

## Consolidated Financial Statements of

# **MONUMENT MINING LIMITED**

Nine Months Ended as at March 31, 2009

### UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited consolidated financial statements for the nine months period ended March 31, 2009.

# MONUMENT MINING LIMITED

## Consolidated Balance Sheets (note 1)

	March 31, 2009 (unaudited)	June 30, 2008 (audited)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 9,552,333	\$ 7,346,566
Restricted cash (note 3)	390,000	-
Fair value on forward contracts (note 5)	20,763	-
Accounts receivable	101,610	13,306
Prepaid expenses and deposits	1,063,872	132,056
	<u>11,128,578</u>	<u>7,491,928</u>
Property, plant and equipment (note 6)	7,607,736	785,929
Mineral property interests (note 7)	45,089,693	43,752,439
Deferred financing costs (note 8)	-	2,893,281
	<u>52,697,429</u>	<u>47,431,649</u>
	\$ 63,826,007	\$ 54,923,577
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,086,796	\$ 3,771,936
Due to related parties (note 11)	5,250	-
	<u>1,092,046</u>	<u>3,771,936</u>
Other liabilities		
Asset retirement obligation	107,537	107,537
Future income tax	723,000	723,000
	<u>1,922,583</u>	<u>4,602,473</u>
Shareholders' equity		
Share capital (note 9(b))	61,407,740	33,016,984
Subscription	-	15,863,000
Contributed surplus (note 9(f))	6,384,609	4,821,161
Deficit	(5,888,925)	(3,380,041)
	<u>61,903,424</u>	<u>50,321,104</u>
	\$ 63,826,007	\$ 54,923,577

(1) Commitments (notes 12)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board

"Robert Baldock"

"George Brazier"

## MONUMENT MINING LIMITED

Consolidated Statements of Operations and Other Comprehensive Income (Loss)

	Three months ended		Nine months ended	
	31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08
<b>Expenses</b>				
Stock-based compensation (note 9 (d))	\$ 310,052	\$ 67,177	\$ 1,171,274	\$ 1,378,600
General and administration	213,227	251,876	814,410	561,063
Shareholder communications	114,347	141,812	243,930	261,574
Legal, accounting and audit	97,102	25,215	237,125	131,594
Travel	62,982	58,974	198,225	204,516
Regulatory compliance and filing	8,478	13,361	42,807	28,160
Amortization	3,406	2,021	10,218	6,064
	809,594	560,436	2,717,989	2,571,571
<b>Loss before the under noted</b>	(809,594)	(560,436)	(2,717,989)	(2,571,571)
Other earnings (expenses)				
Foreign curency exchange gain (loss)	(24,488)	(50,135)	(82,330)	(71,486)
Changes in fair value of future contracts	20,763	-	15,477	
Interest income	55,304	16,695	275,958	84,416
Stamp duty	-	-	-	(27,068)
<b>Loss from continued operations before future income tax recovery</b>	(758,015)	(593,876)	(2,508,884)	(2,585,709)
<b>Net income (loss) and comprehensive income (loss) for the period</b>	(758,015)	(593,876)	(2,508,884)	(2,585,709)
<b>Deficit, Beginning of period</b>	(5,130,910)	(2,486,581)	(3,380,041)	(494,748)
<b>Deficit, End of period</b>	\$ (5,888,925)	\$ (3,080,457)	\$ (5,888,925)	\$ (3,080,457)
<b>Earnings (loss) Per Share</b>				
Basic and diluted - continued operations	\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ (0.03)
Basic and diluted - total	\$ -	\$ -	\$ -	\$ -
<b>Weighted average number of common shares outstanding</b>	155,640,028	77,395,025	148,783,203	77,394,063

See accompanying notes to consolidated financial statements.

# MONUMENT MINING LIMITED

## Consolidated Statements of Cash Flows

	Three months ended		Nine months ended	
	31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08
<b>Operating Activities</b>				
Net loss for the period	\$ (758,015)	\$ (593,876)	\$ (2,508,884)	\$ (2,585,709)
Items not involving cash				
Change in fair value of forward contracts	(20,763)	-	(20,763)	-
Stock-based compensation	310,052	67,177	1,171,274	1,378,600
Amortization	3,406	2,021	10,218	6,064
	<u>\$ (465,320)</u>	<u>(524,678)</u>	<u>(1,348,155)</u>	<u>(1,201,045)</u>
Change in non-cash working capital items				
Accounts receivable	(47,701)	20,157	(88,304)	6,949
Prepaid expenses and deposits	(740,669)	(69,283)	(931,816)	32,974
Accounts payable and accrued liabilities	702,535	(115,984)	257,809	(395,655)
	<u>(85,835)</u>	<u>(165,110)</u>	<u>(762,311)</u>	<u>(355,732)</u>
Cash provided by (used in) operating activities	<u>(551,155)</u>	<u>(689,788)</u>	<u>(2,110,466)</u>	<u>(1,556,777)</u>
<b>Financing Activities</b>				
Net proceeds from exercise of Agent options	-	-	-	3,000
Net proceeds from private placement	-	-	9,277,755	-
Deferred finance cost	-	13,572	-	(50,228)
Cash provided by financing activities	<u>-</u>	<u>13,572</u>	<u>9,277,755</u>	<u>(47,228)</u>
<b>Investing Activities</b>				
Expenditure on mineral properties	(664,882)	(458,341)	(1,388,996)	(1,083,440)
Purchase of property, plant and equipment	(1,507,912)	(116,688)	(3,182,526)	(700,935)
Cash used by investing activities	<u>(2,172,794)</u>	<u>(575,029)</u>	<u>(4,571,522)</u>	<u>(1,784,375)</u>
Increase in cash	(2,723,949)	(1,251,245)	2,595,767	(3,388,380)
Cash, beginning of period	12,666,282	2,359,087	7,346,566	4,496,222
Cash from discontinued operations	-	-	-	-
Cash and cash equivalent, end of period	<u>\$ 9,942,333</u>	<u>\$ 1,107,842</u>	<u>\$ 9,942,333</u>	<u>\$ 1,107,842</u>

Supplemental cash flow information (note 13).

See accompanying notes to consolidated financial statements.

## **1. Organization, Nature of Operations and Going Concern**

Monument Mining Limited (the "Company") is a mineral resource company engaged in exploration for and development of gold mineral property interests. Its primary activities include construction activities related to the engineering design and plant construction of the processing gold treatment plant for the 100% owned Selinsing Gold Project and exploration activities on the 100% owned Damar Buffalo Reef exploration prospect (note 6). The Company's head office is located in Vancouver, BC, Canada. Its gold project development and exploration operations are carried out in Malaysia through its wholly owned subsidiaries.

The Company has not generated any revenue from operations yet since it entered into the mining business in June 2007. The Company is in the process of exploring its mineral property interests and, with the exception of Selinsing Gold Project, has not yet determined whether its mineral property interests contain economically recoverable mineral reserves. The underlying values and the recoverability of the amounts shown for mineral property interests do not necessarily represent or indicate future values. The recoverability of the amount shown for mineral property interests is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to continue operations, to complete the development and exploration of the mineral property interests, and future profitable production or proceeds from the disposition of the 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 property interests, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defect. To the best of the Company's knowledge, titles to its properties are in good standing.

## **2. Basis of Presentation and Summary of Significant Accounting Policies**

These unaudited interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for interim financial information and accordingly, do not include all disclosures required for annual financial statements.

The unaudited interim consolidated financial statements reflect, in the opinion of management, all adjustments and reclassifications necessary to present fairly the financial position, results of operations and cash flows at March 31, 2009 and for all periods presented. The results of operations for the nine month period ended March 31, 2009 are not necessarily indicative of the results for the full year.

The statements should be read in conjunction with the June 30, 2008 audited consolidated annual financial statements included in the June 2008 Annual Report filed with the Securities Commissions. The financial statements reflect the same significant accounting policies as those described in the notes to the audited consolidated financial statements of Monument Mining Limited for the year ended June 30, 2008.

## **3. Restricted Cash**

The Company has entered into a series of foreign exchange forward contracts (the "Contracts"), whereby an aggregate \$5,000,000 is converted into Malaysian Ringgit on a monthly basis from March 2009 until June 2009. As margin security against these Contracts, the Company set up a foreign exchange line of \$500,000 and placed it into secured term deposits, which mature in June 2009 in line with the Contracts. The outstanding margin security in the amount of \$390,000 is reflected as restricted cash on the balance sheet to meet the 10% margin requirement on the balance of the Contracts.

## **4. Financial Instruments**

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and foreign exchange forward contracts equals the fair values of these instruments. The Company is exposed to credit risk with respect to its cash and cash equivalents; however, this is minimized as cash is placed with major Canadian financial institutions. It is management's opinion that the Company is not exposed to significant interest rate risk arising from these financial instruments due to the short-term maturity of its monetary assets and liabilities.

**4. Financial Instruments (continued):**

The Company is exposed to foreign currency risk to the extent expenditures incurred or funds received by the Company are not denominated in Canadian dollars. The majority of the Company's expenditures for property, plant and equipment and mineral property interests are in Malaysian ringgit and Australian dollars. The Company's ability to make these payments to satisfy its obligations for work commitments will be affected by foreign currency rate fluctuations. The Company is also exposed to foreign currency risk to the extent that it holds cash in Malaysian ringgit. As at March 31, 2009, the Company held the equivalent of \$2,839,840 (2008 - \$4,919) in Malaysian ringgit.

**5. Fair Value on Forward Foreign Currency Exchange Contracts**

On February 13, 2009, through its wholly-owned Malaysian subsidiary, Polar Potential Sdn. Bhd., the Company entered into a number of forward foreign exchange contracts to reduce its exposure to foreign currency risk. The contracts oblige the Company to convert \$5,000,000 to Malaysian ringgits in the amount of RM 14,538,080 at predetermined exchange rates on a monthly basis from February to June 2009. For the quarter ended March 31, 2009, total \$1,100,000 was converted to Malaysian ringgit under the forward contracts. As at March 31, 2009, total \$3,900,000 forward exchange contracts were remaining to purchase 11,341,590 Malaysian Ringgits in the next three months at a weighted average exchange rate of 2.9081 CND/RM.

The Company designated its forward foreign exchange contracts as derivative (held-for-trading financial instruments) so that it must be carried at fair value. The fair value will change with changes in the exchange rate. At each balance sheet date, the carrying value should be marked to market, with the difference being a fair value gain or loss in net income. At March 31, 2009 the fair value of forward exchange contracts were estimated at \$20,763 assuming that, according to the short-term nature of the forward contracts, the interest rate difference between Malaysia and Canada remains intact, therefore, no change on premium or discount applied to the contracts during converting period. \$15,477 of net change on fair value of forward contracts during the period was charged to operations.

**6. Property, Plant and Equipment**

<b>March 31, 2009</b>	Cost	Accumulated amortization	Net book value
Buildings	\$ 254,113	\$ 5,440	\$ 248,673
Furniture and equipment	62,371	11,106	51,265
Computer	41,637	17,449	24,188
Vehicles	81,444	20,446	60,998
Heavy equipment	4,104,902	-	4,104,902
Pre-construction cost - Selinsing	3,117,710	-	3,117,710
	\$ 7,662,177	\$ 54,441	\$ 7,607,736

<b>June 30, 2008</b>	Cost	Accumulated amortization	Net book value
Buildings	\$ 91,492	\$ 3,171	\$ 88,321
Furniture and equipment	28,213	5,705	22,508
Computers	21,763	10,383	11,380
Vehicles	41,146	12,344	28,802
Heavy equipment	163,669	-	163,669
Pre-construction cost - Selinsing	471,249	-	471,249
	\$ 817,532	\$ 31,603	\$ 785,929

**7. Mineral Property Interests**

	Selinsing Gold Property (Development)		Buffalo Reef (Exploration)		Total
Cumulative balance, June 30, 2008	\$	31,381,197	\$	12,371,242	\$ 43,752,439
Assay and analysis		-		112,147	112,147
Drilling		-		147,935	147,935
Geological		-		111,466	111,466
Freight		-		499	499
Property fees/assessment		38,117		30,097	68,214
Site activities		284,597		91,717	376,314
Site investigation		189,690		-	189,690
Environmental		(4,088)		-	(4,088)
Socio-economic		25,372		-	25,372
Transportation		28,057		1,258	29,315
Incurring during the period		561,745		495,119	1,056,864
Non-cash capital assets amortization adjustment		(7,659)		-	(7,659)
Non-cash stock based compensation (note 7(d))		95,363		192,686	288,049
Total additions during the period		649,449		687,805	1,337,254
Cumulative balance, March 31, 2009	\$	32,030,646	\$	13,059,047	\$ 45,089,693

**8. Deferred Financing Costs**

At June 30, 2008, the Company was in the process of completing a private placement to raise \$28,048,000 by issuing 70,120,000 units at \$0.40 per unit (note 9 (b) (iv)). The 10% Agent's fee in the amount of \$2,804,800, associated legal and filing fees of \$52,440 were recorded as deferred financing costs and were credited against share capital upon completion of the private placement on July 21, 2008.

At June 30, 2008, the Company was in the process of closing a convertible credit facility for up to \$10 million over a three-year term maturing July 15, 2011 with interest of 3% payable in the first year in cash or shares at the option of the Company and thereafter in cash. The Company must draw down not less than \$6 million but up to \$10 million by no later than December 31, 2008 as needed to fund its development work. The credit facility can be repaid any time at the Company's discretion. A 10% commission would be paid to the Agent, Qualson Global Limited, upon draw down of the facility.

The credit facility was convertible into units at a price of \$0.40 per unit with each unit comprising one share and one-half warrant at the option of the lender. Each whole share purchase warrant was exercisable until July 15, 2011 and entitles the holder to purchase one common share at a price of \$0.75 if converted in the first two years of the facility and at a price of \$0.83 if converted in the third year of the facility. All conversions of the note and exercise of the warrants issued on conversion were subject to a four-month hold period. The convertible credit facility was secured by way of a debenture registered against all assets of the Company. The Company had the right to repay the entire principal balance of the debt after draw down at any time before maturity.

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Notes to Consolidated Financial Statements  
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**8. Deferred Financing Costs (continued):**

Total financing costs of \$90,386 were incurred for completing the convertible credit facility closed on July 21, 2008, of which \$36,041 were incurred and recorded against deferred financing costs as at June 30, 2008.

The Company served a Drawdown Notice (the "Notice") to the Lenders after complying with all of the terms of the Convertible Debenture. The Notice required the Lenders to provide the \$10.0 M on or by the 12 December 2008. Monument has received a letter from the Lenders on December 3, 2008 advising that due to market conditions and the global credit melt down the Lenders would be unable to provide the funding on the agreed terms at this time. Therefore the cost of \$90,386 was written off against operations.

**9. Share Capital**

(a) Authorized  
Unlimited common shares without par value

(b) Issued and outstanding

Common shares	Shares	Amount
Balance, February 28, 2007	18,812,018	\$ 769,421
Non-brokered private placement for cash (note 9(b)(i))	2,000,000	435,139
Two for one share consolidation (note 9 (b)(ii))	(10,406,004)	-
Brokered and non-brokered private placement for cash (note 9(b)(iii))	20,083,000	9,053,208
Less: fair value of agent's options (note 9(b)(iii) and 9(f))	-	(445,109)
Shares issued for sponsorship (note 9(b)(iii))	500,000	250,000
Share issuance costs for sponsorship (note 9(b)(iii))	-	(250,000)
Shares issued for Selinsing acquisition (note 9(b)(iv))	31,400,009	15,700,005
Shares issued for Damar share acquisitions (note 9(b)(v))	15,000,000	7,500,000
Balance, June 30, 2007	77,389,023	\$ 33,012,664
Shares issued due to fractional rounding caused by share consolidation (note 9(b)(ii))	2	-
Agent's options exercised (note 9(e))	6,000	3,000
Agent's options exercised (note 9(f))	-	1,320
Balance, June 30, 2008	77,395,025	\$ 33,016,984
Brokered and non-brokered private placement for cash (note 9(b)(vi))	70,120,000	28,048,000
Share issuance costs for private placement (note 9(b)( vi))	-	(2,884,190)
Shares issued for ball mill purchase (note 9(b)(vii))	8,125,003	3,250,001
Share issuance costs for ball mill purchase (note 9(b)(vii))	-	(23,055)
Balance, March 31, 2009	155,640,028	\$ 61,407,740



**9. Share Capital (continued):**

(b) Issued and outstanding (continued)

(i) On March 15, 2007, the Company completed a non-brokered private placement of 2,000,000 units at a price of \$0.25 per unit for gross proceeds of \$500,000. Each unit was comprised of one common share and one-half share purchase warrant. Each warrant is exercisable into one common share at \$0.65 until March 15, 2009. A commission of 10% was paid as an agent's fee and \$14,861 was paid for associated legal and filing expenses. None of the warrants were exercised and expired on March 15, 2009.

(ii) On June 25, 2007, the total shares outstanding were rolled back on a two-for-one basis upon completion of the sale of the discontinued operations and acquisition of the Selinsing Gold and Buffalo Reef mineral property interests (collectively called the "major transaction"). The Company has adjusted the basic and diluted earnings per share retroactively for all periods presented to reflect the two-for-one rollback.

(iii) On June 25, 2007, the Company closed a private placement of 20,083,000 units at a price of \$0.50 per unit for gross proceeds of \$10,041,500. Each unit was comprised of one common share at \$0.50 per share and one-half share purchase warrant. Each warrant entitles the holder to purchase one common share at \$0.65 per share until June 25, 2009. Net cash proceeds from the private placement were \$9,053,208 after payment of a 7.5% agent's commissions and related legal, consulting and filing fees of \$235,180.

Of the gross proceeds, the brokered portion was \$4,111,500 and the non-brokered portion was \$5,930,000. An Agent's option fee of 10% was issued to Haywood Securities Inc. and other agents involved totaling 2,000,800 agent's options (note 9(e)). On June 25, 2007, upon closing of the private placement, the Company issued 500,000 common shares at \$0.50 per share to Haywood Securities Inc. as sponsorship fees and \$100,000 cash as a consulting fee for the transaction.

(iv) On June 25, 2007, through its wholly-owned Malaysian subsidiary, Polar Potential Sdn. Bhd., the Company acquired 100% of Selinsing Gold Property including two mining concessions. The property is located in Pahang State, Malaysia. The total consideration of \$29,195,241 was comprised of \$3,500,000 cash, a promissory note with fair value of \$8,181,818, the issuance of 31,400,009 fully paid treasury shares at an ascribed value of \$0.50 per share totaling \$15,700,005 and 5,000,000 share purchase warrants. Each share purchase warrant allows the holder to purchase one common share at \$0.65 per share exercisable to June 25, 2009. The fair value of 5,000,000 share purchase warrants issued was estimated at \$1,112,328 using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate – 4.40%; expected life – 2 years; expected volatility – 78.06%; and expected dividends – nil. Also included in the acquisition price is \$701,090 of associated incidental costs. The future income tax effect of \$379,500 relating to the acquisition has been capitalized to increase the mineral property interest.

The 31,400,009 common shares issued for the acquisition were held in escrow, of which 10% were released on July 6, 2007 and 15% were to be released every six months thereafter. Since the Company was upgraded to a Tier 1 issuer in June 2008, all applicable escrow shares were allowed to be released within 18 month from issuance. On January 9, 2009, the remaining escrow shares were released from escrow. In addition, the 31,400,009 common shares are subject to a voluntary pooling agreement to June 25, 2009.

**9. Share Capital (continued):**

(b) Issued and outstanding (continued)

(v) On June 25, 2007, the Company acquired 100% of the common shares of Damar Consolidated Exploration Sdn. Bhd. ("Damar"), a wholly-owned subsidiary of Avocet Mining PLC ("Avocet"), incorporated under the laws of Malaysia, thereby effectively acquiring 100% of the Buffalo Reef Tenement property interests, which lie continuously and contiguously along the gold trend upon which the Selinsing Gold Property is located.

Consideration for the acquisition of 100% of Damar shares and a promissory note of \$1,722,868 (Malaysian Ringgit 5,573,824) from Damar to Avocet ("Avocet loan") was \$1,750,000 cash, 15,000,000 common shares of the Company valued at \$0.50 per share and 7,500,000 share purchase warrants. Each share purchase warrant allows the holder to purchase one common share at \$0.65 per share exercisable to June 25, 2009. Of the total purchase price, 14,998,000 common shares of the Company and 7,499,000 share purchase warrants were deemed consideration for 100% of the Damar shares; the cash consideration, 2,000 common shares of the Company and 1,000 share purchase warrants were deemed consideration for the Avocet loan. As a result of the Avocet loan acquisition, the promissory note became payable from Damar to the Company. The future income tax effect of \$569,300 relating to the acquisition has been capitalized to increase the mineral property interest.

The 15,000,000 common shares issued in the transaction are subject to a voluntary pooling agreement until June 25, 2009.

(vi) On July 21, 2008, the Company closed a private placement for total gross proceeds of \$28,048,000 by issuing 70,120,000 units at \$0.40 per unit, each unit comprising one fully paid share and one common share purchase warrant entitling the investor to purchase one additional common share of the Issuer at \$0.50 per share for a three-year term from closing. Costs of the financing include a 10% agent fee in the amount of \$2,804,800 paid to Qualson Global Limited and other associated legal and filing fees of \$79,389. All common shares issued upon the private placement and exercise of the warrants issued on the private placement was subject to a four-month hold period expiring November 22, 2008.

(vii) On August 19, 2008, upon TSX Venture Exchange's acceptance of the Ball Mill Purchase Agreement between the Company and Avocet, the Company purchased a 1.0 million tons per year capacity ball mill from Avocet. Consideration of \$3,250,001 for the mill was paid by the issuance of 8,125,003 units at \$0.40 per unit, at the same price and the same terms as the private placement disclosed above, with each unit representing one share and one share purchase warrant exercisable at \$0.50 for three years from date of issuance. All common shares issued upon the private placement and exercise of the warrants issued on the private placement will be subject to a four-month hold period expiring December 20, 2008. The cost to close the transaction was \$23,055. Avocet is a shareholder of the Company.

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**9. Share Capital (continued):**

(c) Warrants

The Continuity of share purchase warrants is as follows:

Note reference	9(b)(iii)	9(b)(iv)	9(b)(v)	9(b)(vi)	9(b)(vii)	Total outstanding and exercisable
Expiry date	25-Jun-09	25-Jun-09	25-Jun-09	21-Jul-11	19-Aug-13	
Exercise price	\$ 0.65	\$ 0.65	\$ 0.65	\$ 0.50	\$ 0.50	
Balance, February 28, 2007	-	-	-	-	-	-
Issued through private placement	10,041,500	-	-	-	-	10,041,500
Two for one consolidation	-	-	-	-	-	-
Issued through Selinsing acquisition	-	5,000,000	-	-	-	5,000,000
Issued through Damar share acquisition	-	-	7,500,000	-	-	7,500,000
Balance, June 30, 2007, outstanding and exercisable	10,041,500	5,000,000	7,500,000	-	-	22,541,500
Issued through exercise of Agent's warrants (note 7(f))	3,000	-	-	-	-	3,000
Balance, June 30, 2008, outstanding and exercisable	10,044,500	5,000,000	7,500,000	-	-	22,544,500
Issued through private placement	-	-	-	70,120,000	-	70,120,000
Issued through ball mill purchase	-	-	-	-	8,125,003	8,125,003
Balance, March 31, 2009, outstanding and exercisable	10,044,500	5,000,000	7,500,000	70,120,000	8,125,003	100,789,503

(d) Stock options

On August 15, 2008, the Company announced that the Board of Directors approved a fixed Stock Option Plan (the "2009 Plan"), which reserves in the aggregate 22,126,000 stock options for its directors, officers, employees and consultants. The 2009 Plan was approved by a disinterested vote of the Company's shareholders at its Annual General Shareholders' meeting held on December 5, 2008. The previous 10% Rolling Stock Option Plan was automatically converted to the 2009 Plan.

Under the 2009 Plan, 21,676,000 stock options were outstanding as at March 31, 2009.

Stock options activity is as follows:

	Number of common shares under option	Weighted average exercise price
Balance, June 30, 2007		
Granted	4,670,000	\$ 0.50
Cancelled	(300,000)	\$ 0.50
Balance, June 30, 2008	4,370,000	\$ 0.50
Granted	18,306,000	\$ 0.38
Cancelled	(1,000,000)	\$ 0.50
Balance, March 31, 2009	21,676,000	\$ 0.40

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**9. Share Capital (continued):**  
(d) Stock options (continued)

The following table summarizes the stock options outstanding at March 31, 2009:

Exercise Price	Options outstanding			Options exercisable	
	Number of common shares	Expiry date	Weighted average exercise price	Weighted average number exercisable	Weighted average exercise price
\$ 0.50	3,300,000	Jul 05, 2012	\$ 0.50	3,300,000	\$ 0.50
\$ 0.58	70,000	Feb 18, 2011	\$ 0.58	70,000	\$ 0.58
\$ 0.40	13,390,000	Feb 18, 2013	\$ 0.40	2,538,902	\$ 0.40
\$ 0.50	1,200,000	Jul 05, 2012	\$ 0.50	1,200,000	\$ 0.50
\$ 0.40	690,000	Aug 13, 2013	\$ 0.40	176,667	\$ 0.40
\$ 0.25	2,476,000	Dec 05, 2013	\$ 0.25	-	-
\$ 0.25	550,000	Feb 09, 2014	\$ 0.25	-	-
<b>Total</b>	<b>21,676,000</b>		<b>\$ 0.40</b>	<b>7,285,569</b>	<b>\$ 0.46</b>

The exercise prices of all stock options granted during the year were equal to the closing market prices at the grant date.

During the quarter ended March 31, 2009, the Company granted 550,000 stock options to its employees and consultant. For the three months ended March 31, 2009 the Company recognized a stock-based compensation charge of \$419,375 for options granted to directors, employees and non-employees in accordance with CICA 3870, of which \$50,197 and \$59,126 was capitalized to construction in progress in capital assets and mineral properties, respectively, and \$310,052 was charged to earnings.

Using an option pricing model with assumptions noted below, the estimated fair value of all options granted during the nine months ended March 31, 2009 have been reflected in the financial statements as follows:

	Three months ended		Nine months ended	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
Exploration and development	\$ 59,126	\$ -	\$ 288,049	\$ 130,948
Property, plant and equipment	50,197	-	104,125	-
Administration and operation	310,052	67,177	1,171,274	1,378,600
<b>Total compensation cost recognized in operations, credited to contributed surplus</b>	<b>\$ 419,375</b>	<b>\$ 67,177</b>	<b>\$ 1,563,448</b>	<b>\$ 1,509,548</b>

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

	Nine months ended	
	March 31, 2009	March 31, 2008
Risk free interest rate	2.01% ~ 3.09%	3.85%
Expected life	4.19 year	4.28 year
Expected volatility	89% ~ 126%	74%
Expected dividends	nil	nil

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**9. Share Capital (continued):**

(d) Stock options (continued)

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate and, therefore, the existing models may not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

(e) Agent's options

During the nine months ended March 31 2009 no Agent options were exercised.

Continuity of Agent's options outstanding:

Expiry date	Exercise price	# of options outstanding	June 30,	Agent's options exercised	March 31,
			2008		2009
25-Jun-09	\$ 0.50	1,994,800		-	1,994,800

Continuity of Agent's options outstanding - June 30, 2008:

Expiry date	Exercise price	June 30, 2007	Agent's options exercised	June 30, 2008
		# of options outstanding		# of options outstanding
25-Jun-09	\$ 0.50	2,000,800	(6,000)	1,994,800

(f) Contributed surplus

	Amount
Balance, February 28, 2007	\$ -
Agent's options issued upon private placement	445,109
Warrants issued for property acquisitions	2,780,820
Balance, June 30, 2007	3,225,929
Stock-based compensation	1,596,552
Exercise of Agent's options (note 7(b))	(1,320)
Balance, June 30, 2008	\$ 4,821,161
Stock-based compensation (note 7(d))	1,563,448
Balance, March 31, 2009	\$ 6,384,609

**10. Loss Per Share**

	Three months ended		Nine months ended	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
Loss for the period	\$ (758,015)	\$ (593,876)	\$ (2,508,884)	\$ (2,585,709)
Basic weighted average number of common shares outstanding	155,640,028	77,395,025	148,783,203	77,794,063
Basic loss per common share	\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ (0.03)

**11. Related Party Transactions**

**Due to related parties**

	March 31, 2009	June 30, 2008
George Brazier, director (ii)	\$ 5,250	\$ -

**Transactions**

	March 31, 2009	June 30, 2008
Avocet Mining PLC. (i)	\$ 3,250,001	\$ -
George Brazier, director (ii)	\$ 15,000	\$ -
Base Consultant (iii)	\$ 33,225	\$ -

(i) On August 19, 2008, upon TSX Venture Exchange's acceptance of the Ball Mill Purchase Agreement between the Company and Avocet, the Company purchased a 1.0 million tons per year capacity ball mill from Avocet Mining PLC. Consideration of \$3,250,001 for the mill was paid by the issuance of 8,125,003 units at \$0.40 per unit, at the same price and the same terms as the private placement disclosed under note 9(b)(iv), with each unit representing one share and one share purchase warrant exercisable at \$0.50 for three years from date of issuance. The cost to close the transaction was \$23,055. Avocet is a shareholder of the Company.

(ii) George Brazier is a director of the Company who also provides a general consulting service to the Company. For the third quarter ended March 31, 2009, he was paid \$15,000 for such services.

(iii) Lorenzo Trentini was a director of the Company up to March 29, 2009 who also provided a consulting service to the Company. For the third quarter ended March 31, 2009, he was paid \$33,225 through Base Consultant for such services. The service contract was terminated concurrently with his directorship.

**12. Commitments**

At March 31, 2009, the Company has aggregate operating leases of \$450,501 including the Company's leased office, accommodations and mineral properties tenement fees. The Company also committed \$5,931,584 at March 31, 2009 to its gold treatment plant construction at Selinsing Gold Project.

	2009	2010	2011	2012	2013	Total
Operation lease	\$ 64,501	\$ 120,030	\$121,240	\$ 109,313	\$ 35,418	\$ 450,501
Construction	2,037,549	3,443,534	-	-	-	5,481,082
	\$ 2,102,050	\$ 3,563,563	\$ 121,240	\$ 109,313	\$ 35,418	\$ 5,931,584

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**13. Supplemental Cash Flow Information**

Supplemental information	Three month ended		Nine month ended	
	March 31,		March 31,	
	2009	2008	2009	2008
Non cash financing and investing activities	\$	\$	\$	\$
Stock based options charged to mineral property interests	59,126	-	288,049	130,948
Stock based options charged to property, plant and equipment	50,197	-	104,125	-
Amortization charged to mineral properties	5,026	-	9,073	-
Mineral property costs included in accounts payable	(445,628)	-	(348,864)	-
Property, plant and equipment costs included in accounts payable	62,647	-	304,446	-
Shares issued pursuant to acquisition of equipment	-	-	3,250,001	-
Shares subscribed in prior year from private placement of \$28.4 million	-	-	15,863,000	-
Credit to share capital from contributed surplus due to exercise of Agent's	-	-	-	(1,320)

**14. Segment Disclosures**

The Company's one reportable operating segment is the exploration and development of mineral property interests, which occur entirely in Malaysia. Geographic information is as follows:

Assets	March 31, 2009	June 30, 2008
Canada	\$ 8,708,083	\$ 10,445,577
Malaysia	55,177,924	44,478,000
	\$ 63,826,007	\$ 54,923,577