000 cash and issuing 1,500,000 fully paid Monument shares to the vendors in exchange for 70% of the shares in EK, which in turn holds a 70% interest in the Mersing Gold Project, conditional upon completion of a $2,000,000 exploration program on the Mersing Gold Project within two-years. The Company has the right to earn a further 21% interest in the Mersing Gold Project by making either, at the option of the vendors, a further $1,500,000 cash payment to the vendors or by issuing 2,500,000 fully paid Monument shares to the vendors in order to acquire the remaining 30% of the issued EK shares bringing Monument's interest in the Mersing Gold Project to 70%, conditional upon completion of a further $2,000,000 exploration program on the Mersing Project within two years.

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

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

The Company is in planning of an exploration program on the Mersing Gold Project as a part of its gold project pipeline development in Malaysia. Exploration at the Mersing Gold Project will provide an opportunity to understand the geological nature of gold mineralization within the Mersing district and, if successful, will create an opportunity for further discovery along the structural trend as defined by the Mineral and Geosciences Department of Jahore State.

### Acquisition of a 70% of interests in the Mengapur Polymetalic Project

On May 31, 2011, the Company, through its wholly-owned subsidiary Monument Mengapur Sdn Bhd ("MMSB",) in Malaysia, entered into a binding Memorandum of Understanding (the "MOU") with Malaco Mining Sdn Bhd ("Malaco') and Malaco's wholly-owned subsidiary Cermat Aman Sdn Bhd ("CASB"), both incorporated in Malaysia, to acquire 70% of the Mengapur Polymetalic Project located in Pahang State, Malaysia.

On November 24, upon completion of due diligence, a Definitive Acquisition Agreement was signed among the Company, its wholly-owned subsidiary MMSB and Diamond Hard Mining Sdn. Bhd., its shareholders and its wholly-owned subsidiaries Malaco and CASB subject to financing, shareholders' and regulatory approvals. Under terms of the Definitive Acquisition Agreement, MMSB would pay $60,000,000 in cash and issue 300 MMSB shares (representing a 30% interest in MMSB) to Malaco in exchange for a 100% interest in CASB, the company that holds 100% of the Mengapur Project. As the result of the acquisition, the Company would own 70% of the Mengapur Project with exception for certain magnetite materials contained in the overburden oxide soils. Of the total consideration, the additional $10,000,000 is to purchase iron ore materials contained within the skarn which were originally going to remain with the Malaco Group under the terms of the MOU. A non-refundable deposit of $500,000 was paid to Malaco upon signing of the Definitive Acquisition Agreement, and $4,500,000 was set up as Escrow Fund in securing the Mengapur Project. Upon closing of the acquisition, total $5,000,000 shall be applied against the purchase price.

The proposed acquisition was approved at the Annual General and Special Shareholder's Meeting held on December 30, 2011 ("The 2011 Shareholders Meeting"), thereafter was accepted by the TSX-V in February 2012. Although Monument intended to complete the Mengapur Acquisition with the proceeds from its previously announced proposed private placement financing, which was also approved by the 2011 Shareholders Meeting and remains subject to Exchange acceptance, Monument decided, and considers it in the best interests of the Company, to close the Acquisition using its cash on hand, given the Company's current working capital position and its continued cash flow from gold production generated by its existing operations.

On February 21, 2012, the Company announced that, using the cash on hand, it closed the acquisition of a 70% interest in the Mengapur Polymetalic Project by acquired a 100% interest in CASB. In exchange, MMSB: (i) arranged for the payment of an aggregate of $60,000,000 in cash to Malaco and certain of Malaco's creditors; and (ii) issued 300 MMSB shares (representing a 30% interest in MMSB) to Malaco. As a result, Monument now holds an indirect 70% interest in the Mengapur Project.

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

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

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

During due diligence, the Company engaged Snowden to prepare a NI 43-101 compliant technical report, which was completed by Walter Dzick, B.Sc., MBA, P. Geo., MAusIMM, and Rod Carlson, B.Sc., M.Sc., MAIG, of Snowden Mining Industry Consultants ("Snowden") in November 2011 and SEDAR filed as "Monument Mining Limited: Mengapur Project, Pahang State, Malaysia, Project No. V1165" on December 2, 2011 (refer to www.sedar.com). The Technical Report represents a compilation of historic information and data that has been provided to Snowden by the Company and all economic assessments and resource statements included in the Report are considered historic in nature and there is no certainty that any economic assessments will be realized.

As part of Historical Study, the authors of the Historical Study helped determine a Cu-S-Au-Ag sulfide reserve (Table 1, below) on Zone A, and a Cu-S-Au-Ag sulfide and oxide resource (Table 2, below) on Zones A, B, and C. The resource and reserve estimate reports are considered relevant because they provide an indication of the mineral potential of the project. The historical resource and reserve estimates reported in the Historical Study use categories other than those set out in NI 43-101 and therefore should not be considered as Mineral Resources and Mineral Reserves as defined in the CIM 2005 guidelines. These reserves and resources do not meet the requirements of the 2005 CIM Guidelines and should only be considered to be historical in nature. The Historical Study does not clearly state if this reserve is included in the resource estimate.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Acquisition of Star Destiny Sdn. Bhd.**

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

### *1.2.2 Projects Update*

**Selinsing Gold Project**

Resources

The Selinsing Gold Project ("Selinsing Project") is located at Bukit Selinsing near Sungai Koyan, approximately 65 km north of Raub and 40 km west of Kuala Lipis on the lineament known as the Raub Bentong Suture, at approximately 04015'00"N latitude, 101047'10"E longitude. The resources ofthe Selinsing Gold Project are comprised of an indicated mineral resource of 3,630,000 tonnes at 1.76 gpt, using a cutoff of 0.75 gpt for contained ounces of 205,000 ounces of gold, and an inferred mineral resource of 7,690,000 tonnes at a grade of 1.34 gpt for contained ounces of 330,000 ounces of gold at a similar cutoff grade. It is a near surface open pitable resource that metallurgical test work indicates and subsequent mill production records confirm recovery between 92% and 95%.

Mine Development

Selinsing mine development commenced in October 2008 and was completed in the first quarter of fiscal 2011, including the mine site and camp development, the 1,200 tonnes per day ("tpd") gold treatment plant construction and the tailing storage facility development with capacity to store a 16 month tailing discharge from the processing plant.

*Phase III Expansion*

Phase III expansion of the gold plant estimated at $8.1 million is aimed to increase capacity of the gold treatment processing plant from 400,000 tpa to approximately 1,000,000 tpa through installation of an additional crusher, a primary ball mill, three leach tanks, and other improvement to the gold room, detoxification circuit, tailing pipelines and pumping system. As at the date of this discussion, total costs incurred till December 31, 2011 were approximately $4,681,000; the physical construction is approximately 50% complete and is progressing as planned targeting completion by May 2012.

*TSF Expansion*

The Company also committed $1.3 million to expand the TSF. The construction involves raising the existing dam height 12 metres to give an estimated total tailings storage capacity of 4.6 million tones. Construction was completed in December 2011. The increased capacity will support 10 years of tailings discharge from the expanded processing capacity resulting from the Phase III gold processing plant expansion targeting the completion. The design of the expanded TSF allows for the walls to be further raised another 16 metres to its final height which will further increase the storage capacity to 11.0 million tonnes. The total cost to date was $1.7 million.

Production

The first year commercial operation in fiscal 2011 produced 44,438 ounces of gold, 11% higher than projected mainly due to higher feed grade and recovery of the ore materials compared to the budget in fiscal 2011; production in fiscal 2012 is steady in line with the projection of 55,000 ounces; mining and processing operating results for the three-month period ended September 30, 2011 and 2010, December 31, 2011 and 2010 are provided as follows:

| | Year ended, June 30, 2010 | Year ended, June 30, 2011 | Three months ended September30, 2010 | Three months ended September30, 2011 | Three months ended December 31, 2010 | Three months ended December 31, 2011 |
|---|---|---|---|---|---|---|
| **Mining** | | | | | | |
| Ore mined (tonnes) | 662,330 | 740,909 | 203,150 | 124,736 | 159,681 | 128,557 |
| Waste removed (tonnes) | 2,326,502 | 2,707,598 | 615,937 | 719,080 | 649,584 | 686,995 |
| Stripping ratio | 3.51 | 3,65 | 3.03 | 5.76 | 4.07 | 5.34 |
| Ore stockpiled (tonnes) | 387,545 | 773,432 | 499,589 | 813,175 | 570,719 | 859,011 |
| **Process** | | | | | | |
| Crushed ore (tonnes) | 274,786 | 355,021 | 91,106 | 84,993 | 88,552 | 82,722 |
| Ore processed (tonnes) | 272,120 | 351,999 | 89,834 | 86,343 | 87,845 | 84,182 |
| Average mill feed grade (g/t) | 3.08 | 4.31 | 4.08 | 4.53 | 4.41 | 5.25 |
| Processing recovery rate | 58.7% | 92.9% | 90.0% | 95.1% | 93.7% | 95.3% |
| Gold produced (oz) | 13,793 | 44,438 | 9,050 | 11,846 | 11,348 | 11,736 |
| Gold sold (oz) | 13,793 | 40,438 | 8,650 | 8,372 | 10,148 | 12,765 |
| Revenue (in 000's) | 16,316 | 56,627 | 10,863 | 14,430 | 14,115 | 21,084 |
| Cash cost (US$/oz) (1) – | | | | | | |
| Mining | 64 | 53 | 49 | 54 | 52 | 51 |
| Processing | 90 | 120 | 89 | 152 | 140 | 131 |
| Royalties | 62 | 69 | 61 | 86 | 68 | 120 |
| Operations, net of silver recovery | - | - | - | 5 | 2 | 5 |
| Total cash cost (US$/oz) | 216 | 242 | 199 | 297 | 262 | 307 |

(1) Total cash cost includes production costs such as mining, processing, tailing facility maintenance and camp administration, royalties, and operating costs such as storage, temporary mine production closure, community development cost and property fees, net of by-product credits. Cash cost excludes amortization, depletion, accretion expenses, capital costs, exploration costs and corporate administration costs. The Company pays 5% of gross revenue prior October 1, 2011 and the market value of produced gold thereafter as a royalty to the Malaysian government.

Exploration

A twelve month exploration program was initiated on September 22, 2010 for Selinsing including 22 drill holes comprising 1,000m RC drilling and 3,000m diamond drilling budgeted at $0.6 million (CAD 0.6 million). The drill program is aimed to increase the reserves by converting the inferred gold resources below the present Selinsing open pit outline.

As of the end of December 31, 2011, a total of 5,011 metres in 23 drill holes were drilled at Selinsing for total cost in amount of $724,599. The 20 metres spaced drill holes are up to 250 metres deep and are designed to intercept the mineralized structure 220 metres below surface at 280 metres Reduced Level ("RL"). This is below the existing planned pit depth.

A total of 1,976 samples were sent to SGS (Malaysia) Sdn. Bhd., an accredited laboratory which complies with requirements of ISO/IEC 1725:2005, for preparation and analysis. The sampling is of half NQ and half HQ diamond drill core with maximum sample intervals of

1.5 metres. Quality assurance and quality control ("QAQC") is maintained through the submission of certified reference materials and blanks. Coarse split duplicates are collected and analyzed, but assays are pending. Sample recoveries are good to excellent.

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

The results indicate that high grade shoots extend below the existing pit and is still open at depth. The on-going programs will continue to assess the gold distribution at depth with the data to be used to construct the new resource estimate. Current results are in line with the data from the Selinsing "Deeps" (below the current pit limit) obtained from historic drilling campaigns conducted before the 2007 acquisition.

Environment, Safety and Health

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

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

In the six months ended December 31, 2011 routine safety inspections were conducted at all areas on the mine site and regular checks were made on fire extinguishers, first aid kits and safety showers. A landslide emergency drill was successfully completed in the Mining area with the co-operation and assistance from the relevant Government agencies.

SBA consultants were engaged to expedite the amendment of the Operational Mining Scheme, the supplemental Environmental Impact Assessment study and the permit for increased storage capacity of diesel on site. SGMM worked closely with SBA in expediting the preparation of the technical reports and submissions to the relevant authorities.

**Buffalo Reef Prospect**

Resources

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

The Buffalo Reef deposit had only historical estimated resources upon acquisition in 2007. In fiscal 2011, Snowden Pty Ltd Australia was engaged to update the mineral resources at Buffalo Reef to convert the inferred resources into the measured and indicated category, and to update the JORC Code compliant gold resources to NI 43-101 standards. During the prior year, the NI 43-101 report was completed and filed under SEDAR. The NI43-101 report estimates the resources based on the RC drilling through 2008 to November 2010 totalling 11,880 meters from 165 holes. At a block cut-off grade of 0.5 g/t Au, the currently defined Buffalo Reef Indicated Mineral Resource is 2.30 million tonnes grading 2.24 g/t Au for a total of 165,500 ounces of Au. At the same Au block cut-off grade, the currently defined Inferred Mineral Resource is 1.36 million tonnes grading 1.31 g/t Au for a total of 57,300 ounces of Au.

(in United States dollars, except where noted)

The Mineral Resource is summarized in the table 1.1 Buffalo Reef Mineral Resources report, as at May 2011, reported above a 0.5 g/t Au cut-off grade:

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

An historic estimate undertaken in accordance with the JORC code reported the Buffalo Reef property contains a Indicated Resource of 1,944,000 tonnes grading 2.49 gpt Au and an Inferred Resource of 568,000 tonnes grading 1.62 gpt Au in oxide + transitional and sulphide materials, using a 0.5 gpt Au cut-off. A NI-43-101 Summary Report on the Buffalo Reef Project written by Orequest Consultants and filed on SEDAR on June 19, 2007 confirms the merits of the Buffalo Reef Project. Comparing to the historical estimates, the NI43-101 report represents 6.36% increase in gold content for Indicated Resource and 93.58% increase for Inferred Resource. The increase in the Inferred Resource is mostly located across the boundary into the Felda Block 7 where no drilling work has been carried out as yet. The Company has since reached agreement with the owners to be able to access and carry out further exploration.

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

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

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

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

During the six months ended December 31, 2011, Pahang State Government via the State Land and Mine Department approved the renewal application of MC 1/107. The mining lease was extended for an additional 10 years; tenement fees were paid by Damar to the State Government of Pahang for issuance of the new lease certificate.

(in United States dollars, except where noted)

Exploration

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

The program has moved slower than expected due to shortage of experienced drillers and condition of the drill rigs. During the six months ended December 31, 2011, two additional drill rigs were purchased and brought to the site, fully commissioned and placed in use. A new exploration office was built to accommodate the newly recruited exploration personnel and core storing and handling facilities were constructed. Upgrading of the workshop to support the ongoing exploration activities continued into the 2012 fiscal year.

During the six months ended December 31, 2011, the drill team was diverted to carry out confirmation drilling for the Mengapur Project to accommodate the Mengapur due diligence process within tight time constraints.

**Famehub Properties**

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

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

The Famehub area is in an early stage of exploration. It consists of nine separate exploration prospects. Extensive stream sediment and soil sampling campaigns have been completed by the previous owners with minimal drilling conducted to date. The results of the geochemical sampling included in the database obtained by the Company indicate anomalous gold grades are present in the Famehub properties. Follow up exploration work is required to define the extent of any potential gold mineralization (refer to "Preliminary Assessment of Exploration Tenements, Malaysia, NI 43-101 Technical Report", August 2010, prepared by Snowden Group Australia and filed on www.sedar.com.

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

In the six months ended December 31, 2011, field works have been carried out at the Panau, Serau and Tekai prospects. A total of 1,082 trench samples, 551 soils samples, 98 stream sample and 82 rock chips were collected from these areas which are located between 8-15 km north east from Selinsing and Buffalo Reef deposit.

### *1.3 Selected Financial Information (IFRS)*

| BALANCE SHEET | December 31, 2011 | June 30, 2011 | July 1, 2010 |
|---|---|---|---|
| Current assets | $88,169,768 | $68,326,751 | $10,599,467 |
| Other assets | 70,144,400 | 56,415,756 | 56,568,191 |
| Total assets | 158,314,168 | 124,742,507 | 67,167,658 |
| | | | |
| Current liabilities | 7,260,596 | 4,919,497 | 3,637,939 |
| Other liabilities | 20,287,111 | 34,170,796 | 4,257,461 |
| Non-controlling interests | 592,374 | - | - |
| Equity attributable to parent | 130,174,087 | 85,652,214 | 59,272,258 |
| Total liabilities and shareholders' equity | 158,314,168 | 124,742,507 | 67,167,658 |
| | | | |
| Working capital | $80,909,172 | $63,407,254 | $6,961,528 |

(in United States dollars, except where noted)

### 1.4 Operating highlights

| | Three months ended December 31, | | Six months ended December 31, | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| Revenue - gold sales | $ 21,084,315 | $ 14,119,390 | $35,514,613 | $20,730,884 |
| Cost of gold sold (all cash cost) | (3,924,863) | (2,656,989) | (6,405,203) | (3,731,830) |
| | 17,159,452 | 11,462,401 | 29,109,410 | 16,999,054 |
| Depletion, amortization and accretion | (944,025) | (324,904) | (2,061,979) | (431,267) |
| Income from mining operations | 16,215,427 | 11,137,497 | 27,047,431 | 16,567,787 |
| Other operating expenses | (1,435,876) | (1,022,324) | (2,342,777) | (1,944,369) |
| Income before other items | 14,779,551 | 10,115,173 | 24,704,654 | 14,623,418 |
| Other income (loss) | 12,359,205 | (5,520,821) | 14,472,515 | (8,910,803) |
| Income taxes | (713) | - | (713) | - |
| Net income for the period | 27,138,043 | 4,594,352 | 39,176,456 | 5,712,615 |
| | | | | |
| Earnings per share before other income | | | | |
| Basic | $ 0.08 | $ 0.06 | $ 0.14 | $ 0.09 |
| Diluted | $ 0.08 | $ 0.05 | $ 0.13 | $ 0.08 |
| | | | | |
| Earnings per share after other income and tax | | | | |
| Basic | $ 0.15 | $ 0.03 | $ 0.22 | $ 0.03 |
| Diluted | $ 0.14 | $ 0.02 | $ 0.20 | $ 0.03 |
| | | | | |
| Basic weighted average number of common shares | 183,997,299 | 171,089,388 | 181,416,727 | 164,063,485 |
| Diluted weighted average number of common shares | 193,614,656 | 189,458,243 | 194,898,545 | 172,828,993 |

Summary

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

For the three months ended December 31, 2011, the net income was $27,138,043, or $0.15 per share compared to $4,594,352, or 0.03 per share in the corresponding period of fiscal 2011. It was comprised of income from operations and income (loss) from other items.

For the second quarter of fiscal 2012, the gold production from the Selinsing Gold Project generated an income of $14,779,551 net of operating and corporate expenses, or $0.08 per share, an increase of $4,664,378, or $0.02 per share compared to $10,115,173 or $0.06 per share in the corresponding period in fiscal 2011. The favorable results was due to a combination of gold production, the full commercial production period verse the partial commercial production period and increase in the gold price.

Other income of $12,358,492 or $0.07 per share (Q2, fiscal 2011 – ($5,520,821) or ($0.03) per share), includes change in fair value on derivative liabilities of $12,169,300 (Q2, fiscal 2011 –($4,992,613)) estimated using Black-Scholes financial model, interest income of $55,692 (Q2, fiscal 2011 – $29,356), foreign exchange gain of $355,422 (Q2, fiscal 2011 – ($191,108)); offset by the accretion expense of $221,209 (Q2, 2011 - $366,456) and income tax of $713 (Q2, 2011 – Nil). Change in derivative liabilities vary from time to time influenced by fair value of the share price and other assumptions as explained under note 10 and 11 in the financial statements.

For the six months ended December 31, 2011, the net income was $39,176,456, or $0.22 per share compared to $5,712,615, or 0.03 per share in the corresponding period of fiscal 2011. It is comprised of income from operations and income (loss) from other items.

For the six months period of fiscal 2012, the gold production from the Selinsing Gold Project generated an income of $24,704,654 net of operating and corporate expenses, or $0.14 per share, an increase of $10,081,236, or $0.19 per share compared to $14,623,418 or $0.03 per share in the corresponding period in fiscal 2011. The favorable results was due to a combination of gold production, full commercial production period verse the partial commercial production period and increase in the gold price.

Other income of $14,417,802 or $0.08 per share (fiscal 2011 – ($8,910,803) or ($0.06) per share) , includes change in fair value on derivative liabilities of $14,383,519 (fiscal 2011 – ($8,114,029)) estimated using Black-Scholes financial model, gain on gold forward sale of $66,508 (fiscal 2011 – nil), interest income of $91,870 (fiscal 2011 – $42,542), foreign exchange gain of $373,278 (fiscal 2011 –

($385,548)); offset by the accretion expense of $442,660 (2011 - $423,768) and income tax of $713 (2011 – Nil). Change in derivative liabilities vary from time to time influenced by fair value of the share price and other assumptions as explained under note 10 and 11 in the financial statements.

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

Revenue from the sale of metals is recognized in the financial statements when the following conditions are met: persuasive evidence of an arrangement exists; title and risk passes to buyer, the price is fixed or determinable; and collectability is reasonably assured. Incidental revenues from the sale of silver by-products are classified within cost of sales.

For the three months ended December 31, 2011, the Company had recognized gold sales of $21,084,315, produced 11,736 ounces of gold and sold 12,765 ounces of gold at an average realized price of $1,652 per ounce. For the three months ended December 31, 2010, the Company had recognized gold sales of $14,119,390, produced 11,348 ounces of gold and sold 10,148 ounces of gold at an average realized price of $1,391 per ounce.

For the three months ended December 31, 2011, cash cost of goods sold included mining operating results amounted to $3,924,863 or $307/oz (three months ended December 31, 2010: $2,697,775, $265/oz), comprised primarily of $651,493, or $51/oz for mining (2010 - $529,145, $52/oz accordingly); $1,676,874, or $131/oz for processing (2010 - $1,448,061, $142/oz accordingly); $1,529,648 or $120/oz for royalties (2010 - $699,541, $69/oz accordingly); and $83,368 for operations, or $7/oz (2010 - $131,736, $13 oz accordingly), offset by silver by-product sales of $16,519, or $1/oz (2010 - $110,708, $11/oz accordingly). The increase in processing costs was mainly due to further detox treatment; After September 30, 2011, royalty is based on 5% of the market value of produced gold, and the royalty for produced gold balance at September 30, 2011 was paid during the three months ended December 31, 2011. These triggered a significant increase in royalties per ounce in comparison to the prior period.

For the six months ended December 31, 2011, the Company had recognized gold sales of $35,514,613, produced 23,582 ounces of gold and sold 21,138 ounces of gold at an average realized price of $1,680 per ounce. For the six months ended December 31, 2010, the Company had produced 20,398 ounces of gold and sold 18,798 ounces of gold at an average realized price of $1,329 per ounce. Gold sales for July 2010 and August 2010 of $4,247,500 from 3,500 ounces sold and related production costs were capitalized against the Selinsing Gold Property and construction of the gold treatment plant. As at September 1, 2010, the Company completed the commissioning of the gold treatment plant and commenced full commercial production. Reported gold sales for the four months ended December 31, 2010 were $20,730,884 from 15,298 ounces sold.

For the six months ended December 31, 2011, cash cost of goods sold included mining operating results amounted to $6,405,204 or $303/oz. (six months ended December 31, 2010: $4,415,349, $235/oz.), comprised primarily of $1,103,428, or $52/oz. for mining (2010 - $951,544, $51/oz accordingly); $2,946,994, or $139/oz for processing (2010 - $2,215,116, $118/oz accordingly); $2,245,986 or $106/oz. for royalties (2010 - $1,229,479, $65/oz. accordingly); and $140,462 for operations, or $7/oz. (2010 - $144,901, $8oz. accordingly), offset by silver by-product sales of $31,667, or $2/oz. (2010 - $125,691, $7/oz. accordingly). The increase in processing costs was mainly due to increasing the operation of the Carbon in Leach circuit to design capacity; after September 30, 2011, royalty is based on 5% of the market value of produced gold, and the royalty for produced gold balance at September 30, 2011 was paid during the three months ended December 31, 2011. These triggered a significant increase in royalties per ounce in comparison to the prior period. Cash costs of goods sold for July 2010 and August 2010 were capitalized against the Selinsing Gold Property and construction of the gold treatment plant. Reported cost of gold sold for the four months ended December 31, 2010 was $3,731,830.

Depletion, Amortization and Accretion

Other production expenses included depletion and amortization of $1,203,262 and $379,683 and accretion of asset retirement obligations in credit amount of $257,484 and $54,779 for the three months ended December 31, 2011 and 2010, respectively; and depletion and amortization of $2,009,323 and $442,912 and accretion of asset retirement obligations in amount of $56,535 and credit of $11,645 for the six months ended December 31, 2011 and 2010, respectively. Depletion began in September 2010, in conjunction with the commencement of commercial production. The insignificant amount of gain on disposal of scrap material of $1,753 and 3,879 for the three and six months ended December 31, 2011 was also included in other production costs.

Corporate expenses

For the three months ended December 31, 2011, corporate expenses of $1,435,876 (three months ended December 31, 2010 - $1,022,324) comprised of salaries, office and administration, legal and accounting, shareholder communications, conference and travel, regulatory compliance, project investigations and stock-based compensation. Stock-based compensation expenses of $112,391 (2010 - $209,384), amortization of $77,971 (2010 - $6,929), the Company incurred corporate expenses of $1,245,514 (2010 - $806,011), which represents an increase of 37% for the three months ended December 31, 2011 in comparison to the previous period.

For the six months ended December 31, 2011, corporate expenses of $2,342,777 (three months ended December 31, 2010 - $1,944,369) comprised of salaries, office and administration, legal and accounting, shareholder communications, conference and travel, regulatory compliance, project investigations and stock-based compensation. Stock-based compensation expenses of $318,661 (2010 - $627,886), amortization of $148,301 (2010 - $9,476), the Company incurred corporate expenses of $1,875,815 (2010 - $1,307,007), which represents an increase of 19% for the three months ended December 31, 2011 in comparison to the previous period.

During the three months ended December 31, 2011, the general and administration expenses increased by 29% to $391,374 from $302,315 in the same period of the prior year, and include salary expenses of $301,503 (2010 - $223,685) and office rent, general office expenses $89,871 (2010 - $78,630). The salaries and administrative expenses increased compared to the same period of the prior year due to increased compensation and bonuses.

During the six months ended December 31, 2011, the general and administration expenses increased by 29% to $784,552 from $608,335 in the same period of the prior year, and include salary expenses of $588,706 (2010 - $425,902) and office rent, general office expenses $195,846 (2010 - $182,433). The salaries and administrative expenses increased compared to the same period of the prior year due to increased compensation and bonuses.

For the three months ended December 31, 2011, shareholder communications, conference and travel expenses totaled $420,539 increased by $185,748 from $234,791 in the same period of fiscal 2011, reflecting increased activities in investor relations, conferences and travel for corporate development and acquisition activities. The regulatory and filing expense was $15,204 in the three months ended December 31, 2011, compared to $5,671 in the same period of fiscal 2010. Legal, accounting and audit expenses were $418,397 in the quarter ended December 31, 2011 compared to $263,234 in the same period of fiscal 2011, which is a 59% increase mainly due to increase in audit and audit review services, legal services for acquisitions, and legal action against Sim Tze Chui AKA JynTze Baker et el. for defamation and slander of title.

For the six months ended December 31, 2011, shareholder communications, conference and travel expenses totaled $553,250 increased by $212,610 from $340,640 in the same period of fiscal 2011, reflecting increased activities in investor relations, conferences and travel for corporate development and acquisition activities. The regulatory and filing expense was $17,300 in the six months ended December 31, 2011, compared to $16,959 in the same period of fiscal 2011. Legal, accounting and audit expenses were $517,158 in the six months ended December 31, 2011 compared to $341,073 in the same period of fiscal 2011, which is a 52% increase mainly due to increase in audit and audit review services, legal services for acquisitions, and legal action against Sim Tze Chui AKA JynTze Baker et el. for defamation and slander of title

For the three months ended December 31, 2011, $112,391 (2010 - $218,865) in stock-based compensation expenses net of forfeitures was credited to contributed surplus. There were no charge to exploration, mine development and construction of the plant during three months ended December 31, 2011 as the assets have been depleted since the start of commercial production. During three months ended December 31, 2010 the stock based compensation in amount of $7,481 was capitalized to properties, plant and equipment.

For the six months ended December 31, 2011, $318,661 (2010 - $654,631) in stock-based compensation expenses was credited to contributed surplus, of which $318,661 (2010 - $627,886) was charged to operations, $Nil (2010 – $26,745) was capitalized to properties, plant and equipment.

For the three months ended December 31, 2011, amortization increased by $71,042 to $77,971 from $6,929 in the same comparative period. The increase was mainly due to amortization on site buildings which were previously included under cost of sales.

For the six months ended December 31, 2011, amortization increased by $138,825 to $148,301 from $9,476 in the same comparative period. The increase was mainly due to amortization on site buildings which were previously included under cost of sales.

Other income (loss)

The Company earned $55,692 (2010 - $29,356) and $91,870 (2010 - $42,542) interest income generated from the cash and cash equivalents balance for the three and six months ended December 31, 2011. The Company recorded a foreign exchange gain of $355,422 (2010 – foreign exchange loss of $191,108) and $373,278 (2010 – foreign exchange loss of $385,528) for the three and six months ended December 31, 2011.

On August 11, 2010, the Company closed a $13million (CAD 13 million) financing consisting of $8million (CAD 8 million) in convertible notes and $5million (CAD 5 million) from a forward gold sale. As of December 31, 2011, an amount of $442,660 of interest accretion on the convertible notes (2010 – $423,768) was charged to income statement.

Company recognized a gain/loss in income statement on change of fair value of share purchase warrants with an exercise price in CAD, which is different to the Company's functional currency (US dollar) in accordance with IFRS. The Company re-measures the fair value of foreign currency share purchase warrants at each reporting date using the Black-Scholes model over the remaining life of the warrants and translates it into US dollar using the exchange rates at the reporting date. The gain in amount of $12,169,300 (2010 – loss of $4,992,613) and $14,383,519 (2010 – loss of $8,144,029) was recorded for the three and six months ended December 31, 2011 due to the change in fair value of foreign currency share purchase warrants.

On January 28, 2011, Monument entered into an "Agreement for Sale of Gold" (the "Gold Forward Contract") with Queenstake Resources USA, Ltd. a wholly-owned subsidiary of Yukon Nevada Gold Corp. to pay $5,000,800 in advance to purchase 4,465 ounces of gold with a settlement date of June 30, 2011. As at June 30, 2011, the 4,465 ounces from the Gold Forward Contract were received and the Company realized a gain of $1,602,306 on settlement, of the 4,465 ounces received, 3,465 were sold for proceeds of $5,365,575. As at December 31, 2011, the remaining 1,000 ounces of gold bullion were sold with a realized gain of $66,508.

(in United States dollars, except where noted)

### *1.5 Summary of Quarterly Results*

The following is selected quarterly financial information about the Company, for its most recent eight quarters:

| | Mar. 31,[(a)] 2010 | Jun. 30,[(a)] 2010 | Sep. 30, 2010 | Dec. 31, 2010 | Mar. 31, 2011 | Jun. 30, 2011 | Sep. 30, 2011 | Dec. 31, 2011 |
|---|---|---|---|---|---|---|---|---|
| **From Continued Operations** | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **$** |
| Net income (loss) before other items | (510,471) | (521,228) | 4,508,245 | 10,115,273 | 10,296,083 | 10,537,187 | 9,925,103 | 14,779,551 |
| EPS: | | | | | | | | |
| - Basic | (0.00) | (0.00) | 0.03 | 0.06 | 0.06 | 0.06 | 0.06 | 0.08 |
| - Diluted | (0.00) | (0.00) | 0.03 | 0.05 | 0.05 | 0.06 | 0.05 | 0.08 |
| Net income (loss) after other items and tax | (1,036,069) | (638,475) | 1,118,263 | 4,594,352 | 18,621,090 | 12,694,590 | 12,038,413 | 27,138,043 |
| EPS: | | | | | | | | |
| - Basic | (0.01) | (0.00) | 0.01 | 0.03 | 0.11 | 0.08 | 0.07 | 0.15 |
| - Diluted | (0.01) | (0.00) | 0.01 | 0.02 | 0.09 | 0.08 | 0.06 | 0.14 |

(a) 2010 quarterly information has not been restated to conform to IFRS and is presented with Canadian GAAP.

The operations produced positive income in fiscal 2011 since commercial production began in September 2010.

### *1.6 Liquidity and Financial Condition*

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

The Company's cash and cash equivalent, including restricted cash balance as at December 31, 2011 was $64,079,346 increased by $36,072,485 from $28,006,861 as at December 31, 2010. For three and six months ended December 31, 2011, cash in amount of $12,745,083 and $23,550,150 was generated from operations (2010 - $10,371,909 and $14,076,405); $2,371 and $5,709,777 of cash was provided from financing activities (2010 - $558,409 and $11,589,335); and $9,135,698 and $13,819,702 of cash was spent on investing activities for deferred development costs, acquisition of property, plant and equipment acquisitions and construction (2010 –$1,799,059 and $1,895,531, net of recoveries on gold sales before the commencement of commercial production).

For the three months ended December 31, 2011, changes in non-cash working capital items amounted to a cash outflow of $3,045,871 compared to the outflow of $97,066 in the same period of fiscal 2011. The cash outflow for the current period consisted of increase in accounts receivable of $4,952,717, prepaid expenses and deposits of $84,965, inventory $231,749; offset by cash inflow on payable and accrued liabilities of $2,223,560. The outflow for the same period ended December 31, 2010 was due to cash outflow on accounts receivable of $757,864, prepaid expenses and deposits of $276,079, inventory of $1,190,619; offset by increase in accounts payable and accrued liabilities of $2,127,496. The decrease in non-cash working capital items was primarily due to the increase of accounts receivable from gold sales, reflecting the increase of gold sales at Selinsing Gold Project.

For the six months ended December 31, 2011, changes in non-cash working capital items amounted to a cash outflow of $4,179,004 compared to the outflow of $1,752,407 in the same period of fiscal 2011. The cash inflow for the current period consisted of increase in accounts receivable of $3,209,371, prepaid expenses and deposits of $7,604, inventory $1,573,396; offset by cash outflow on payable and accrued liabilities of $611,367. The outflow for the same period ended December 31, 2010 was due to increase in accounts receivable of $774,571, prepaid expenses and deposits of $393,925, inventory of $2,653,651; offset by increase of $2,069,740 in accounts payable and accrued liabilities. The decrease in non-cash working capital items was primarily due to the increase of accounts receivable from gold sales, reflecting the increase of gold sales at Selinsing Gold Project.

For the three months ended December 31, 2011, the Company generated $2,371 (2010 - $558,409) from financing activities. The cash was generated from proceeds received from stock option and share purchase warrants exercised of $5,800 (2010 - $562,000). During three months ended December 31, 2010, the capital lease payments were in amount of $3,429 (2010 - $3,591).

For the six months ended December 31, 2011, the Company generated $5,709,777 (2010 - $11,589,335) from financing activities. The cash was generated from proceeds received from stock option and share purchase warrants exercised of $4,147,461 (2010 - $592,391), proceeds of $1,571,998 on sale of gold received from a forward sale contract (2010 - $0). The finance cost in the amount of $1,435,903 was paid during three months ended December 31, 2010 and the capital lease payments were in amount of $9,682 (2010 - $4,253).

Construction and other capital expenditure comprised $1,964,429 and $4,664,336 for the three and six months ended December 31, 2011, which included $1,529,498 and $3,501,048 of costs and deposits for construction on the Phase III plant expansion and other equipment purchase and $434,931 and $1,163,288 for tailing storage facility expansion. Mineral properties development and acquisition costs of $4,694,973 and $6,438,570 were incurred and capitalized during the three and six months ended December 31, 2011 (the three and six months ended December 31, 2010 - $164,300 and $5,047,744, which was offset by net profits from gold sales of $3,604,767 charged to mineral properties during July and August, 2010 for a net of $1,442,977). Deferred business development costs for the acquisition activities included $2,476,296 and $2,716,796 for the three and six months ended December 31, 2011, reflecting further progress of acquisition activities.

As at December 31, 2011, the Company had a positive working capital of $80,909,172 compared to $38,007,892 as at December 31, 2010, the increase of $42,901,280 was a direct result of commencement of gold sales. Accounts payable increased to $7,245,174 at December 31, 2011 from $2,835,235 at December 31, 2010 primarily attributed to Phase III construction.

During the three and six months ended December 31, 2011, shareholders' equity increased by $27,270,863 and $44,521,873 primarily due to net income generated from operations of $27,138,043 and $39,176,456, shares issued for the Mersing project acquisition at a value of $Nil and $843,292, shares issued for the exercise of stock options and warrants for proceeds of $5,800 and $4,166,538, an increase of $127,020 and $335,587 in contributed surplus due to stock-based compensation, net of forfeitures. 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 assets upgrades, etc.

### *1.7 Capital Resources*

The Company's capital resources as at December 31, 2011 included cash and cash equivalents. The Company's primary sources of funding are though equity financing through the issuance of stock, debt financing and cash flow generated from the sale of gold. The Company exercises its best effort to seek and utilize its capital resources in an efficient manner in order to meet its business commitments including exploration and mineral property development, acquisitions, capital asset upgrades and working capital.

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

Subject to acceptance by the TSXV, Monument expects to proceed with the CAD$70,000,000 private placement, approved at the 2011 Shareholders Meeting held on December 31, 2011 in order to fund future exploration and development expenditures on the Mengapur Project and for general working capital. As described in Monument's news release of February 2, 2012, Monument, with the assistance and advice of its financial advisor, Procter Advisers Ltd. SA, has successfully negotiated more favorable terms for the private placement. Subject to the acceptance of the TSX Venture Exchange, the private placement will now be comprised of up to 140,000,000 units at a price of CAD$0.50 per unit for gross proceeds of up to CAD$70 million. Each unit will consist of one common share and one half of one common share purchase warrant. Each whole warrant will entitle the holder to acquire one additional common share of the Company at a price of CAD$0.70 per share for a period of three years. Under the terms of the private placement, all shares issued under the placement and shares issued on exercise of the warrants will be subject to a hold period of three years from the closing of the placement. Subject to the acceptance of the TSX Venture Exchange, the Company expects to pay Procter Advisers Ltd. SA advisory fees in cash and securities in connection with the closing of the private placement.

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

At December 31, 2011 the Company had purchase commitments in amount of $12.6 million included in purchase commitments are consumables, spare parts for production, exploration, the Phase III plant construction, equipment purchase, tailings expansion and property fees. The Company's ability to continue its mine development activities, exploration activities and production activities, and to continue as a going concern, will depend on its ability to obtain suitable financing and to generate cash flow from gold production. The

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

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

### *1.8 Off Balance Sheet Arrangements*

None.

### *1.9 Transactions with Related Parties*

Refer to note 16 of the condensed consolidated financial statements as at December 31, 2011.

### *1.10 Proposed Transactions*

None.

### *1.11 Critical Accounting Estimates*

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions that affect the amounts reported. Significant estimates and areas where judgment is applied include fair values used to establish: mineral reserve quantities, the valuation of deferred consideration assets, property plant and equipment lives, tax provisions, deferred tax balances and timing of their reversals, share purchase warrant liabilities and equity instruments. Actual results could differ from the Company's estimates.

### *1.12 International Financial Reporting Standards*

Effective January 1, 2011, International Financial Reporting Standards ("IFRS") became Canadian GAAP for publicly accountable enterprises. As a result, the Company's interim condensed consolidated financial statements for the fiscal year of 2012 are reported in accordance with IAS 34 'Interim Financial Reporting', with comparative information for 2011 restated.

The Company developed and executed a transition plan in order to begin reporting in accordance with IFRS from July 1, 2011. The transition plan included an assessment phase, a design phase, and an implementation phase, where activities performed over the life of the IFRS transition project. The Company's first annual consolidated financial statements under IFRS will be presented for the year ended June 30, 2012. The accounting policies adopted in the interim financial statements are consistent with the accounting policies the Company expects to adopt in its IFRS consolidated financial statements for the year ended June 30, 2012, and are based on IFRS as issued by the International Accounting Standards Board ("IASB") that the Company expects to be applicable at that time.

Throughout 2012, the Company will continue to execute the final phase of the transition plan. Activities include the changes in the financial reporting internal controls, execution of the business processes, monitoring accounting and regulatory developments and evaluating impacts on financial reporting, and continuing to fulfill presentation and reporting requirements.

IFRS accounting policies

The Company's significant accounting policies under IFRS are disclosed in the interim consolidated financial statements for the quarter ended September 30, 2011, and resulting accounting changes are highlighted in the reconciliations from previous Canadian GAAP reporting.

Subject to certain transition elections disclosed below, the Company has consistently applied the same accounting policies in its opening IFRS consolidated balance sheet as at July 1, 2010 (the 'transition date') and throughout all periods presented, as if these policies had always been in effect. Note 21of the interim consolidated financial statements discloses the impact of the transition to IFRS in the Company's reported consolidated balance sheet, net income and comprehensive income and consolidated cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's audited consolidated financial statements for the year ended June 30, 2011.

First-time adoption exemptions applied

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

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

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

Reconciliations from Canadian GAAP to IFRS

The note 21 of the Company's interim consolidated financial statements for the second quarter of 2012 include reconciliations from previous Canadian GAAP reporting to IFRS for the opening balance sheet as at July 1, 2010, the balance sheets as at December 30, 2010 and June 30, 2011 and the statements of operations for the three and six months ended December 31, 2010 and the year ended June 30, 2011.

The re-measurement of decommissioning and rehabilitation provision and share purchase warrants has resulted in two main differences upon the transition to IFRS.

Under IFRS, the asset retirement obligation liability has been re-measured using the discount rate in effect at transition date and an adjustment has been recorded to the corresponding asset. Under Canadian GAAP, the provision for environmental rehabilitation is not adjusted for a change in the discount rate. The difference resulted to an increase in asset retirement obligation liability in amount of $1,120,117 as at July 1, 2010. The change in a discount rate and the timing of cash flows caused the re-measurement of the asset retirement obligation liability after the transition date.

Under IFRS, the share purchase warrants with an exercise price denominated in other than the Company's functional currency, meet the definition of financial derivative instruments, which are be measured at Fair Value through Profit or Loss. The changes in fair value are recorded in profit or loss as period costs. The fair values of the share purchase warrants was determined using the Black-Scholes option pricing model at grant date and the end of each reporting period. Under Canadian GAAP, the share purchase warrants are measured at fair value at initial recognition using the Black-Scholes option pricing model, and recorded in equity reserve with no subsequent re-measurement. The increase in fair value of share purchase warrants is caused mainly by an increase in Company's share price, low exercise price, high Company share price volatility, stronger Canadian dollars against United States dollars, long expected life, and high risk free interest rate when other factors remain unchanged. Under IFRS, the re-measurement of fair value of share purchase warrants has resulted into a gain of $709,585 for the year ended June 30, 2011. The Company has recorded a loss of $4,992,613 and $8,144,029 for the three and six months ended December 31, 2010 mainly driven by an increase in the Company's share price.

### *1.13 Financial Instruments – Risk Exposure and Other instruments*

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

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

***Market risk***

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

*Currency risk*

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

The convertible notes, forward gold sale contract and foreign currency share purchase warrants contain a number of derivative components that would cause exposure to foreign currency risk. The Company has not hedged any of its currency risks. The derivative components associated to foreign currency fluctuation are fair valued at each period and gains or losses are recorded to its income (refer to note 10 and note 11of the interim condensed financial statements for the six months ended December 31, 2011).

Based on the net exposures of the financial instruments as at December 31, 2011 and assuming that all other variables remain constant, a 5% depreciation or appreciation of the RM against the US dollar would result in an increase/decrease of approximately $120,800 in the Company's net income, depreciation or appreciation of the CAD against US dollar would result in an increase/decrease of approximately $160,700 in the net income.

*Other price risk*

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

The Company values the warrant derivate liabilities at fair value using the Black-Scholes option pricing model and record gains and losses to other income. Based on the net exposures as at December 31, 2011 and assuming that all other variables remain constant, a 5% increase/decrease in share market price would result in unrealized fair value loss/income of approximately $912,000 in the Company's net income.

*Interest rate risk*

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

The Company's cash equivalents bear interest at rates of 1.20% to 1.38% as at December 31, 2011 and mature on February 27, 2012.

However, this risk is limited because of the short-term maturity of these instruments. The Company's interest rate sensitivity analysis suggests they are not exposed to significant interest rate risk.

***Credit risk***

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

The Company's credit risk is attributable to its liquid financial assets. The Company established an investment policy to avoid any investments other than government t-bills, term deposits guaranteed by major Canadian financial institutions, or term deposits at major Malaysian banks which are guaranteed by the Malaysian government.

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

The Company is exposed to concentration of credit risk with respect to cash and cash equivalents: as at December 31, 2011 the amount of approximately $7,456,000 is held with a single Malaysian financial institution; the amount of approximately $52,123,000 is held with various Canadian financial institutions.

***Liquidity risk***

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

The Company's convertible notes are due to be settled in August 2015.

(in United States dollars, except where noted)

### *1.15 Outstanding Share Data*

The following details the share capital structure as at February 28, 2012, the date of this MD&A. These figures may be subject to minor accounting adjustments prior to presentation in future consolidated financial statements.

| | Exercise Price, | Number of common shares | Expiry date |
|---|---|---|---|
| Common shares | | 184,001,864 | |
| Common shares stock options | | | |
| | CAD 0.50 | 2,900,000 | Jul 05, 2012 |
| | CAD 0.30 | 500,000 | Jul 29, 2012 |
| | CAD 0.30 | 1,600,000 | Jun 08, 2013 |
| | CAD 0.40 | 13,160,000 | Aug 15, 2013 |
| | CAD 0.25 | 1,459,167 | Dec 05, 2013 |
| | CAD 0.40 | 230,000 | Dec 05, 2013 |
| | CAD 0.50 | 400,000 | Dec 05, 2013 |
| | CAD 0.25 | 300,000 | Feb 09, 2014 |
| | CAD 0.30 | 500,000 | Jun 10, 2015 |
| | CAD 0.42 | 3,000,000 | Sep 29, 2015 |
| | CAD 0.60 | 600,000 | Nov 30, 2015 |
| | CAD 0.68 | 20,000 | Jan 27, 2016 |
| | CAD 0.62 | 150,000 | Jul 28, 2016 |
| | CAD 0.61 | 150,000 | Aug 29, 2016 |
| | CAD 0.42 | 1,070,000 | Jan 11, 2017 |
| Total | | 26,039,167 | |
| Share purchase warrants | | | |
| | CAD 0.50 | 67,325,000 | Jul 21, 2012 |
| | CAD 0.50 | 5,000,000 | Aug 11, 2015 |
| Total | | 72,325,000 | |

On January 24, 2012, the Company announced that it has granted incentive share purchase options to new directors elected at the Annual General and Special Meeting held on December 30, 2011. A total of 1,000,000 stock purchase options have been granted under the existing Fixed Stock Option Plan to newly elected directors exercisable at CAD$0.42 per share for a period of five (5) years vesting as to 50% every 12 months from the grant date. A total of 28,941,000 common shares are reserved under the Fixed Plan.

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

### *1.14 Risks and Uncertainties*

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

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

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

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

***Title to mineral property interests***

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

***Realization of assets***

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

***Reserves and resource estimates***

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

***Profitability from Production***

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

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

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

***Environmental***

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company’s operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

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

***Additional funding for building project pipelines***

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

***Foreign Operations***

The Company's properties are located in Malaysia, South-East Asia. Malaysia had a history of tin mines and currently has some gold mine operations at the central gold belt in Pahang State. In 2010, the increase in revenue from gold mine operations has brought mining to the government's attention. The Company has received strong support from the local, state and federal governments.

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

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

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

## *1.17 Disclosure Controls and Internal Controls over Financial Reporting*

***Disclosure Controls and Procedures***

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

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

***Internal Control over Financial Reporting***

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

The Company's management, including the CEO and CFO, has evaluated the effectiveness of the internal controls over financial reporting. Based on this evaluation, management has concluded that internal controls over financial reporting were designed effectively as of December 31, 2011.

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

*Inventory control:*

The Company's Inventory system is operated manually, therefore, it is exposed to risk of human errors and is not considered efficient. Inventory software was purchased but the development has not been completed. The Company has engaged a consulting firm to design an inventory system during the three months ended December 31, 2011, targeting completion in March 2012.

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

### Caution on Forward Looking Statements

*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' 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 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' 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. The technical information about the Company's material mineral properties contained in this Management's Discussion and Analysis has been prepared under the supervision of Snowden Mining Industry Consultants company who is a ''qualified person'' within the meaning of National Instrument 43-101.*