

### 1.1 Date

The following management discussion and analysis of Monument Mining Limited (the "Company") as of February 27, 2008 should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2008 and related notes, and the unaudited consolidated financial statements for the six months ended December 31, 2008 and related notes, which has been prepared in accordance with generally accepted accounting principles in Canada (Canadian GAAP).

All amounts following are expressed in Canadian dollars unless otherwise indicated. Additional information relating to the Company's activities may be found on the Company's web page at [www.monumentmining.com](http://www.monumentmining.com) and at [www.sedar.com](http://www.sedar.com).

### Forward Looking Statements

*Statements contained herein that are not based on historical fact, including without limitation statements containing the words "believes", "plan", "will", "estimates", "intends", "expects", and similar expressions, constitute "forward-looking" statements. Such forward-looking statements involve known and unknown risk, uncertainties and other facts that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements described in the Company's public filings with securities regulatory authorities.*

### 1.2 Business Overview

Monument Mining Limited (the "Company"), listed on TSX-V ("MMY"), FSE ("D7Q1"), is a natural resource company engaged in exploration and development of gold mineral properties. It also advances its projects from exploration and development to production. The Company's head office is located in Vancouver, BC, Canada. It operates through its subsidiaries in Pahang State, Malaysia.

The Company's primary gold properties - Selinsing Gold Project ("Selinsing") and Buffalo Reef Prospect ("Buffalo Reef"), are located in the Central Gold Belt of Western Malaysia. Both properties hold gold resources with opportunity for extension and lie in the same district as the operating Penjom Mine and Raub Gold Mine, which each host more than one million ounces in gold resources. The Company is focused on the commercial development for Selinsing Gold Mine Project, exploring potential gold mineral resources on Buffalo Reef Prospect and expansion of a prospective land position in Malaysia.

On July 21, 2008, subsequent to acquisition of its primary gold mineral properties and further development of those properties during the previous one and a half years, the Company closed a \$38 million financing comprising a \$28M through a private placement and \$10 million credit facility to be secured by a Convertible Debenture. This allowed the Company to make a strategic move towards construction of a gold treatment plant on its Selinsing Project to place the Selinsing Property into commercial production; The Company also focused on increasing in the gold resources through exploration activities carried out on the Buffalo Reef prospect.

On October 31, 2008, the Company announced that with receipt of government approval to construct the gold treatment plant, the Board of Directors resolved to place its 100% Selinsing Gold Project ("Selinsing") into commercial production. Concurrently, the Board approved a CDN\$17.0 Million construction and development budget with targeted commencement of production in Q2/Q3 calendar 2009 and full production in Q4 calendar 2009 (refer to [www.sedar.com](http://www.sedar.com)).

During the second quarter of fiscal 2009, the Company served a Drawdown Notice (the "Notice") to the Lenders after complying with all of the terms of the Convertible Debenture, requiring the Lenders to provide the \$10.0 M on or by the December 12, 2008. Monument 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.

To overcome financing shortfalls, on December 24, 2009 the Company announced a proposal for an Amended Gold Production Plan on December 24, 2008 and engaged its advisers and consultants, included Snowden Mining Industry Consultants Pty Ltd ("Snowden") and Metallurgical Design, to review management's proposal.

On February 10, 2009, subsequent to the quarter end, the Company announced confirmation of the Amended Gold Production Plan from Phase I Gravity Plant be funded by cash on hand. Under the amended plan, construction of the 1200 tpd Gold Treatment Plant is re-engineered into two stages: Phase I Gravity Plant and Phase II CIL (carbon in leach) Plant. Cost of construction of the Phase I Gravity Plant is estimated at \$10 million and it is anticipated it will be funded internally by current cash on hand. The production of gold from the Phase I Gravity Plant is scheduled to commence in August 2009. The expected revenue generated from the production will be used to fund continuing construction of the CIL Plant at an estimated cost of \$7 million and allowing commissioning to occur in December 2009.

***High Lights for the second quarter of fiscal 2009***

1. On October 30, 2009, the Company announced a production decision for Selinsing Gold Project.
2. On December 5, 2008, the General Shareholders' Meeting was held in Vancouver, BC.
3. On December 17, 2008, the Company announced the appointment of New Directors at the AGM and named George Brazier Chairman of the Board; it also announced that an additional 4,261,000 stock purchase options were granted to its directors under the 2009 Stock Option Plan.
4. On December 24, 2008, the Company announced it would amend the Selinsing Gold Project Construction Plan due to the cancellation of \$10.0 M Credit Facility from Lenders.
5. During the second quarter, 95% of quotations for the gold processing plant equipment for the Selinsing Gold Project were obtained along with estimated lead times of delivery. The majority of contracts for outsourced construction work have been signed with major contractors with exception of the tailing storage facilities.
6. The primary progress in construction of the gravity plant during the second quarter included a 65% completion of the plant's earthwork and infrastructure work at the locations of the Run-Of-Mine ore stockpile, crushing and stockpiling area, ball mill and CIL plant areas including electrical substation, offices, laboratory and workshop; In addition, the staff quarters have been completed and the construction of the hydro electric power substation building has commenced in this quarter.
7. A RC drilling machine and accessories were purchased during the quarter.

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*1.2.1 Property Agreements*

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**ABLE/SELINSING GOLD PROJECT PURCHASE AND SALE AGREEMENT**

In May 2005, the Company signed a Letter of Intent ("LOI") for an option to acquire 51% of Selinsing Gold Project with Able Return Sdn Bhd ("Able"), the trustee of a Unit Trust under the Law of Malaysia for Wira Mas Unit Trust ("Wira Mas"), which was the beneficial owner of 100% interest of Selinsing Gold Project. The acquisition allowed the Company to enter the mining industry. In the meantime, the Company signed an Agreement to dispose of its medical business to Mr. Douglas Keller, the previous President and the only creditor of the Company, to settle all debts.

In June 2006, the Company signed the Amended Agreement with Able, under which the above mineral interests would be acquired through its wholly owned Malaysian subsidiary – Polar Potential Sdn. Bhd., incorporated under the Law of Malaysia and registered under the Foreign Investment Committee of Malaysia Rules and Policies ("FIC"). The acquisition was subject to a minimum equity financing of \$3,150,000 up to \$5,500,000 and approvals from shareholders of the Company, Malaysian Foreign Investment Committee ("FIC") and TSX Venture Exchange.

On October 25, 2006, the above proposed major transaction was approved by the shareholders at the General Annual and Special Shareholders' Meeting.

On June 19, 2007 the Company announced that it renegotiated the transaction with Wira Mas to acquire 100% of the Selinsing Gold Mine interests for a consideration of \$3,500,000 cash, a residual debt of \$9,000,000 without interest and penalty if paid within one year, an issuance of 31,400,009 fully paid treasury shares at \$0.50 per share and 5,000,000 share purchase warrants. Each warrant would allow the holder to purchase one common share at \$0.65 exercisable for a period of two years after closing. The acquisition was conditional upon an equity financing up to \$9,000,000 with the ability to accept up to a further \$5,000,000 overallotment.

On June 25, 2007, upon completion of the private placement and issuance of 20,083,000 shares and 10,041,500 share purchase warrants, exercisable for 2 years at \$0.65 cents per share, of the Company for gross proceeds of \$10 million, the acquisition of Selinsing Gold Project interests was completed and the consideration was paid in full to Wira Mas. Upon closing of the acquisition, a 100% controlling interest of Able was transferred to Polar Potential Sdn. Bhd for consideration of \$1. Able holds Pioneer status which entitles it to a 5-year tax holiday from revenue generated by the Selinsing Gold Project.

On November 21, 2007, the parties for the above transaction reached the agreement to reallocate consideration of \$23,418,150 to acquire 100% controlling interest in Able and \$5,777,091 to Selinsing Gold Property effective June 25, 2007.

**DAMAR CONSOLIDATED EXPLORATION SDN. BHD. SHARE PURCHASE AGREEMENT**

On April 4, 2007 the Company announced that it had entered into a Memorandum of Understanding ("MOU") with Avocet Mining PLC (Avocet"), London, U.K., to acquire 100% of the shares of Damar Consolidated Exploration Sdn. Bhd. ("Damar"), a wholly-owned subsidiary of Avocet incorporated under the Law of Malaysia, thereby effectively 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.

The binding Share Purchase Agreement and Avocet Loan Agreement were signed on June 7, 2007 detailing the terms of the Damar acquisition. A total of \$1,750,000 cash, 15,000,000 fully paid treasury shares at \$0.50 per share and 7,500,000 share purchase warrants was paid as consideration to acquire 100% of the Damar shares and an Avocet promissory note payable of \$1,722,868 (RM5,573,824) ("Avocet loan"). Each share purchase warrant allows the holder to purchase one common share at \$0.65 exercisable for a two year period after the closing. Of the total purchase price, the cash consideration, and 2,000 shares of the Company and 1,000 share purchase warrants were deemed consideration for the Avocet loan; 14,998,000 shares of the Company and 7,499,000 share purchase warrants were a deemed consideration for 100% Damar shares.

On June 25, 2007 the Damar acquisition was closed and consideration was fully paid upon completion of the major transaction. 15,000,000 common shares issued upon the above transactions are subject to a two-year voluntary pooling agreement from the closing date.

Upon completion of the acquisition, the Company is obligated to fund a \$400,000 exploration program on the Damar Prospect over two years. Avocet will benefit in any exploration success to the extent of receiving US\$12 per ounce of gold discovered on a notional 49% of the ounces discovered as a result of the \$400,000 exploration program for the first two year period post closing.

#### **A LETTER OF INTENT TO ACQUIRE AN ADDITIONAL EXPLORATION LAND PACKAGE**

On January 21, 2008, the Company announced that it had entered into a Letter Of Intent ("LOI") to acquire an additional exploration land package adjacent to and nearby its present Selinsing Gold Project and adjoining exploration target Buffalo Reef.

On January 14, 2008, Monument signed the LOI with Famehub Venture Sdn Bhd. ("Famehub"). Pursuant to the LOI, Famehub has agreed to sell and Monument has agreed to purchase a land package of approximately 32,000 acres of prospective exploration land and associated data base. This land is located to the east of Selinsing's Gold Project and Buffalo Reef exploration property, commencing approximately 500 metres from the existing ground held under the above two project's eastern boundaries.

The consideration is comprised of CAD\$1,500,000 cash and 7,000,000 fully paid shares in Monument and 3,500,000 share purchase warrants exercisable at \$1.00 for two years from the date of issuance.

The parties agree that this LOI document will be the basis of a legally binding agreement that will be prepared by jointly agreed legal counsel. The agreement is subject to completion of due diligence, Board and regulatory approval by both parties.

This land package and data-base acquisition consolidates the area holdings. The land acquisition advances the current exploration program by joining the Selinsing Gold Project and Buffalo Reef Property with the potential for additional exploration success to the east. The acquisition provides significant potential value to shareholders by building on the knowledge in the immediate surrounding area of Selinsing and Buffalo Reef. Approximately AUD\$40.0 M of past expenditure on exploration programs, acquisition and an exploration data-base created by predecessors was also acquired.

A formal Sale and Purchase Agreement ("SPA") is under review by both parties. The application for the land acquisition is currently under a final review by the State of Land and Mine Department of Pahang, Malaysia. A \$50,000 deposit was paid in the third quarter to Famehub to secure the land.

**1.2.2 Property Activities**

**SELINSING GOLD PROJECT**

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 area surrounding Selinsing has a rich endowment of gold mineralisation with two nearby mines, Raub and Penjom, both having combined past production and present resources announced to be over two million ounces of gold.

The Selinsing Project is comprised of two mining leases covering an area of about 170 acres. It is at an advanced stage of exploration. The resource of Selinsing Gold Project is 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 will allow recovery of between 92% and 95%.

A historic positive pre-feasibility study at US\$280 previously undertaken by independent consultants on behalf of predecessors indicated the potential of the project, which led to the acquisition by the Company. In the interim the Company commissioned Snowden International Mining Consultants Pty Ltd ("Snowden") to prepare a three part NI-43-101 Preliminary Assessment Report ("Snowden 43-101 Report") which was filed on SEDAR on 5<sup>th</sup> March 2007.

**Validation Drilling Programme**

In accordance with recommendations made in the Independent Technical report dated June 2006 and prepared in accordance with NI 43-101 by Snowden International Mining Consultants Pty Limited, prior to the acquisition, the Company undertook a programme of targeted RC drilling to confirm the tenor of the historical RC data. Nine drill holes, SELRC0510 to SELRC0518, located as summarised in Table 1.1, were drilled and the significant results summarised in Table 1.2. Results greater than 0.5 g/t Au and with a down hole thickness of greater than 5m are reported; no top cutting has been applied. Holes were drilled inclined at 60 degrees with an azimuth of 270 (local grid) and are designed to normally intersect the mineralisation, so that the down hole thickness, reflects the true thickness.

<b>Table 1.2.2 (a) . Drill hole location summary (local grid)</b>						
<b>Hole ID</b>	<b>Northing</b>	<b>Easting</b>	<b>RL</b>	<b>Depth</b>	<b>Dip</b>	<b>Azimuth</b>
	(m)	(m)	(m)	(m)	(m)	
<b>SELRC0510</b>	1990.2	790.5	500.94	60	60	270
<b>SELRC0511</b>	1990.2	810.2	500.87	66	60	270
<b>SELRC0512</b>	2009.8	790.6	501.3	72	60	270
<b>SELRC0513</b>	2009.8	809.9	500.78	72	60	270
<b>SELRC0514</b>	2030.3	790.7	499.18	60	60	270
<b>SELRC0515</b>	2030	810.5	499.55	72	60	270
<b>SELRC0516</b>	2051.7	789.8	499.2	54	60	270
<b>SELRC0517</b>	2050.4	809.8	499.99	72	60	270
<b>SELRC0518</b>	1969.7	792.2	500.94	72	60	270

<b>Table 1.2.2 (b). Drill assay summary results (local grid)</b>					
Hole ID	Hole Type	From	To	Down hole Thickness	Au (g/t)
		(m)	(m)	(m)	
<b>SELRC0510</b>	RC	23	29	6	8.33
<b>Includes</b>		27	28	1	31.4
<b>SELRC0510</b>	RC	46	60	14	3.15
<b>Includes</b>		39	40	1	41.7
<b>Includes</b>		59	60	1	22.4
<b>SELRC0511</b>	RC	41	49	8	6.6
<b>Includes</b>		48	49	1	36.8
<b>SELRC0512</b>	RC	32	64	32	1.72
<b>SELRC0513</b>	RC	66	72	6	1.83
<b>Includes</b>		61	62	1	20.4
<b>SELRC0514</b>	RC	31	42	11	0.95
<b>SELRC0515</b>	RC	60	69	9	9.15
<b>Includes</b>		65	66	1	35.8
<b>SELRC0516</b>	RC	24	35	11	4.84
<b>SELRC0518</b>	RC	2	14	12	2.45
<b>SELRC0518</b>	RC	25	36	11	4.02
<b>SELRC0518</b>	RC	42	49	7	12.3
<b>Includes</b>		46	47	1	52.9
<b>SELRC0518</b>	RC	53	67	14	15.52
<b>Includes</b>		54	55	1	51.9
<b>Includes</b>		57	58	1	60
<b>Includes</b>		61	62	1	38.9

Snowden supervised the drilling and sampling. Industry standard QAQC protocols were followed which included certified reference materials comprising a range of standards and a blank which were independently inserted into the sample stream prior to analysis. Field duplicates were also taken during the drilling programme. The samples were submitted to the Ultratrace Pty. Ltd. (Ultratrace) laboratory located in Perth, West Australia. Samples underwent a 40 g Fire Assay with analysis by ICP. Snowden has reviewed the programmes QA/QC data and found the results to be acceptable for the style of mineralisation.

**Resource Estimate**

The resource estimate for the Selinsing Gold Project is summarised in Table 2.1, which reports the resource by classification and oxidation.

Table 2.1: Resource estimate Selinsing Gold Project, as at August 2006:

<b>Table 1.2.2. (c). Resource estimate</b>					
<b>Cut-off (Au g/t)</b>	<b>Classification</b>	<b>Oxidation (kt)</b>	<b>Tonnes</b>	<b>Grade (Au g/t)</b>	<b>Metal (kOzs)</b>
<b>0.75</b>	Indicated	Oxide	2,100	1.78	120
<b>0.75</b>		Sulphide	1,530	1.72	85
<b>0.75</b>		Total	3,630	1.76	205
<b>Cut-off (Au g/t)</b>	<b>Classification</b>	<b>Oxidation (kt)</b>	<b>Tonnes</b>	<b>Grade (Au g/t)</b>	<b>Metal (kOzs)</b>
<b>0.75</b>	Inferred	Oxide	387	1.25	16
<b>0.75</b>		Sulphide	7,302	1.35	317
<b>0.75</b>		Total	7,689	1.34	332

The resource estimate has been prepared in accordance with NI 43-101. Snowden has since prepared an independent technical report in relation to the resource estimate and this report was filed on SEDAR. The resource estimate has been prepared by Snowden based on data and geological interpretations provided by Monument. Snowden has reviewed the drilling and sampling data underlying the resource estimate and has verified that the data is of sufficient quality to support the resource classification.

Snowden used multiple indicator block kriging to estimate gold grade into an unconstrained block model reflecting the interpreted geology. Snowden also visited the Selinsing Gold Project site as part of the resource estimation process. Snowden considers the resource classification recognizes the risk inherent in the estimate. Snowden judges that the potential exists for the mineralisation to be more discreet, which would result in a reduction in tonnes and an increase in grade at the reported cut-off, though the contained ounces would remain approximately the same. Snowden believes that once production starts at Selinsing, this issue will be resolved by reconciliation and geological monitoring of production.

The resource is reported at a cut-off grade of 0.75 g/t Au. The use of multiple indicator block kriging limits the influence of outliers in the data set. Search ellipses and ranges used in the estimation reflect the spatial continuity and geological trends of the resource. Average in-situ densities of 2.53 t/m<sup>3</sup> and 2.7 t/m<sup>3</sup> have been applied to the oxide and primary mineralisation respectively, reflecting a range of determinations undertaken to date. As more density data is acquired, these values will be reviewed. Kriging neighbourhood analysis was undertaken to optimize the estimation parameters in order to minimise conditional bias in the estimate. Snowden considers that Monument should be able to increase the confidence and size of the Selinsing resource through additional drilling. The bulk of the inferred material lies below 400 RL and represents an exploration target for the Company. Snowden expects that as more data is acquired at depth the estimated tonnage will decrease and the grade increase as the mineralisation becomes better defined.

#### **Quarter Two Activities**

Second quarter was a milestone for Selinsing Gold Project. Early of the quarter, the Company announced that with receipt of government approval to construct the gold treatment plant the Board of Directors has resolved to place its 100% Selinsing Gold Project ("Selinsing") into production. Thereafter, upon failure of delivery of \$10 million credit facility by lenders, the Company

took action in re-engineering the gold production plan and the gold treatment plant construction plan, under which the gravity circuit will be constructed first with cash on hand and will be placed into production in August, 2009; the CIL plant construction will be funded by cash flow generated from production and resultant gold sales through the gravity circuit. The entire gold plant construction is expected to be completed without further external financing.

Snowden Mining Industry Consultants Pty Ltd. and Metallurgical Design has been engaged to prepare a full mine plan in relation to the amended construction and production arrangement. Such report is expected to be available in the third quarter.

#### Construction in Progress

By the end of the second quarter, a 65% of earth work and infrastructure work were completed for total cost of \$433,676 (\$316,746 spent in the second quarter) at the locations of the Run-Of-Mine ore stockpile, crushing and stockpiling area, ball mill and CIL plant areas including electrical substation, offices, laboratory and workshop.

#### Administrative facilities and other Infrastructure

Following completion and occupation of the office buildings, construction of staff quarters was commenced in the fourth quarter of last fiscal and completed in the second quarter of fiscal 2009. Total cost was \$120,000 in line with the budget.

#### Environmental Impact Study

During the first quarter, the Company continued with the preliminary environmental impact assessment program. The study is design to meet the following objectives:

- To collect and collate baseline data on the existing physic-chemical, biological and socio economic aspects of the immediate environment of the project area.
- To examine the proposed project activities relating to the operation of the project in order to identify, predict and assess the environmental impacts associated with them, especially on issues such as soil erosion and siltation, water and air quality, noise, vibration, and safety and physical well-being of the surrounding people.
- To specify effective mitigating measures, where required, to be incorporated into the present operation.
- To identify significant residual environmental impacts, if any, and to specify the necessary monitoring requirement.

The full report was adopted by the department of environment this quarter.

#### Internal Control

The Company through its operating subsidiaries, has reviewed certain operating control processes including security control, environment control and community relation management. The Safety Management Plan, Environmental Management Plan and Community Relation Management Plan were drafted and submitted to the senior management for review.

### **DAMAR BUFFALO REEF TENEMENTS**

The Damar Buffalo Reef tenements have been granted by the Malaysian government and consist of two contiguous tenements, approximately 2,050 acres in size in Pahang State of Malaysia and extend 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. It is



located 25 km west of Penjom mine which commenced production in December 1996 and has produced over 1 million ounces of gold during the mines life to date. As part of the agreement to acquire Damar, Monument will also acquire certain other mineral concessions located elsewhere in Malaysia that will not be discussed as part of this report.

Prior to the closing and as part of the due diligence program the Company commissioned the preparation of a NI 43-101 report on the Damar prospect. The report concluded there was a historic resource which was not NI 43-101 compliant.

#### ***The second quarter of fiscal 2009 Activities***

Monument Mining Limited through its wholly owned subsidiary, Damar Consolidated Exploration Sdn. Bhd., initiated and continued two drilling programs at the beginning of last fiscal year, which emphasized extending the resource within the Buffalo Reef Prospect. This adjacent mine exploration program, if successful is expected to result in an increase in economic benefit for the planned mine development at Selinsing by potentially adding additional resources within economic haulage distance of the Selinsing Gold Project.

Under the two drilling programs 11,000m of RC drilling samples and 1400m of diamond drilling samples would be collected to generate sufficient drilling density and sample points over the currently known mineralized zone to potentially produce a NI-43-101 compliant resource statement. It is expected that additional RC and diamond drilling work will also be required to further assess the dip and strike extension of the ore body. The RC chips and the diamond core samples that were collected from the drilling program will be used for grade analysis, metallurgical assessment and geological understanding of the ore body.

The RC drilling from Phase I and Phase II programs was completed in the first quarter for total of 11,871 m at the South, Central and Northern Zone of Buffalo Reef. All samples generated from the program were sent to Ultratrace Pty Ltd, Analytical Laboratories of Perth, Western Australia ("Ultratrace" - a NATA accredited laboratory which complies with requirements of ISO/IEC 1725:2005, and is an accredited quarantined laboratory for handling imported samples and performs the sample pulverization and assaying for the Project) for gold grade analysis. During the second quarter, all assay results were received by the Company.

The ore body at North and south zone are remained open especially at depth and it will subject to the 3,200m diamond drilling program as outlined by Snowden Pty Ltd. However the program which was scheduled to commence during this quarter was put on hold temporarily as a result of failure of the lender to proceed with CAD 10 million credit facility.

During the second quarter, a RC drilling machine, a compressor booster and other drilling accessories were purchased for total \$727,750; in addition, \$362,174 was spent on repair of a diamond owned by the Company. The Company is establishing its own drill team in Malaysia to maintain the flexibility in conducting exploration drilling within the country at a competitive cost.

During the quarter, the company had agreed to enter into a collaboration program with a group of geoscientist from University of Tasmania to conduct the mine and district scale study. The group was headed by Dr. Khin Zaw. The main objectives of the program are to investigate and understand the geological control of gold mineralization within the district. The outcome of the study will be used to assist in planning future drilling program.

Phase I exploration program

**Phase I exploration program** was commenced after acquisition of the Damar Buffalo Reef ("Damar") exploration project. On September 12, 2007, the Company announced the first phase exploration program at an estimated cost of \$600,000. The program is a commencement of the recommended drilling program in the NI 43-101 report prepared and signed off by OreQuest Consultants of Vancouver, B.C. OreQuest visited Damar in March 2007 in the course of preparing the NI 43-101 report for the acquisition of the project. The report contained a recommended program of exploration work including a total of 1,400 meters of diamond drilling and 1,000 meters of reverse circulation drilling.

The drill result for the first 1,000m RC drilling under the Phase I program was announced confirming previous drill results on Buffalo Reef Prospect. The first assay results have been reported in January, 2008 by Ultratrace. The assay results are summarized in Table 1.

Table1. Assay Results Summary

HOLE	FROM	TO	Downhole Thickness (m)	Average Grade (g/t)
MBRRC0003	41	54	13m	5.76
Includes	46	48	2m	26.9
MBRRC0004	43	45	2m	7.77
Includes	43	44	1m	14.3
MBRRC0004	50	54	4m	1.46
MBRRC0004	59	61	2m	6.34
MBRRC0004	63	64	1m	4.62
MBRRC0005	25	28	3m	3.09
MBRRC0005	29	30	1m	8.74
MBRRC0005	32	36	4m	3.61
MBRRC0006	32	35	3m	5.5
MBRRC0007	24	26	2m	1.35
HOLE	FROM	TO	Downhole Thickness (m)	Average Grade (g/t)
MBRRC0007	35	42	7m	2.43
MBRRC0008	48	55	6m	1.3
Includes	54	55	1m	4.96
MBRRC0009	7	14	7m	3.99
Includes	9	13	4m	6.13
MBRRC0009	48	49	1m	2.79
MBRRC0010	4	8	4m	3.28
MBRRC0011	19	26	7m	5.51
Includes	24	25	1m	17.6
MBRRC0012	23	27	4m	5.48
MBRRC0013	5	9	4m	2.58
MBRRC0014	5	12	7m	1.29
MBRRC0015	16	19	3m	5.48
MBRRC0016	16	27	11m	5.91
Includes	21	23	2m	16.85

MBRRC0017	29	36	7m	4.11
MBRRC0017	30	33	3m	7.6

The total 1,000 m of the RC confirmation drilling program was conducted toward the south end of the southern zone of the Buffalo Reef gold mineralization zone. The program was carried out at a nominal 20m x 20m drill pattern that covers a strike length of approximately 200m. The diamond drilling work and metallurgical assessment was conducted as soon as the necessary drilling equipment became available.

Phase II exploration program

**The Phase II Drilling program** involves 10,000 m of RC Drilling which is planned to be carried out at a nominal 20m x 20m drill pattern that will cover a broadly defined 1.5 km strike length of the Southern and Central ore body and 800m of mineralization at the Northern ore body. This exercise will also test the dip extension of the ore body at all three discreet mineralization areas as well as a possible extension of the ore body along the strike length. The primary objective of the Phase II drill program is to increase the size of the Buffalo Reef discovery and at the same time outline the extent of a proposed open pit in order to optimize the pit design and keep ore dilution to a minimum. The southern limits of gold mineralization at Buffalo Reef lie about 500m north east of the proposed Selinsing plant site. Previously Avocet Mining LLP, a London based senior mining company and former owner of the Buffalo Reef, had concluded that the oxide material could be treated successfully using heap leaching techniques. Monument will be conducting a program of metallurgical test work to determine the suitability of the oxide material being treated in a CIL circuit at Selinsing.

The first batch of Phase II assay results were obtained from mineralized structure found at the Southern Zone of Buffalo Reef area. The structure is 500 meters long and up to 70 meters in width. The best intercepts as outlined in table 2 are related to the easterly dipping shear structure where quartz veins occur in a pervasive silicified rock. The result shows good correlation of data between the current drilling and historic assay database and is expected to significantly improve the integrity of the historical data. It is the Company's intention to commission a new NI-43-101 report which is intended to contain a resource estimate.

Table 2. Significant drill intercepts from MBRRC 22 to MBRRC 36:

Hole	From (m)	To (m)	Thickness (m)	Au (g/t)
MBRRC0022	9	12	3	3.42
MBRRC0023	49	59	10	4.84
includes	56	57	1	15.40
MBRRC0024	5	6	1	4.30
MBRRC0024	11	17	6	3.68
MBRRC0025	21	23	2	8.02
includes	21	22	1	12.90
MBRRC0027	47	58	11	8.33
includes	57	58	1	20.00
MBRRC0028	3	6	3	4.14
MBRRC0029	1	9	8	3.50
MBRRC0030	28	34	6	9.12
Includes	30	32	2	20.15
MBRRC0031	28	35	7	4.51
includes	28	30	2	10.22
MBRRC0033	57	60	3	4.99

MBRRC0033	66	68	2	2.94
MBRRC0035	36	48	12	3.22
MBRRC0036	28	36	8	6.55
includes	32	34	2	10.50

Holes are drilled inclined at 60° with azimuth of grid 270° and are designed to intersect perpendicular to the mineralization, so that the down hole thickness reflects the true thickness of the intersection.

Table 3. Drill hole location summary:

Hole	East (m)	North (m)	RL (m)	Depth (m)	Azim	Dip
MBRRC0022	20,239.58	49,679.83	855.82	54	270	-60
MBRRC0023	20,221.37	49,661.16	855.29	66	270	-60
MBRRC0024	20,240.79	49,661.91	854.11	54	270	-60
MBRRC0025	20,262.52	49,660.05	848.48	30	270	-60
MBRRC0026	20,261.98	49,642.95	848.16	30	270	-60
MBRRC0027	20,220.52	49,641.57	851.99	72	270	-60
MBRRC0028	20,157.48	49,677.68	869.01	66	270	-60
MBRRC0029	20,159.54	49,654.49	865.26	60	270	-60
MBRRC0030	20,177.56	49,642.78	859.98	60	270	-60
MBRRC0031	20,182.57	49,658.70	858.00	66	270	-60
MBRRC0032	20,263.43	49,622.21	844.79	80	270	-60
MBRRC0033	20,243.29	49,621.54	845.60	96	270	-60
MBRRC0034	20,223.61	49,619.70	845.93	35	270	-60
MBRRC0035	20,201.25	49,618.73	847.41	51	270	-60
MBRRC0036	20,181.20	49,602.62	847.29	36	270	-60

The results from 40 drill holes of RC drilling were announced subsequent to the quarter end. 40 holes were located at the Central zone at 40m x 40m grid spacing over a strike length of 700m. The objective of the drilling program at the Central Zone was to obtain a better understanding of the poorly defined scattered gold mineralization previously identify by Avocet Mining Ltd. The recent drilling at the Central zone appears to have intersected complex mineralization of gold bearing quartz veins or stringers that pinch and swell and are structurally controlled. Significant drilling interceptions from the Central Zone are listed below.

Table 4. Significant drilling interceptions at the Central Zone of Buffalo Reef MBRRC 36 to MBRRC 76:

Hole	From (m)	To (m)	Thickness (m)	Au(g/t)
MBRRC0037	23	26	3	2.02
MBRRC0037	31	40	9	1.82
MBRRC0037	43	49	6	6.53
includes	44	45		18.10
MBRRC0040	34	37	3	1.78
MBRRC0045	42	44	2	1.71
MBRRC0045	55	57	2	1.63

MBRRC0047	73	75	2	2.26
MBRRC0051	33	37	4	2.17
MBRRC0053	52	55	3	2.40
MBRRC0053	71	73	2	1.25
MBRRC0054	35	40	5	4.60
includes	37	39	2	7.98
MBRRC0061	42	47	5	1.29
MBRRC0063	63	66	3	4.53
includes	63	64	1	11.40
MBRRC0069	22	25	3	3.71
MBRRC0069	27	29	2	3.06
MBRRC0070	11	13	2	1.97
MBRRC0070	16	18	2	4.39
MBRRC0070	20	23	3	1.30
MBRRC0071	58	61	3	1.64
MBRRC0076	34	36	2	1.77

At the Northern zone, 37 RC holes were drilled at 20m x 20m spacing toward magnetic west. The closed space drilling pattern was designed to upgrade the resource category for a compliant reserve and resource statement and at the same time to immediately establish the oxide resource that would be suitable for the current plant configuration designed and being constructed at Selinsing. Drilling appears to intercept the upper portion of the main east dipping veins that control the gold. The latest results are very encouraging in that they compliment the previous gold intercepts. Significant drilling interceptions from the Northern Zone are displayed in table 2.

The width, geological nature and gold tenor warrant deeper drilling as the depth potential is largely untested. Deeper diamond drilling holes have been planned, based on trying to confirm any extension of the mineralization at depth. Snowden have designed a program and submitted a proposal to Damar exploration team to undertake 3200m of diamond drilling programs at three discreet zones in the South, Central and North Zones at Buffalo Reef. This program has been designed to test for the down dip extension of the previously identified gold mineralized structure. The proposed drill holes are typically between 80-100m apart and reach depths of between 150 and 260m.

Table 5: Significant drilling interceptions at the Northern Zone of Buffalo Reef:

Hole	From (m)	To (m)	Thickness (m)	Au(g/t)
MBRRC0077	12	22	10	1.91
MBRRC0077	25	28	3	4.74
MBRRC0078	3	8	5	1.57
MBRRC0078	32	39	7	2.35
MBRRC0079	21	24	3	2.60
MBRRC0080	19	25	6	3.14
includes	20	21	1	8.18

MBRRC0081	52	55	3	1.94
MBRRC0085	25	30	5	2.78
includes	29	30	1	7.36
MBRRC0088	29	31	2	2.48
MBRRC0088	39	47	8	2.84
MBRRC0088	56	64	8	1.68
MBRRC0092	76	79	3	1.49
MBRRC0095	51	56	5	2.53
includes	53	54	1	5.86
MBRRC0096	37	41	4	4.96
includes	39	40	1	10.30

The Company plans to take next step study all of the results to date and in conjunction with the proposed diamond program designed by Snowden to test the potential extension of these results at depth, continue work toward being able to commission an upgraded compliant resource statement for the Buffalo Reef Project.

Michael Andrew AusIMM, of Snowden Mining Industry Consultants Pty Ltd, a qualified person under National Instrument 43-101, is overseeing the drilling program and quality assurance and quality control ("QAQC") programs on behalf of Monument Mining Limited and has reviewed the above released results ([www.sedar.com](http://www.sedar.com)).

### 1.3 Selected Annual Financial Information

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and are expressed in Canadian dollars except common shares outstanding.

BALANCE SHEET	Year Ended June 30, 2008	Period Ended June 30, 2007
Current assets	\$ 7,491,928	\$ 4,746,428
Other assets	47,431,649	41,111,241
Total assets	54,923,577	45,857,669
Current liabilities	3,771,936	9,165,024
Other liabilities	830,537	948,800
Shareholders' equity	50,321,104	35,743,845
Total shareholders' liabilities and equity	54,923,577	45,857,669
Working capital	\$ 3,719,992	\$ (4,418,596)

OPERATIONS	June 30, 2008	Four- month Ended June 30 2007	Year Ended February 28, 2007
General and administrative expenses	\$ (3,141,977)	\$ (114,004)	\$ (173,786)
Amortization	(10,516)	(892)	(259)
Other earnings (expenses)	41,400	(33,627)	(5,716)
Earnings (loss) from continued operations	(3,111,093)	(148,523)	(179,761)
Future income tax recovery	225,800	222,000	-
Earnings (loss) from discontinued operations	-	62,239	-
Gain (loss) from discontinued operations	-	642,572	(50,236)
Net earnings (loss) for the period	\$ (2,885,293)	\$ 778,228	\$ (229,997)
Basic and diluted earnings (loss) per share from continued business	\$ (0.04)	\$ (0.02)	\$ (0.02)
Basic and diluted earnings ( loss) per share from discontinued business	\$ -	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	77,394,302	12,864,329	8,803,582

#### 1.4 Result of Operations

	Three Months ended December 31		Six Months ended December 31	
	2008	2007	2008	2007
Net earnings (loss) for the period	\$ (902,217)	\$ (376,614)	\$ (1,750,869)	\$ (1,991,833)
Earnings (loss) per share	(0.01)	(0.00)	(0.01)	(0.03)
Weighted average number of common shares	155,640,028	77,392,153	145,429,321	77,392,153

#### **Three months results**

Loss from continued operations was \$902,217 for the quarter ended December 31, 2008, an increase of \$525,603 compared to \$376,614 in the quarter ended December 31, 2007. It was primarily due to significant increased business capacities resulted from the gold treatment plant construction and the share purchase options granted to the directors and officers, consultants and employees during the period.

The operational expenses of \$949,912 for the three months period ended December 31, 2008 are comprised of salaries, office and administration costs, shareholder communications, conference and travel, regulatory compliance and stock-based compensation. Excluding stock-based compensation expenses of \$333,195 for the three months period, the Company incurred operating expenses from continued business totaled \$616,717 for the three months period, compared to \$373,141 in the three

months period ended December 31, 2007. Increased costs reflect the increased administrative, shareholder communication and business development capacities to fulfill its commitment on gold plant construction, exploration and development programs.

General and administration expenses totaling \$337,465 for the second quarter was comprised of salary expenses of \$217,587 and office rent, office services and others of \$119,878, compared to \$166,782 in three months ended December 31, 2007 comprised of salary expenses of \$101,501 and other general and administrative expenses of \$65,281. This reflects directors' fees awarded this quarter for \$50,500 and write off of deferred financing cost of \$90,386. Shareholder communications and conference and travel expenses totaled \$178,824 compared to \$143,108 in the three months period ended December 31, 2007. The legal, accounting and audit totaled \$81,187, an increase of \$31,159 compared to \$50,028 for the same period last year primarily due to legal cost for reviewing contracts and legal action against Sim Tze Chui AKA Jyn Tze Baker et el. for defamation of title and damages. The regulatory and filing expense was \$15,778 compared to \$7,223 in the three months period ended December 31, 2007 primarily due to timing of annual regulatory fees and increased AGM costs.

During the three months ended December 31, 2008, the Company received \$109,048 interest income generated from a cash balance, a 213% increase compared to \$34,806 for the same period of the last year. The Company incurred a foreign exchange loss of \$68,764 compared to \$20,454 in the same period last year.

The Company debited \$333,195 stock-based compensation expenses to operations in the second quarter, compared to \$17,825 in the comparative period.

#### **Six months results**

For the six month period ended December 31, 2008, the Company reported a net loss of \$1,750,869, or \$0.01 per share, compared to a net loss of \$1,991,833, or \$0.03 per share, reported for the corresponding period in 2008. The following discusses changes in expenses which occurred during the six month period ended December 31, 2008 in the categories described below as compared to the six month period ended December 31, 2008.

The operations expenses of \$1,908,395 for the first six months of fiscal 2009 are comprised of salaries, office and administration, legal and accounting, shareholder communications, conference and travel, regulatory compliance and stock-based compensation. Excluding stock-based compensation expenses of \$861,222, the Company incurred operating expenses of \$1,047,173 compared to operation expenses of \$699,712 for the first six months of fiscal 2008, excluding stock-based compensation expenses of \$1,311,423.

General and administration expenses increased by 92% to \$601,183 in the first six months of fiscal 2009 and was comprised of salary expenses of \$376,293 and office rent, office services and others of \$224,890 compared to \$313,230 in the first six months of fiscal 2008 comprised of salary expenses of \$214,229 and office rent, office services and others of \$99,001, mainly due to director fees of \$70,000 and write off of deferred financing cost of \$90,386.

Shareholder communications and conference expenses increased by 8% to \$129,583 in the first six month of fiscal 2009 from \$119,762 in the same period of fiscal 2008 increased slower than anticipated reflecting cost cut down due to the current market crisis.

Legal, accounting and audit expenses increased by \$33,644 mainly due to legal action taken by the Company against Sim Tze Chui AKA Jyn Tze Baker et el. for defamation as above totaled \$26,300 during the six month period.



The regulatory and filing expense was \$34,329 in the first six months of fiscal 2009 more doubled compared to \$14,799 in the corresponding of fiscal 2008 primarily due to \$16,000 paid to TSX Venture for adoption of the 2009 stock option plan and higher AGM cost incurred.

During the first six months of fiscal 2009, the Company received \$220,654 interest income generated from a cash balance compared to \$67,721 in the same period of fiscal 2008. The Company incurred a foreign exchange loss of \$63,128 in the first six months of fiscal 2009 compared to \$21,351 in the same period of fiscal 2008.

During the first six months of fiscal 2009, the Company granted 17,756,000 stock options to its directors, officers, employees and consultants, a fair value of stock-compensation estimate using a Black-Sholes pricing model totaled \$1,144,073 was credited to contributed surplus, of which \$861,222 was charged to operations, \$228,923 to mineral property interests and \$53,928 to property, plant and equipment.

### 1.5 Summary of Quarterly Results

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

	Nov. 30, 2006	Feb. 28, 2007	Jun. 30, 2007	Sep. 30, 2007 <sup>(1)</sup>	Dec. 31, 2007	Mar. 31, 2008 <sup>(2)</sup>	Jun. 30, 2008	Sep. 30, 2008 <sup>(1)</sup>	Dec. 31, 2008 <sup>(1)</sup>
<b>From Continued Operations</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net loss	33,224	83,179	(73,477)	1,615,219	376,614	593,876	299,584	848,652	902,217
Loss per share	0.00	0.02	(0.01)	0.02	0.00	0.01	0.01	0.01	0.01
<b>From discontinued operations for sale</b>									
Revenue	102,330	44,360	324,487	—	—	—	—	—	—
Net loss	(7,709)	22,166	(62,239)	—	—	—	—	—	—
Loss per share	0.00	0.01	(0.01)	—	—	—	—	—	—

(1) Increase of net loss in quarter ended December 31, 2008 is due to stock based compensation expenses that were charged to operations.

(2) Increase in net loss in quarter ended March 31, 2008 is due to enhanced investor relations activities.

### 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, the gold treatment plant construction at Selinsing and exploration at Buffalo Reef.

The Company's cash balance as at December 31, 2008 was \$12,666,282, increased from \$7,346,566 at June 30, 2008. During the six month period, the Company generated cash inflow totaled \$5,319,716. An amount of \$1,155,311 was used in operations; \$2,398,728 was used to fund exploration programs, mineral property development, equipment and construction activities; and a net \$9,277,755 was generated from the private placement closed on July 21, 2008, comprised of \$12,185,000 cash receipt from the balance of the \$28,048,000 subscriptions, offset by share issuance costs of \$2,907,245.

During the second quarter of fiscal 2009, the Company spent \$420,150 in operating activities compared to \$271,304 in the same quarter of fiscal 2008. The total cash consumed in mineral property maintenance and development, pre-construction activities was increased to \$1,834,061 during the second quarter of fiscal 2009 from \$1,057,765 of the same period of the fiscal 2008 mainly due to commencement of Gold Treatment Plant construction on Selinsing Project in the second quarter and purchase of a drill rig for the Buffalo Reef Prospect and other proposed exploration in the future.

The Company's working capital as at December 31, 2008 was \$12,270,902 compared to \$3,719,992 as at June 30, 2008, increased by \$8,550,910 mainly due to cash receipt upon completion of the \$28,048,000 financing during the first quarter of fiscal 2009.

In the six month period, shareholders' equity has increased by \$11,920,960 due to increase in share capital of \$12,527,756 for common shares issued for a private placement and ball mill purchase; increase in contributed surplus of \$1,144,073 for stock-based compensation, offset by a deficit of \$1,750,869 resulting from operations.

### 1.7 Capital Resources

The Company's capital resources as at December 31, 2008 included cash and cash equivalents. The Company's primary sources of funding are through equity financing by issuance of its stocks and debt financing, or both.

#### (a) Private placement

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 through exercise of the warrants issued on the private placement were subject to a four-month hold period expiring November 22, 2008.

The funds shall be used to construct a 1200 tpd CIL treatment plant with a gold production capacity of up to 40,000 ounces per year, commence development of the open cut gold project, acquire three reverse circulation/diamond drill rigs in order to continue and expand its exploration program on Monument's Buffalo Reef property which is adjacent to the Company's Selinsing Gold Mine Project and elsewhere. The funds will also be used for other general working capital purposes.

#### (b) Convertible credit facility

Concurrently with the equity financing, the Company entered into a convertible credit facility for up to \$10.0 million.

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.

#### (c) Ball Mill Purchase

On August 19, 2008, upon TSX Venture Exchange's acceptance of the Ball Mill Purchase Agreement between the Company and Avocet Mining PLC ("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. The cost to close the transaction was \$23,055. Avocet is a greater than 10% shareholder of the Company.

#### CONTRACTUAL OBLIGATIONS

At December 31, 2008, the Company has aggregate operating leases of \$417,401 including the Company's leased office, accommodations and mineral properties tenement fees. The Company also committed \$8,051,482 at December 31, 2008 to its gold treatment plant construction at Selinsing Gold Project.

	2009	2010	2011	2012	2013	Total
Operating lease	\$ 96,345	\$ 97,555	\$ 98,765	\$ 92,006	\$ 32,730	\$ 417,401
Construction	5,651,175	2,400,307	-	-	-	8,051,482
	\$ 5,747,520	\$ 2,497,862	\$ 98,765	\$ 92,006	\$ 32,730	\$ 8,468,883

#### 1.8 Off Balance Sheet Arrangements

Not applicable.

#### 1.9 Transactions with Related Parties

There was the following related party transactions during the three months ended December 31, 2008:

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. The cost to close the transaction was \$23,055. Avocet is a shareholder of the Company.

#### 1.10 Fourth Quarter

Not applicable.

#### 1.11 Proposed Transactions

None.

#### 1.12 Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the balance sheet date, and the reported amounts of revenues and expenses during the reporting period.

Significant estimates made in the preparation of these consolidated financial statements include determining accrued liabilities, valuation of mineral properties, value of assets retirement obligation, assumptions used in calculating fair-value of Agents' options and share purchase warrants, and valuation of allowance for future income tax assets. Actual results could differ from those estimates used in the preparation of the consolidated financial statements and could impact future results of operations and cash flows.

### 1.13 Changes in Accounting Policies including Initial Adoption

Effective July 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA") relating to financial instruments. As required by the transitional provisions of these new standards, these new standards have been adopted with no restatement to prior period financial statements.

Section 3855 – Financial Instruments – Recognition and Measurement, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is removed from the balance sheet.

As a result of the adoption of these new standards, the Company has classified its cash and cash equivalents as held-for-trading. Accounts receivable are classified as loans and receivables. Accounts payable, certain accrued liabilities and debenture payable are classified as other liabilities, all of which are measured at amortized cost.

The adoption of these new standards had no impact on the Company's deficit position as at July 1, 2007.

Section 1530 – Comprehensive Income – Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. Under this section, the Company is required to present comprehensive income and its components in a financial statement showing (i) net income for the period; (ii) each component of revenue, expense, gain and loss that is recognized in other comprehensive income; and (iii) the total of (i) and (ii). As at June 30, 2008, the Company has no other comprehensive income, and as such, comprehensive loss equals net loss.

As a consequence of adopting Sections 1530 and 3855, the Company has also adopted Section 3861, "Financial Instruments – Disclosure and Presentation", and Section 3865, "Hedges".

(c) Section 1506 – Accounting Changes – This is the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and correction of errors. Changes

in accounting policies are only permitted when required by a primary source of generally accepted accounting principles or when the change will result in more reliable and more relevant information.

The following accounting standards have been issued but are not yet effective:

(d) Section 1535 – Capital Disclosures – This standard requires disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate an entity's objectives, policies and procedures for managing capital. This standard is effective for the Company beginning on July 1, 2008. The Company is currently evaluating the effects of adopting this standard.

(d) Sections 3862/3863 – Financial Instruments – Disclosure (Section 3862) and Presentation (Section 3863) – These standards will replace CICA Handbook Section 3861, "Financial Instruments – Disclosure and Presentation". These sections provide users with information to evaluate the significance of the financial instruments for the entity's financial position and performance, nature and extent of risks arising from financial instruments, and how the entity manages those risks. Section 3863 deals with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The new sections are effective for the Company beginning on July 1, 2008. The Company expects that its financial statement disclosures will be expanded to incorporate the new additional requirements.

(e) Amendments to Section 1400 – Going Concern – This section was amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The new requirements are effective for the Company beginning on July 1, 2008. The Company is currently evaluating the impact of this amended standard.

(f) International Financial Reporting Standards ("IFRS") – In 2006, the Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to apply IFRS. The changeover is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement of comparative amounts reported by the Company for the year ending June 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

#### 1.14 Financial Instruments and Other instruments

None.

#### 1.15 Outstanding Share Data

Subsequent to the six month ended December 31, 2008, 1,000,000 stock purchase options were cancelled; The 550,000 newly granted stock purchase options have a life of five years from the grant date, exercisable at a price of \$0.25. The options have a 4 month hold and will vest over a 2-year period, one year and two years respectively after the issue date. As a result of the new grants and prior grants, a total of 21,676,000 stock purchase options have been granted and 450,000 common shares are reserved for grant under the 2009 Plan.

The following details the share capital structure as at February 27, 2008:

	Remaining life / Expiry date	Exercise price	Number of securities	Total
Common shares				155,640,028
Stock options				
	July 5, 2012	\$0.50	3,300,000	
	February 18, 2011	\$0.58	70,000	
	August 15, 2013	\$0.40	13,390,000	
	July 5, 2012	\$0.50	1,200,000	
	August 15, 2013	\$0.40	690,000	
	December 5, 2013	\$0.25	2,476,000	
	February 9, 2014	\$0.25	<u>550,000</u>	21,676,000
Warrants	March 15, 2009	\$0.65	500,000	
	June 25, 2009	\$0.65	22,544,500	
	July 21, 2011	\$0.50	70,120,000	
	August 19, 2013	\$0.50	<u>8,125,003</u>	101,289,503
Agents' options	June 25, 2009	\$0.50		1,994,800

### 1.16 Risks and Uncertainties

Monument Mining Limited is an exploration and development 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 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, 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 no producing mines and has no source of operating cash flow other than through debt and/or equity financing. Any further significant work would likely require additional equity or debt financing. The Company has very limited

financial resources and there is no assurance that additional funding will be available to allow the Company to proceed with any plans for exploration and development of its mineral properties.

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

**(a) 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 property is in good standing.

**(b) 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.

**(c) 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.

**(d) Foreign Exchange Risk**

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 December 31, 2008, the Company held the equivalent of \$199,084 (2008 - \$48,162) in Malaysian ringgit.

On February 12, 2009, subsequent to the six month ended December 31, 2009, the Company entered a series of forward contracts to hedge its foreign exchange risk from Canadian dollar to Malaysia Ringgit for total \$5 million.

**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 December 31, 2008, 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 CONTROLS 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 reevaluation, management has concluded that internal controls over financial reporting were designed effectively as of December 31, 2008.

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 internal control has been extended to include the subsidiaries located in Malaysia.

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 expect 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.